

# makro

your trusted partner



Because  
of  
You



Annual Report 2016  
Siam Makro Public Company Limited



ปวงข้าพระพุทธเจ้า ขอน้อมเกล้าน้อมกระหม่อมรำลึกในพระมหากรุณาธิคุณหาที่สุดมิได้  
ข้าพระพุทธเจ้า บริษัท สยามแม็คโคร จำกัด (มหาชน)











“ในการปฏิบัติงานนั้น ย่อมมีปัญหาต่าง ๆ  
เกิดขึ้นได้เสมอ เมื่อปัญหาเกิดขึ้นต้องแก้ไข  
อย่าทิ้งไว้พอกพูนลุกลามแก้ยาก  
ขอให้ทุกคนระลึกว่าปัญหาทุกอย่างมีทางแก้ได้  
ถ้าแก้คนเดียวไม่ได้ก็ช่วยกันคิดช่วยกันแก้  
หลาย ๆ คน หลาย ๆ ทาง ด้วยความร่วมมือปรองดองกัน  
ปัญหาที่เกิดขึ้นนั้นจักได้ไม่กลายเป็นอุปสรรคขัดขวาง  
และบั่นทอนทำลายความเจริญ และความสำเร็จของการงาน”

พระบรมราโชวาทพระบาทสมเด็จพระปรมินทรมหาภูมิพลอดุลยเดช  
ในพิธีพระราชทานปริญญาบัตรของจุฬาลงกรณ์มหาวิทยาลัย ๑๓ กรกฎาคม ๒๕๓๓



# VISION

---

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

# MISSION

---

Multi – formats  
Expansion in ASEAN

Award  
Team achievement  
and invest in people

Know the differences  
Know and respect the local differences

Responsible  
For the society and the world

Offer the best  
value & solution to customers



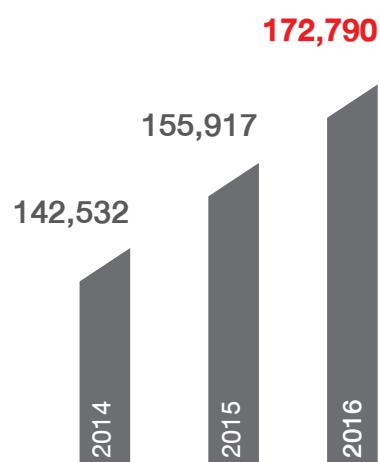
# CONTENT

---

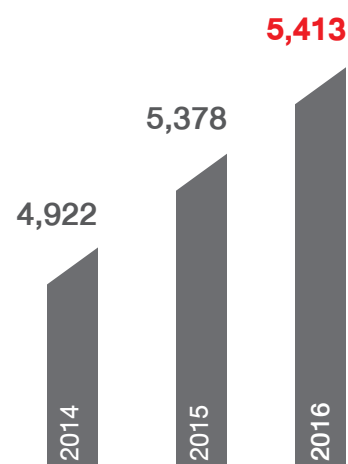
|            |                                                                                  |
|------------|----------------------------------------------------------------------------------|
| <b>08</b>  | Financial Highlights                                                             |
| 10         | Message from the Chairman and Chief Executive Officer                            |
| 12         | Corporate Governance Committee's Report                                          |
| 14         | Nomination and Remuneration Committee's Report                                   |
| 16         | Over 27 Years of Servicing Member Customers                                      |
| 24         | Over 27 Years of Being at Your Side                                              |
| 30         | Over 27 Years of Delivering Quality                                              |
| 36         | Over 27 Years Along with Thai Society                                            |
| 41         | Environmental, Occupational Health and Safety Management                         |
| 42         | Human Resources and Organizational Development                                   |
| <b>44</b>  | 2016 Key Milestones                                                              |
| 48         | Market Overview and Industry Outlook                                             |
| 50         | Future Projects                                                                  |
| <b>52</b>  | Shareholding and Management Structure                                            |
| 72         | Board of Directors and Executives                                                |
| 92         | Corporate Risk Factors and Risk Management                                       |
| <b>96</b>  | Corporate Governance                                                             |
| 110        | Corporate Information                                                            |
| 116        | Audit Committee's Report                                                         |
| 118        | Management's Discussion and Analysis of Financial Position and Operating Results |
| <b>123</b> | Related Party Transactions                                                       |
| 133        | Report of the Board of Director's Responsibilities for Financial Statements      |
| 134        | Financial Statements                                                             |
| <b>206</b> | Locations                                                                        |



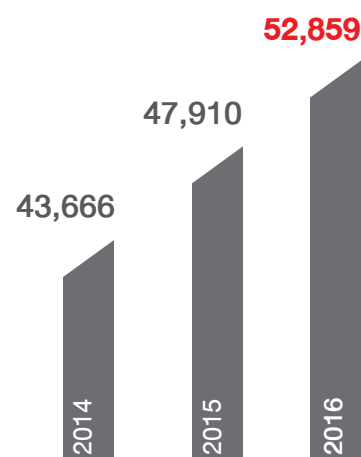
2016  
Total Revenues  
**+10.8%**  
Over 2015



2016  
Net Profit  
**+0.6%**  
Over 2015



2016  
Total Assets  
**+10.3%**  
Over 2015



\*\*In 2015, the Company has restated 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

|                                             | 2014<br>(Restated) | 2015    | 2016    |
|---------------------------------------------|--------------------|---------|---------|
| <b>Financial Positions (Baht Million)</b>   |                    |         |         |
| Total assets                                | 43,666             | 47,910  | 52,859  |
| Total liabilities                           | 30,879             | 33,703  | 37,118  |
| Share capital                               | 2,400              | 2,400   | 2,400   |
| Shareholders' equity                        | 12,787             | 14,207  | 15,741  |
| <b>Operating Performance (Baht Million)</b> |                    |         |         |
| Sales                                       | 139,271            | 152,604 | 169,226 |
| Total revenues                              | 142,532            | 155,917 | 172,790 |
| Gross profit                                | 12,500             | 14,667  | 15,504  |
| Net profit                                  | 4,922              | 5,378   | 5,413   |
| Earnings per share (Baht)                   | 1.03               | 1.12    | 1.13    |
| <b>Financial Ratios (%)</b>                 |                    |         |         |
| Net profit margin                           | 3.5                | 3.4     | 3.1     |
| Debt to equity ** (times)                   | 0.4                | 0.5     | 0.5     |
| Return on equity                            | 41.3               | 39.8    | 36.1    |
| Return on total assets                      | 12.3               | 11.7    | 10.7    |
| Dividend payout ratio                       | 75.1               | 75.9    | 75.4    |
| <b>Stock Data (Baht)</b>                    |                    |         |         |
| Par value per share                         | 0.50               | 0.50    | 0.50    |
| Book value per share                        | 2.66               | 2.96    | 3.28    |
| Dividend per share                          | 0.77               | 0.85    | 0.85*   |

Remark :

\* Dividend per share includes the followings :

- 1) Interim dividend of Baht 0.36 per share was fully paid on September 6, 2016
- 2) Proposed final dividend of Baht 0.49 per share for shareholders' approval on April 21, 2017  
bringing total dividend for 2016 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 Ithijarakul**  
Chief Executive Officer

Thailand's overall economy has slowed down since 2014 due to several negative factors, both domestic and global, whereas the major key drivers of the Thai economy, i.e. public investments and tourism, especially the latter has seen continuing growth in the past two consecutive years. In 2016, the number of foreign tourists grew 8.9% as compared to the year 2015.

Throughout 2016, Siam Makro Public Company Limited remains committed to operate on the foundation of trust from all stakeholders, aiming for business excellence achievements in all aspects and being a trusted partner for our professional customers, resulting in the achievement of total revenue at Baht 172,790 million, increased by 10.8% and net profit of Baht 5,413, grew by 0.6% year - on - year. In 2016, we opened another 17 new stores, and at the end of the year, we have a total of 115 stores with a total sales space of 704,017 square meters.

Throughout 27 years of our operations, we have been the business partner to professional customers, which we currently have more than 3 million. Makro's customer - centric approach is the core of our business and has engaged a firm trust among our customers and stakeholders. Through various project initiatives and activities, we have developed the customers' potential and start - ups support to enhance higher sales and sustain their competitiveness by upgrading their professional expertise to international standards. Moreover, Makro has collaborated with every sector concerned, including upstream farmers and suppliers, in developing traceable quality assurance of international food

safety standards and certifications under the "Quality Pro" mark, which has become the food professionals' top of mind.

The Company's success derives from our people and the organization restructuring which drive a fast transformation to a sustainable growth under an ever - changing business environment and customers' behavior. The key success factors are in thorough feasibility studies of every project and activity prior to execution, together with the dedication and adaptation to cope with rapid change, in parallel with the support and development of all concerned to build sustainable business growth.

We give great importance to organizational development and business improvement with the goal to increase our competitiveness in the international market. For example, we invested in the construction of a new head office, to house all our operations under one roof on Phatthanakan Road. The new headquarter is fully equipped with advanced technology which would support good working environment, cooperative atmosphere, speed and efficiencies.

Our e - commerce development under the name "Makro Click", now supports online shopping of our new generation customers and new entrepreneurs. We plan to use Big Data for in-depth analysis which would generate new opportunities and increase profit for our customers. The new operating system, which has been implemented first in the Head Office since the end of 2015, supports the analysis and plan orders to better respond to our professional customers' needs. We plan to roll it out to our stores in the near future.

Furthermore, the synergy with the Charoen Pokphand Group for transformation of the Company into an “Innovative Organization” has created a culture among our people to look into “innovation” to improve our operation efficiencies in process innovation, product innovation, service innovation and business model innovation. These innovations and technology have been a major strategy to drive our business for the future.

In 2017, under the Makro 4.0 Framework (2017 - 2020), the Company will focus on enhancing our business model to better meet the demands of our professional customers, by establishing new stores in tourist destinations and cities. These new outlets will operate under the Makro Food Service and Makro Food shop formats, which will improve our market reach among food service operators in each target location. We will continue to expand to the provinces with our Makro Classic format stores, under the Makro Cash & Carry brand to maintain our wholesale business leadership while also offering convenience to retailers in the catchment area. Overseas expansion is becoming materialized and a challenging reality, after prudent assessments of potential in neighboring countries and markets. The successful business models implemented in Thailand, such as store formats, customer development activities which strengthen the potential of local business owners, will be launched and adapted as appropriate to add value to the different local markets in each country.



**Mr. Arsa Sarasin**  
Chairman

To this regard, Makro has a solid recruitment plan to ensure sufficient manpower and resources to support both local and international expansion, in parallel with leadership and competencies development of our employees through several human resources development programs and the reinforcement of our “**VICTORY - Makro 7 Values**”, a foundation upon which our great successes have been built, on our employees at all levels.

On behalf of Siam Makro Public Company Limited, we would like to express our gratitude towards every member customer for your trust and having Makro as “Your Trusted Partner”. We are proud to be the back up behind the success of every professional entrepreneur, because “Your success is our success” or we could say that “Because of You...We have grown so far”. We are pleased to be able to share our knowledge and creative ideas to apply and enhance your competitiveness to grow together.

Last but not least, we would like to thank our shareholders, government agencies, financial institutions and our business partners for their continued support and also extend our appreciation to the management and every employee for their efforts, dedication, self - development to keep abreast with the changes in the business world and significantly contributing to our organization growth.



**Mrs. Suchada Ithijarukul**  
Chief Executive Officer



# CORPORATE GOVERNANCE

## COMMITTEE'S REPORT



**Dr. Chaibawat Wibulswasdi**  
Chairman of the Corporate Governance Committee

In recognizing the important role of good corporate governance, the Board of Directors of Siam Makro Public Company Limited has, therefore, established the Corporate Governance Committee (CGC), on August 8, 2016, to undertake various key roles in supporting the Board in discharging its duties in defining the Company's corporate governance policy and associated guidelines. This is in order to enable the Company's businesses to be conducted within the established good corporate governance principles and practices and in accordance with internationally accepted ethical standards, as well as to monitor the Company's business operations so as to ensure adherence to such policy and guidelines. Further, the Board also promotes and encourages the dissemination and instilling of positive values among all employees in undertaking the business activities in full compliance with established corporate governance principles, so as to ensure the development of a corporate culture of being committed to exercising fair treatment towards all Stakeholders and to discharging their responsibilities to the best of their ability for the Company's best interests with integrity, transparency, and accountability. This is to create full confidence and trust on the part of the Company's Shareholders and all Stakeholders.

The Corporate Governance Committee is comprised of at least 3 Non - Executive Directors, most of whom must be Independent Directors. Members of the CGC must be knowledgeable, well - experienced and capable as well as must understand the associated qualifications, duties, and responsibilities together with being able to devote sufficient

time to fulfilling the assigned duties of the CGC. As at December 31, 2016, Members of the CGC is comprised of the following of 5 directors :

- |                              |                                                                         |
|------------------------------|-------------------------------------------------------------------------|
| 1. Dr. Chaibawat Wibulswasdi | Chairman of the Corporate Governance Committee (Independent Director)   |
| 2. Mr. Thira Wipuchanin      | Member of the Corporate Governance Committee (Independent Director)     |
| 3. Mr. Joti Bhokavanij       | Member of the Corporate Governance Committee (Independent Director)     |
| 4. Mr. Arsa Sarasin          | Member of the Corporate Governance Committee (Non - Executive Director) |
| 5. Mr. Umroong Sanphasitvong | Member of the Corporate Governance Committee                            |

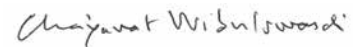
During 2016, the Corporate Governance Committee held one meeting on October 6, 2016, that was the first meeting after the CGC was established, at which all Members were present and which considered and decided on the significant issues as shown below :

1. Determined the Charter of the Corporate Governance Committee for use as an operating guideline in overseeing, controlling and monitoring that corporate governance practices within the Company's business operations are undertaken as well as achieved in an efficient and effective manner.
2. Reviewed and endorsed any proposed amendments to the established policy, regulations and associated operating guidelines for the corporate governance practices based on the current recommended principles as specified by the Stock Exchange of Thailand (SET), the Securities and Exchange Commission (SEC), as well as in line with the recommendations from the Thai Institute of Directors (IOD) based on the assessment forms of the good corporate governance practices of listed companies.
3. Reviewed and endorsed the Company's Code of Business Conducts for use as an operating guideline for the Company's Board Directors, Executives and all employees, so as to avoid undertaking any actions that violate the established Code of Business Conducts, rules and associated regulations that may result in the deterioration of the Company's overall image and reputation.
4. Gave various recommendations to improve the Annual General Meeting procedures and process, based on the AGM checklist and CG principles, in accordance with the Corporate Governance Report of Thai Listed Companies (CGR).
5. Promoted positive practices and full compliance with the established CG Policy, Code of Business Conduct as well as Anti - corruption Policy; and recommended a communications strategy to disseminate information relating to good corporate governance principles and practices,

Code of Business Conducts and Ethics, and Anti - corruption policy to employees as all levels. This is to ensure that they are all aware of and fully understand the required behavior as well as recognize its importance for the organization, so as to further create and instill such required behavior as core corporate value of the Company.

The Corporate Governance Committee has intentionally enhanced and reinforced the operating guidelines on the Corporate Governance principles and practices, so as to be on par with internationally accepted standards. The CGC also firmly believes that the good corporate governance practices will enhance the Company's overall efficiency, competency and capabilities, together with its ability for value creation that will be of maximum benefit for all its Stakeholders.

On behalf of the Corporate Governance Committee



(Dr. Chaiyawat Wibulswasdi)

Chairman of the Corporate Governance Committee  
Siam Makro Public Company Limited



# NOMINATION AND REMUNERATION COMMITTEE'S REPORT



**Mr. Thira Wipuchanin**

Chairman of the Nomination and Remuneration Committee

So as to comply with the corporate governance guidelines for listed companies, the Board of Directors of Siam Makro Public Company Limited has established the Nomination and Remuneration Committee (NRC), and has approved the NRC Charter for use as an operating guideline for its assigned duties and responsibilities together with the composition and qualifications of its members. The NRC is comprised of at least 3 members of the Board of Directors, most of whom must be Independent Directors; whereby none of whom can be either the Chairman of the Board and/or the Chief Executive Officer. Members of the NRC must be knowledgeable, well - experienced and capable persons, as well as must fully understand the associated qualifications, duties, and responsibilities and be able to devote sufficient time to fulfill the NRC's assigned duties so as to enable the NRC to perform its duties so as to the specified goals.

As at December 31, 2016, members of the Nomination and Remuneration Committee is comprised of the following 3 directors :

- |                             |                                                                              |
|-----------------------------|------------------------------------------------------------------------------|
| 1. Mr. Thira Wipuchanin     | Chairman of the Nomination and Remuneration Committee (Independent Director) |
| 2. Mr. Chavalit Uttasart    | Member of the Nomination and Remuneration Committee (Independent Director)   |
| 3. Mr. Korsak Chairasmisak* | Member of the Nomination and Remuneration Committee                          |

Note : \*Replaces Dr. Prasert Jarupanich, who resigned from the Nomination and Remuneration Committee on November 9, 2016.

During 2016, the Nomination and Remuneration Committee performed all its duties as specified in its Charter. The Committee met three times with 100% attendance by all its members as shown on Section Corporate Governance under Meeting Attendance of the Board of Directors.

A summary of the discussions at these meetings is shown below :

1. Encouraged the Company to allow minority shareholders to propose agenda items for the Annual General Shareholders Meeting (AGM) and also to propose candidates who are willing to serve as new Board of Directors candidates for consideration by the NRC at least three months before the 2016 AGM via the Company's website.
2. Recruited and screened appropriately qualified persons, to replace those Board Directors who have completed their term of office in 2016, for the Board's consideration before submitting their names to the AGM for approval.
3. Determined the remuneration and compensation for members of the Board of Directors for 2016 based the Board's compensation criteria and as appropriate to their assigned responsibilities, as well as linked to the Company's overall performance results and comparable to the compensation package given by other listed companies within the same industry sector.

4. Recruited and nominated members of the Board of Directors to be appointed as members of the Corporate Governance Committee to the Board of Directors for its consideration and approval.
5. Recruited and nominated members of the Board of Directors to be appointed as replacement members of the Nomination and Remuneration Committee to the Board for its consideration and approval.

On behalf of the Nomination and Remuneration Committee



(Mr. Thira Wipuchanin)  
Chairman of the Nomination and  
Remuneration Committee  
Siam Makro Public Company Limited





makro

makro

ข้าวหอมมะลิ  
พันธุ์ดี  
ปลูกใน  
พื้นที่  
ปลอดภัย  
พร้อม  
ใบรับรอง  
คุณภาพ



**Over 27 Years**  
of Servicing Member Customers





Makro Food shop moves forward to support the growth of food business

**Thanks to the past 27 years** of providing services to our member customers, most of whom are professional operators, Makro has developed a profound understanding of their needs. Consequently, we have developed the diversified formats of our stores. Each store format has attractive, unique selling points that cater to the specific demand of its target group. Furthermore, we have developed an e - commerce platform as an additional sales channel of the digital age. Having strengthened these domestic business components, Makro is now prepared ourselves for international business expansion.



## Over 100 Stores of Multi – Formats

A key success factor that plays an important role in helping professional operators achieve their goals is convenient access to Makro's stores. It is our policy to continue establishing new stores of varying formats to provide a nationwide coverage, each with its own unique characteristics. As a result, we are able to choose the format that best suits the needs of professional customers in each particular areas. In addition, we provide a comprehensive range of goods and services as a one stop solution that are in demand among our target groups.

Our clear vision is “to be number one food solution provider for professional customers in ASEAN.” This vision goes hand in hand with the “sustainable economic and competitiveness enhancement” strategy under the National Economic and Social Development Plan, which focuses on tourism and the standardization of agricultural and food production. Consequentially, our Makro Foodservice stores, with average saleable area of 1,000 - 5,000 square meters, have been successful in reaching HoReCa operators in tourist destinations and urban areas with high restaurant density. We have also become more flexible in terms of our expansion. More specifically, we have established a spinoff of Makro Foodservice called “Makro Food shop.” Its prototype store, Makro Food shop Town in Town, with saleable area of about 800 square meters, successfully serves HoReCa operators as a small center of full range and assortment of fresh and frozen foods. This store also serves regular, non - business customers looking premium food ingredients for their own consumption at home. Due to its success, we have opened two new Makro Food shops this year. These new stores are quick to contribute to Makro's food service business growth.

In summary, we opened a total of 17 new stores of various formats in 2016. These include 6 Makro Classic stores, 5 Makro Foodservice stores, 3 Eco Plus stores, 2 Makro Food shops and 1 Siam Frozen shop. At the end of 2016, Makro has a total of 115 stores nationwide which consist of 76 Makro Classic stores, 17 Makro Foodservice stores, 11 Eco Plus stores, 3 Makro Food shops and 8 Siam Frozen shops, with total sales space of 704,017 square meters.

## Siam Frozen, Customers' Preferred Destination for Frozen Foods

Siam Frozen still plays its part in fulfilling the frozen food demand of small and medium HoReCa operators in fresh - food market neighborhoods. Siam Frozen's products stand out because of their quality, safety, hygiene and economic pricing. Moreover, the reliable availability of Siam Frozen's products throughout the year, perhaps the most important factor, provides professional food operators an alternative that helps them manage costs more effectively. In 2016, Makro opened one more branch of Siam Frozen shop in the Pattaya Na Kluea area in Chon Buri province to provide professional customers more convenient access to frozen food products, serving as yet another choice for their business.

## 24 - Hour E - Commerce Platform Development Makro Click & Collect

In addition to offline sales channels, Makro has gone further to satisfy the demand of digital - age business operators with the development of a 24 - hour e - commerce platform. Accessible through the Makroclick.com, our online channel offers a multitude of advantages to member customers. A diverse range of over 10,000 high - quality, in - demand products have been made available online. These products, which include kitchenware and appliances, are different from those sold offline at a Makro store. They enhance professional operators' potential and further their business opportunities.

Since the online sales has received good feedback, Makro, together with CP Group, has developed our own platform and online - to - offline (O2O) system to boost the channel's value for money and improve member customers' convenience. It will be fully functional within 2017. Professional operators will be able to shop products available in a regular Makro stores and browse select products in the catalogue via Makroclick.com. This online platform will further enhance the capabilities of Makro's e-commerce business management.

### Proactive Digital Marketing Strategy

As more and more consumers are leaning towards digital media, more and more business operators have begun to take advantage of the online world for business purposes. With this awareness, Makro decided to seriously tackle digital marketing in 2016. In addition to traditional channels of communication, such as signs at our stores and Makro mail, which is delivered to over 3 million member customers, Makro developed a new channel for communication, known as the Makro application, in the previous year. The application enables us to easily provide promotional updates to our member customers. This past year we made several improvements to the application, rendering it more user - friendly. We also added promotional notifications and discount coupons to boost sales from our member customers by giving them the incentive to buy from us and profit from retailing our products. By the end of 2016, the application has been downloaded 200,000 times, an increase in comparison to the 50,000 downloads in 2015.

As continuous development of the Company's social media, namely Facebook, and website, we have continued to make improvements. Our website has been refined for search engine optimization (SEO). We have also done search engine marketing (SEM) to make existing member customers quickly access and attract new target groups to our online goods and services.

### Prudent Expansion to Overseas Markets

To realize our vision of becoming “the number one food solution provider for professional customers in ASEAN,” we have studied the possibility of overseas operations by focusing on countries that show business development potential, taking factors such as urban expansion and economic growth into consideration. In 2014, we established Makro ROH Company Limited to be a vehicle to expand Makro stores in overseas. Now we are fully prepared to transform ourselves into an international organization and spread our wings abroad.

In 2016, we established a new subsidiary in Cambodia under the name Makro (Cambodia) Company Limited to operate all retail, wholesale and other related businesses in Cambodia. In our foreign endeavors, we are prepared to cooperate with a local business partner from the pool of local potentials who possess a profound understanding of the local market. Furthermore, we are prepared to adapt the knowledge and experience we have accumulated over the past 27 years, as well as our business excellence, to the unique conditions of each market. Our flexible, customer - centric approach to the selection of a business format that best suits each country's market, our business experts with in - depth expertise and skills that enable us to meet the demand of each target group, our robust “**VICTORY - Makro 7 Values**”, our well - established organizational culture and the support and collaboration with the Charoen Pokphand Group are further proofs that Makro is ready to become an international player while fostering constant and sustainable growth.



*“Makro Application” enables professional customers to plan ahead and optimize their profitability*

## Siam Food Services, Empowering Our Business Competitiveness

One of the strategies to internationalize our food service business is the transformation of Siam Food Services into a leading importer and distributor of high quality food products, equipped with a reliable shipping service that target customers trust. In 2016, Siam Food Services' gross revenue grew at a satisfactory rate. We attribute this growth to Thai people's consumption behavior, especially urbanites' consumption behavior : dining out has become more popular; there is a demand for delicious, quality food regardless of the price. These factors contribute to more orders and more import of food items, such as premium beef and French oysters. Moreover, our diverse selection of high - quality food products sourced from all corners of the world have earned us the trust of food professionals, HoReCa operators, restaurants, 4 and 5 star hotels and quick service restaurants.

In steadily moving forward to realize our vision, Siam Food Services entered into a share purchase agreement of four foreign companies around the end of 2016, all of whom are leading enterprises with over 30 years of experience in food service business, namely Indoguna (Singapore) Pte. Ltd. (based in Singapore), Indoguna Dubai LLC (based in the United Arab Emirates), Lordly Co. Ltd. (based in Hong Kong) and Just Meat Co. Ltd. (based in Hong Kong). Purchasing a stake in these companies will enhance our competitiveness. It will help us excel in the ASEAN market as a food solution provider with a wide - range selection of products. It will enable us to source and provide premium food products, as well as ready - to - sell products, to leading food professionals. Furthermore, it will give us a chance to exchange our know - how with them, improving our own excellence as a food solution provider. The share transfer is expected to complete within January 2017.



*Becoming a leader in providing high - quality food products*

## Vina Siam Food

### On Becoming a Meat – Product Leader

Vina Siam Food Company Limited, our subsidiary, is an importer, exporter and distributor of premium food products in Vietnam. It continues to satisfactorily serve chefs and HoReCa operators in Ho Chi Minh City and Hanoi. It has also focused on becoming a meat - product leader. This successful adaptation owed much to our food business expertise accumulated over the years. Vina Siam Food has developed a diversified selection. It has expanded and added value to its service by providing cuts of meat in of the right sizes at suitable prices in accordance with the demand of local food business operators. Meanwhile, the frozen beef that Vina Siam Food imports from Australia, its signature product, has continued to garner the trust of the Vietnamese's major restaurant chains. As a result, Vina Siam Food's total revenue grew 14.8% from the previous year.





*Enhancing food business operators' competitiveness*

Due to the high price volatility in food service business in Ho Chi Minh City, sourcing and presenting a small number of new products and effective stock management are important strategies for Vina Siam Food's stability. In this regard, Vina Siam Food is the center of sourcing, storing and delivery high - quality products at suitable prices. Vina Siam Food's sales, supply - chain and quality - control employees have trained and shared its workflow with Siam Food Services. Moreover, Vina Siam Food partnered up with a 5 - star hotel to organize the Michelin Chef Night event, which provided us with a chance to reach out to chefs and HoReCa operators in Vietnam. In addition, we have further enhanced our competitiveness by making business cooperation with CP Group in Vietnam as well.

As for the plan to become a leading food solution provider in Vietnam, Makro aims to build the second refrigerated warehouses including to launch of a new branch in Da Nang, Central Vietnam, in 2017.





*Ready to be the "Partner" for Customer's business*

### Big Data for Sustainable Growth

Makro's business has grown steadily. We have become a strong cash and carry operator with a member - based system over the past 27 years. One of the crucial strategies is our customer - centric approach which aim to meet the diverse demands of over 3 million member customers and to equip them with the tools they need to meet international standards, enhancing their competitiveness. As a result, our member customers trust Makro as their true business partner.

Makro has been behind the success of these professional operators. We have stood by their side, listened to their needs and familiarized ourselves with the operations of our three main target groups, namely retailers, HoReCa (hotel, restaurant and catering) operators and service providers (hospitals, schools, companies, governmental agencies, factories, etc.).

To better meet customer demand and better serve business operators, as well as to support digital marketing, Makro has been developing an online - to - offline (O2O) system, big data analytics and a business to business (B2B) platform. These developments will support our future growth and enable us to reach our digital platform goal. Doing so will empower us with e - commerce services based on analyses of big data. These in - depth analyses will also be applicable to day - to - day business operations, including quick searches and conditional searches for deep

analysis. Our B2B platform will help us better provide information to partners, who will be able to apply it more effectively. Furthermore, the Oracle Retail system will serve as a tool to analyze the behavior of our customers. This analysis will contribute to further development of our business components to best meet the demand of each target group, such as developing unique products, adding value to food items while maintaining suitable prices to enable our customers to manage costs and profit from sales and offering individual - specific promotions. These examples are new experiences for individual registered customers. They also enhance our customers' competitiveness. With their steady business growth and loyalty to the Makro brand, we will in turn be able to reap the mutual benefits, resulting in revenue growth and sustainability.



*Our online developments take business operators into the next era of digital competition*









**Over 27 Years**  
of Being at Your Side





Workshops by world - class chefs for food business operators

**For more than 27 years,** Makro has been in a process of an invaluable learning experiences. While continuously improving our own operations, we have also developed a profound understanding of our customers' business, whether it is a small family - owned store, a hotel, restaurant and catering (HoReCa). We have made use of our experience, expertise and know - how by establishing a designated team to educate, inspire and help our customers succeed through professional development, fulfilling our role as a trusted partner in their business. We have also provided a similar type of assistance to our suppliers. These undertakings have elevated the quality and standard of our products throughout the entire value chain.

## Makro Culinary Center (MCC), the Partner HoReCa Operators Can Depend On

In addition to having offered a diverse selection of quality ingredients with the most value for money for hotel, restaurant and catering (HoReCa) operators, we opened the MCC on the first floor of the Tara Phatthanakan Building in 3Q/2016 to further prove our commitment to HoReCa customers and to take advantage of our new headquarters, which offers more space and a comprehensive range of facilities.

With genuine understanding of what HoReCa customers truly need, our MCC serves as a special division tasked with enhancing every aspect of HoReCa customers' capabilities. It is a research and development center of new products under the Company's own brands, where we invent an average of 140 new products per year for HoReCa operators. All the while, we encourage our member customers to intimately partake in the process, such as product testing and assessment in the Sensory Cabinet and food preparation using the developed products in our modern, fully - equipped kitchen. Their comments and suggestions are then used to further refine our products, ensuring that they best meet the demand of today's business world.

MCC is also the training center for knowledge, creative idea, and food business trend. Chef Willment Leong, founder and chairman of Thailand Culinary Academy, visited the Makro Culinary Center to conduct his seminar on profitable restaurant management. Satisfactorily, the seminar attracted more member customers including who were made up of new business owners planning to open a restaurant and existing restaurateurs who would like to strengthen their knowledge of the business. On top of the knowledge gained, they also received a certificate from the Center.

The Makro Culinary Center is strategically important because it strengthens our image as a trusted partner of HoReCa operators. We promote our member customers'

restaurants to the audience, introduce them to our lines of products and reinforce our image as a knowledgeable culinary guru with readiness to support food business operators. All of this is done through our Food Morning television show. The program is also a platform where experienced guest chefs pass on their knowledge and skills to the audience.

Moreover, we use the space of Makro Culinary Center for internal activities, such as our Charity Lunch, during which we prepared and sold an array of menu items to our employees who were interested in a charity event. The proceeds will be used for our future corporate social responsibility activities. Makro has already scheduled food business training sessions throughout 2017. In addition to HoReCa customers, these sessions will also benefit other target groups, such as the media, governmental agencies and other stakeholders.



*Retail operators signing up for the Makro Retailer Alliance (MRA) to receive free consultation*

## Enhancing Retailers' Capabilities

As a professional wholesale operator, Makro not only sources and develops products that meet the demand of our professional customers in terms of quality, diversity and value for money but we also focus on enhancing the capabilities of our retailer customers, which is one of our aspirations. Experienced retailers who would like to improve their operation and newcomers, mostly young people, continue to show their interest and have registered to become a member of the Makro Retailers Alliance (MRA). At the end of 2016, the MRA consists of over 32,000 members.



*The MRA team received the Chairman Award*

With a profound understanding of retailers' issues and problems, the MRA has supported these small business owners with the knowledge of modern retail management and universal solutions for the past ten years. We have educated them through a variety of activities and tools. This past year we began using a new 3D layout application. This outstanding technology is a prototype collection of successful retail stores that are part of the MRA. It offers solutions to retailers' problems and accurately anticipates their needs, especially in terms of store layouts, inventory customization based on location and business analysis. This new tool sets a new standard for us, enabling MRA teams at Makro stores across the nation to better educate retailers and give them suggestions more effectively. As a result, over 1,000 stores that consulted with the team have been able to start a business and sustainably improve sales and competitiveness.

This technology, the three manuals for retailers (8 Topics in Retail Shop Management, Shop Improvement Manual and New Retailers' Handbook, all of which are updated yearly) and the discount packages for best sellers and retailer essentials give member customers a total package for running a retail business. They also allow them to see the bigger picture of their business more clearly. This comprehensive, one - stop service is completely free of charge. Furthermore, this 3D application received the Chairman Award from the CP Innovation Exposition 2016 organized by the Charoen Pokphand Group. The event was held in recognition of the Group's innovators while

also serving as a platform to present new innovations and giving the Group's employees from Thailand and overseas to exchange knowledge and experiences.

Makro continues to conduct training sessions and to pass along sales - promotion creativity to retailers across the country. The Lat Phrao Makro Retailers Alliance Center offers training every month. For the third year, the Seminar for the Enhancement of Thai Retailers' Capabilities was held in different regions. In the North, it was held in Chiang Mai. In the Northeast, it was held in Khon Kaen. In the South, it was held in Songkhla. The seminar received good feedback from retailers, governmental agencies and instructors and students of retail. About 1,500 individuals attended it. Meanwhile, the Food Retailer Day event, which rotates across all 76 Makro Classic stores across the kingdom, was met with enthusiasm from local retailers.

### Standardization of Partner Suppliers

To realize our vision of becoming "the number one food solution provider for professional customers in ASEAN", Makro has worked closely with our suppliers to improve the quality of our products, elevating our standards towards universally accepted norms together. This standardization has a special focus on fresh foods, namely fruits, vegetables and meats, because HoReCa operators put a great deal of emphasis on the quality and safety of these products, which are the main ingredients needed in their business.

For the past 27 years customers have trusted the freshness, hygiene and safety standards of Makro's food products. We have earned this trust through the standardization of produce throughout the entire value chain. With an aim for sustainable business management, Makro has integrally worked with a number of relevant parties, such as governmental authorities, private networks and leading institutions of higher learning in the selection of upstream agriculturalists to join our capability - enhancement program. The selected suppliers must produce in - demand produce, be a trustworthy source and be in an area where there is a Makro store. We encourage them to form an



agriculturalist group in accordance with the government's policy and educate them about quality assurance, market demand and operation. We also monitor their progress and evaluate it. Furthermore, we have established a community lab in each region, which has been certified by the Department of Medical Sciences, to quality check produce at the sources. The produce whose shapes and sizes meet our standards, are safety - certified and can be traced back to their sources have value added and will be bought at a good price. Makro also provide sale space for the quality products from agriculturalists who join this program.

Because Makro is the destination for produce, we are able to control costs and production quality effectively. We are also able to deliver cost - saving ingredients to professional customers. More importantly, we contribute to the betterment of our suppliers' quality of life, self - reliance and awareness of environmental conservation. We also get loyal partners who willingly continue to deliver safe foods to us, including Sai Namphueng oranges from Fang, Chiang Mai; fruits, vegetables and mushrooms from Nan; and organic vegetables from Sara Buri. Makro strives to support our partners in becoming international professionals, helping them attain internationally recognized certifications for their produce, through the Makro Quality Pro (MQP) project. The project also meets the demand for reliable premium produce among professional customers, who then introduce this produce to their health - conscious customers.



Traceable quality products

In terms of meat products, Makro collaborated with upstream farms with best - practice certifications throughout 2016. Together, we have produced meat products that are disease - and residue - free, which have been certified by the Department of Livestock Development. Our professional customers are able to trace our meat products back to the source farm. In addition, every Makro store has received a hygiene certification from the Department of Livestock Development.

Makro understands the need for Halal ingredients in areas with a predominantly Muslim population; therefore, we have established three pioneering Halal Makro stores in Phuket, Nong Chok and Satun. At these stores, customers will find baked goods, fruit and vegetables, seafood (except jelly fish) and meat products with Halal certification. This is a reiteration of our stance as a provider of safe and certified foods that local business operators can trust.

To support sustainable, eco - friendly production and consumption, Makro is the first retailer to choose agricultural produce whose production is certified as eco - friendly under the Quality Pro mark. Our consumer products also received the Green Label and the Number 5 Efficiency Label. These are registered in the database of the Green Card application, developed by the Department of Environmental Quality Promotion, and the QR Code Reader application of the Department of Livestock Development. Customers who have downloaded these applications will be able to access eco - friendly goods and services, verify their quality and trace them to the sources and receive a variety of benefits and privileges that stimulate their purchases at Makro.

Every supplier and producer that partake in our development program is up for an award consideration from Makro every year. We encourage them to pass on the knowledge to the next generation of agriculturalists. Meanwhile, produce under the Quality Pro mark under the "Makro Helps Thailand" project received the Chairman Award for Process Innovation in the CP Innovation Exposition 2016 of the Charoen Pokphand Group.







**Over 27 Years**  
of Delivering Quality





*Quality control starts right at the source*

## Over 27 Years of Delivering Quality

Because we care about our member customers' need for safe foods, we place equal emphasis on selecting quality raw materials from trustworthy and traceable sources and developing products under our own brands, providing food professionals with the best solutions to their needs. We also plan to build more distribution centers in high - potential locations in order to ensure that our high - quality products are always in stock and readily available to our member customers at every one of our stores.

### Safe Foods Direct from the Sources

With our customer - centric approach to doing business and vision “to be Number One Food Solution Provider for Professional Customers in ASEAN,” Makro continuously proceeds to source the best raw materials from around the world - everything from fresh foods to dry, frozen and chilled foods to seasoning ingredients - ensuring their year - round availability to food service entrepreneurs, especially hotels, restaurants and catering (HoReCa) businesses, a steadily growing segment. As a result, Makro stores function as reliable product warehouses for large - scale HoReCa businesses.

Because we are committed to helping the food service industry achieve international standards of professionalism, we focus on quality with all products selling at Makro stores, which run the complete range from farm - fresh fruits and produce to meats to seafood. All of these foods are kept fresh, clean, nutritious, and free of chemical residue and in compliance with international standards for food safety and traceability. Our selection of premium products under the Quality Pro mark represents a confident choice for both food professionals who cater to health - conscious consumers and niche customers such as hospitals and nutritionists, who are highly selective about the food they serve their patients. In addition, Makro only sources raw materials from producers that do not violate forest encroachment or environment damage or use illegal labor.

As a partner to food service professionals, Makro strives to provide solutions to HoReCa and startup entrepreneurs, who desire simplicity, convenience and speed in the running of their business. At Makro stores, employees with food skills and expertise are happy to exchange knowledge with our member customers, offer advice on meal kits and provide cutting and trimming service to help members save time on raw materials preparation. Besides offering meal kits, Makro also serves as a “kitchen” for food professionals, producing made - fresh - daily, ready - to - eat meals - including over 200 bakery items - from high quality ingredients. Our members can choose from a wide range of ready - to - eat



*Quality baked goods fresh from the oven for customers*

items, which only need to be reheated before serving and can also be modified to create new dishes. By helping food entrepreneurs boost profit and better manage their cost, this service by Makro helps them get started and grow their business in a professional manner.

Moreover, Makro recognizes the importance of food packaging safety and works to reduce the use of plastic bags and foam containers. Making the switch to all - natural, food - grade packaging and eco - friendly soy ink is one of the ways we contribute to society’s health and well - being.

### Always Good Quality, Always Available When Needed

To ensure that our products are of consistently high quality and readily available when our member customers visit our stores, we make it a priority to locate our distribution centers in high - potential locations and systematically maintain our logistics so that product quality is preserved and a complete range of products is available to fulfill members’ needs. Our efforts to ensure that these needs are met include the installation of an Automated - Storage/ Retrieval System (ASRS) to preserve the quality of our frozen foods and imported fruits and meats, which are purchased in bulk quantities kept at 0 to -20 degrees Celsius. In addition, the design of our distribution center facilities helps to ensure efficient quality preservation for fresh foods including vegetables, fruits, meats and seafood. All our





*Our modern distribution center for fresh, frozen and chilled food in Samut Sakhon is fully equipped with a quality control mechanism from the start all the way to delivery*

shipments are temperature - controlled throughout the course of the delivery while our Truck Tracking System helps to ensure that our products retain their quality until they reach our member customers. Moreover, we have centralized at a single point all cutting, trimming and packing operations for ready - packed fruits, vegetables, meats and fish in order to guarantee their quality and safety and ensure that our food products are of uniform standard right from the origin. This also helps to minimize the amount of highly skilled work at our stores, allowing store employees to focus more on fulfilling our member customers' needs. In the future, Makro plans to upgrade our fresh - food packing operation further by switching to a fully automated system.

Today, Makro has 4 distribution centers : (1) Dry Food and Non Food Distribution Center in Wang Noi District, Phra Nakhon Si Ayutthaya; (2) Fresh Food, Chilled and Frozen products Distribution Center in Wang Noi District, Phra Nakhon Si Ayutthaya; (3) Dry Food and Non Food Distribution Center in Bang Sao Thong District, Samut Prakan; and (4) Fresh Food, Frozen Food and Chilled Food Distribution Center in Mueang District, Samut Sakhon. With the latter center being fully operational

since the first quarter of 2016, Makro is even more confident that our key operations will be able to continue in the event of a crisis, in keeping with our Business Continuity Management Framework. Having multiple distribution centers also helps to ensure that our member customers have uninterrupted access to a supply of quality products with which they can achieve their own business continuity.

In late 2016, Makro set up a 5,800 sq.m. temporary distribution center next to our existing one in Phra Nakhon Si Ayutthaya to accommodate our Dry Food and Non Food inventory increases. The move represented our strategy to enhance distribution efficiency in order to keep up with food service entrepreneurs' needs and accommodate the rapid growth of our business.

We remain committed to developing our distribution system to ensure that product quality is preserved until they reach our member customers and also to maintain the safety and quality of our food products throughout the supply chain. This ability to guarantee product quality and safety is one of Makro's strengths and differences and we are proud to pass it on to our members.



*Developing quality products especially for our professional customers*

## Creating “Value” Through House – Brand Products

For over 20 years, Makro has consistently emphasized the importance of developing house - brand products to have the right quality, design and prices to satisfy the demands of food service professionals in each and every segment.

Currently, more products under our house - brands are recognized for their quality and standard. These house brands including “aro”, M&K, Savepak and Q Biz, not only create added value and boost sales for the Company but also help build customer loyalty to Makro and contribute to our profitability at the same time.

The main products under Makro’s own trademark have helped to make a difference in the market. For example, M&K brand of snacks and fruit juices helps traditional grocery stores improve their competitiveness. The “aro” brand of ingredients remains a top choice among HoReCa entrepreneurs, thanks to its ability to deliver high quality and consistent standard while continuing to improve the products’ ease and convenience of use. The brand’s ready

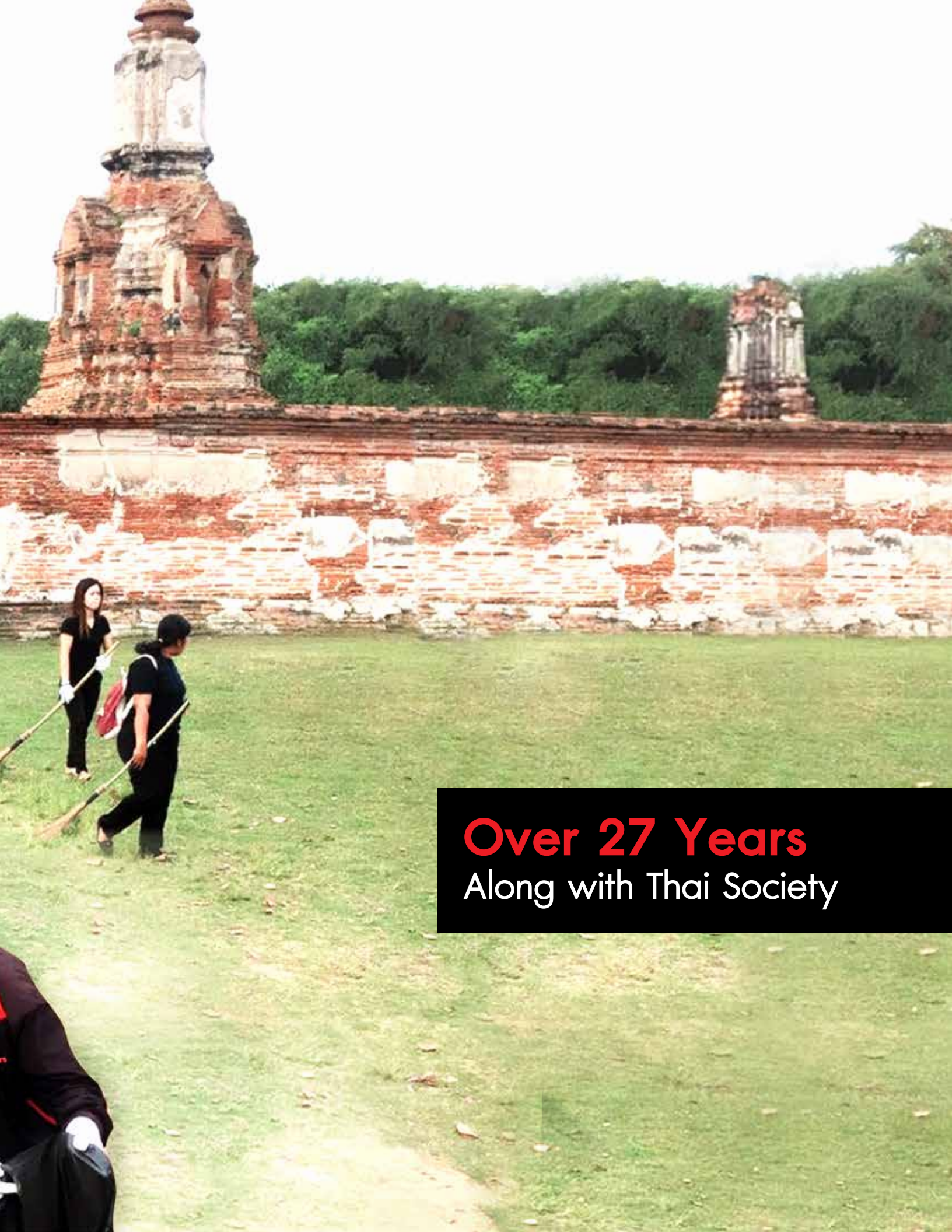
- made sauces, for instance, help ensure consistently good taste with every serving. The “aro” brand products enable HoReCa professionals to win consumers’ hearts with product design that meets their needs, quality that remains consistent over time and an ability to help entrepreneurs save cost, increase sales and achieve stability in a highly competitive market.

Our next goal is to foster customer pride in using the Company’s private label especially the “aro” brand and build brand perception among consumers at large. Today, aro’s signature logoed red apron is a tool for building brand perception and recognition and also serves to connect aro with the Makro brand. In the future, the company plans to join forces with potential producers to develop products for sale exclusively at Makro stores, so that we can offer more choice to food professionals and enable them to achieve even more sustainable.









**Over 27 Years**  
Along with Thai Society





*Makro employees across the nation doing good deeds for society*

## Over 27 Years Along with Thai Society

Because we are part of Thai society, Makro has placed a great deal of emphasis on our corporate responsibility and benevolent activities for society, local communities and the environment. We have taken advantage of our 27 years of knowledge and expertise to create jobs, improve the people's quality of life and look after local resources and environment. These partnerships operate under the Principle of Three Benefits of CP Group, namely benefit to the country, benefit to the people and benefit to the Company, to ensure sustainable growth of our company and of Thai society.

### “Makro Retailer Alliance”

For the eighth years, Makro has played a role in the development of local traditional retailers. In 2016, our Makro Retailer Alliance (MRA) team has educated over 3,600 students from a total of 72 educational institutes across the country about retail management. In addition to providing consultation, we have encouraged these students to make use of their modern knowledge and creativity to improve retail shops in their localities. The goal is to enhance these retailers’ competitive potential and, ultimately, their sustainability.

### “Young Sho Huay” Campaign

The success of the “Egg Farm for Students’ Lunch” program, in which poultry houses were built at 25 schools in celebration of Makro’s 25<sup>th</sup> anniversary and their students were taught egg farming methodology, led to a new campaign dubbed “Young Sho Huay.” The MRA team at each Makro store taught the fundamental knowledge of retail management through easy - to - understand media to students, so that they could apply the knowledge in real - life situations, including selling the surplus of produce that exceeds the demand of the school’s cooperative and managing their family’s mom - and - pop shop or the local retail shop. Over 30 schools across the country partook in the campaign this past year. The campaign has fostered good relations among Makro, schools and the local populations. Additionally, it has created jobs and strengthened the foundation of our country’s economy. Makro now aims to launch the campaign nationally in every area where Makro stores are located.

### Turning Waste to Wealth : EM Campaign

In addition to educating our member customers about business operation for sustainable growth, Makro has demonstrated our corporate responsibility for society and environment. Our stores have used trimmings and leftovers of fruit and vegetables to make an effective mirco - organism (EM) liquid for internal use, distributed it to our professional customers and encouraged them to use it to look after their immediate environment. Furthermore, we have promoted cleanliness and elimination of littering to improve the quality of life and health of people in the community.



*The Young Sho Huay Campaign educates young entrepreneurs who will become part of the nation's solid foundation*

### Thai Farmer Support and Small and Medium Enterprise (SME) Support Program

Makro has emphasized our position as retailers’ partner and encouraged sustainable growth of agriculturalists and over 1,700 SME operators for the past 27 years. In 2016, we signed a memorandum of understanding to partake in the government’s “Public - Private Collaboration” campaign. Our role has been focused on further educating farmers on how to improve the quality of their produce throughout the supply chain and on improving the products of small and medium enterprises, community enterprises and start - ups. We have acted as a middleman, selling the products of these enterprises that meet our criteria for quality and other standards. We have also sold seasonal quality products from the very many Royal Projects.

In addition, we signed an agreement with the government to distribute 750 metric tons of longan from Thailand’s three southernmost provinces. This collaboration provided the support that Thai farmers needed and encouraged Thai people to consume a delicious and nutritional domestic fruit.



*The distribution center in Mueang District, Samut Sakhon, uses ASRS to control stocking of frozen products*

### “Good Deeds of 100 Makro Stores for 100 Communities” Campaign

Makro has created many corporate social and environmental responsibility projects in accordance with communities’ needs. This year, over 2,000 Makro volunteers, together with governmental agencies, local authorities and people areas where a Makro store is located, ran the “Good Deeds of 100 Makro Stores for 100 Communities” campaign simultaneously across the nation. These good deeds included blood drive, cleaning of local venues such as temples, other places of worship, schools, parks, beaches, roads, canals and waterways in the name of His Late Majesty King Bhumibol Adulyadej.

### Sustainable Energy Management Program

We have placed much importance on sustainable energy management under the 3R framework : Reduce, Reuse and Recycle. We have set up clear key performance indicators or KPIs to assess our performance regularly. For instance, our distribution center in Samut Sakhon Province, installed solar - powered street lamps and LED lights around the premises. These light sources are energy - saving and environmentally friendly. In addition,

its insulation has been increased by 50% to improve the efficiency of temperature control. Frozen foods are stored in a 30 - meter high refrigerated space equipped with an Automated Storage/ Retrieval System (ASRS). This technological investment has reduced the number of personnel and working space, as well as saving energy consumption by 15%. Moreover, our double - door storage has reduced energy loss by 15% per square meter during a product transfer.

In 2016, the Company has moved to a new office building. The office was designed and constructed with due regard to the use of energy efficient solutions as well as taking into account the available space in the landscape, with a space of 10 rais, representing 75% of total land area.

Furthermore, we invested in the purchase of 400 forty - five - foot - long trailers. They allow us to ship more goods per trip, effectively reducing the number of trips each truck has to do. Consequently, we have reduced fuel consumption by 18%. On top of this, we have also taken advantage of solar power to heat up water to clean equipment in distribution centers.



## ENVIRONMENTAL, OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT

Because we value the importance of natural resources and the environment, we strive to promote the most efficient and beneficial ways to use resources while ensuring that all our operations are environmentally friendly. At the same time, we also work to promote operating with a CSR perspective to all stakeholders in order to ensure sustainable development for all.

### Environmental Management

We continue to implement tangible and continuous environmental management practices through cooperation with customers and communities where our stores and distribution centers are located, including the following schemes :

- EM (Effective Micro - organisms) : Unsold vegetables and fruits are processed to make liquid EM. Each year, we produce over 862,000 liters of EM solution, some of which is used as a cleaning product in our facilities, some distributed to customers for their own cleaning resulting in reducing a chemical use in cleaning process.
- Recycling Foam Boxes : Foam boxes used to package fresh foods are gathered after use and sent from our stores to our fresh - foods distribution center and on to a recycling company. Each year, some 48,100 kilograms of foam boxes are recycled, amounting to 169,312 carbon kilograms of CO<sub>2</sub> reduction annually.
- Every year, up to 60.40 tons of our recyclable wastes are put into the recycling process.

### In - store Occupational Health and Safety Management

To safeguard the health and safety of our member customers during their visits to our stores, we have put in place safety - promotion measures such as the Store Safety

Scorecard as well as provided a comfortable and convenient service environment including around parking lots, with features such as wide walkways to meet the needs of different groups of customers including seniors and those with special needs. In the event of an accident involving a customer on our property, our customer development are ready to assist and follow up closely with the customer.

In 2016, Makro worked to prioritize the importance of safety, occupational health and workplace environment by fostering employee awareness of occupational - health and safety - management issues. Our operations department rolled out an organizational restructuring plan with a focus on : 1) joint personnel development with HR department; 2) supervision of operations; 3) supervision of personnel's performance of various functions e.g. Operation Audit, Loss Prevention, etc. A new position of Senior Manager for Safety, Health and Environment (SHE) was created, which requires the incumbent to possess substantial experience in managing safety, occupational health and workplace environment and to coordinate with the Training Department to train employees at all levels towards reducing workplace accidents to zero.

Store employees are required to report accident occurrences to the Management as a way to foster organization - wide safety awareness and further raise Makro's service and safety standards of excellence. In 2016, our Total Recordable Case Frequency (TRCF) averaged 13.91 per month while our Lost Time Injury Frequency Rate (LTIFR) was 2.37. In addition, we were honored with the Award of Excellence for Safety, Occupational Health and Workplace Environment in 34 stores.

## HUMAN RESOURCES AND ORGANIZATIONAL DEVELOPMENT



*Qualitative and quantitative people development to support future expansions*

Makro's business success stems from our people. Employees at all levels are loyal to the Company and proud to dedicate themselves to their work and embody **"VICTORY - Makro 7 Values"**. Motivated to develop their potential, create new ideas and drive the organization forward with innovation and technology, Makro's people seek to deliver the best to our member customers and ensure sustainable growth for the company in accordance with our vision, "To Be Number One Food Solution Provider for Professional Customers in ASEAN"

### Proactive Recruitment and People Development Ensures Workplace Happiness

Our continuous store expansion has led us to adopt an efficient people recruitment and development plan with a proactive focus on both quantity and quality. The aim is to support our constant expansion and keep the Company poised to grow and create value, not only for Thailand and Thai customers but also for the countries where our expansion plans will take us to in the future.

In 2016, our human resources management strategy remained focused on leadership quality development and sustainably instilling professionalism in employees at all levels through our "Grow our People for Growth" (G4G). In order to enhance leadership competencies and foster new skill sets to meet future business needs, our Top 40 executives were encouraged to conduct a self-appraisal and create a personal development planning handbook. To date, this development plan has been expanded to include our Top 200 store managers as well.

Simultaneously with developing the quality of our internal human resources, we have strived to ensure Makro's image as a great company to work with, in order to attract high-caliber people, especially those with knowledge of the food business and digital and innovative skills - assets that are key to our future business growth. Moreover, young people with talent and quick learning abilities are offered the opportunity to join our Commercial and Operation

departments and become a new source of energy for our organization. Through our Young Talent Program and internal efforts to instill “**VICTORY - Makro 7 Values**” in new employees, we are helping them grow their potential and quickly adapt to working with their colleagues and highly experienced supervisors.

Workplace happiness is important thing to our employees, and to us. Our Human Resources Department is committed to being employees’ trusted source of helpful counsel or the “Go - to - Person”. To ensure employee loyalty, retain talent and enable them to progress in their career paths as the Company grows, we maintain a clear succession plan within our organization while providing a wide range of talent development courses - including Corporate Governance, Talent Management & Development, Basic Management Skills, In - store Training, MBA (Makro Business Academy), Customer Development and Food Service Academy - to help our people perform well and confidently as required by their jobs as “trusted partners to the professional customers”. Conducting some of these courses as mass e - learning classes has helped our personnel to improve their skills and abilities even more quickly. In 2016, the Company’s employees spent an average of 14.03 training hours per person per year.

In addition, since we moved our head office to Tara Phattanakan Building, we have been able to utilize our training spaces to effectively train employees at all levels. The 6<sup>th</sup> floor of the building has been transformed into an exercise and recreational space, which we believe will contribute to our employees’ happiness in workplace resulting in work efficiency, as well as, help ensure our members’ satisfaction with the service they provide.

### Innovating for Sustainable Growth

With a view to becoming an “Innovation Organization”, we are carrying out a restructuring policy to ensure our ability to deliver operational excellence and quickly meet the needs of our growing business. The move is also to reinforce our competitiveness in a modern business climate and pave the way to sustainable growth. We encourage



*Fostering professionalism among all employees*



*Development programs for employees to help them reach their full potential*

our executives and employees at all levels, including store operations staff at every Makro store, to conceive and create new innovations in 4 categories - Process, Production, Service and Business Model. To suit the needs of our organization, such innovations must bring changes for the better to our personnel, tools and work processes, ensure customer - expectation fulfillment and lend themselves to broader application at national and international levels. Innovation is incentivized and rewarded through our internal innovation contest and the CP Group’s innovation awards.

In 2016, two of our in - house innovations, a 3D Retail Shop Management System and the Quality Pro mark of agricultural products, won the Chairman Award at the CP Group’s CP Innovation Exposition 2016. These innovations not only benefit Thailand and the Thai people; they are also a source of reputation and pride for the Company and help inspire our people to keep innovating in the years to come.



## 2016 KEY MILESTONES

### January



Supporting the Thai Rotary Day activities

- Collaborated with the business alliances to support Thai Rotary Day by organizing the activity “Unleaded Thai Noodle - Pot without Lead components, Thais Strong, Thailand Strong” for the 6<sup>th</sup> consecutive year

### February



Campaigning for the reduction of foam packaging in the food industry

- Opened a 6,987 sq.m. Makro Nakhon Ratchasima
- Signed MOU for a cooperation with the government in a promotion of SMEs through the project named “Big Brothers”. The project is to enhance SMEs’ capability to access to a distribution channel as well as to develop their management knowledge for a sustainable growth
- Signed a cooperation agreement with Department of Health, 33 Associate Network and Participating Retailer and Wholesaler on the project “Reduce, Refrain, and Stop using foam containers” for the good health of Thais

- Collaborated with Energy Policy and Planning Office, Ministry of Energy to promote the use of high efficient electric appliances in the project “Join together, Make a new change for Save” to reduce an energy consumption and energy saving

### March



Penetrating the Northern market with an opening of Makro in Nan

- Opened a 7,886 sq.m. Makro Nan
- Opened a 1,893 sq.m. Makro Foodservice Ao Nang, Krabi
- Opened a 1,179 sq.m. Makro Foodservice Karon, Phuket
- Organized the 8<sup>th</sup> “Retail Expo” under the theme “New ShoHuay Era, Strengthen Sales and Margin with Ideas” to enhance a competitiveness of Thai retailers

### April



Taking part in the campaign to reduce the use of plastic bags

- Joined forces with Ministry of Natural Resources and Environment to promote the campaign “Say NO to Plastic Bags” to reduce a plastic bag consumption

## May



Supporting quality ingredients in the "Nu Nid Bring You Taste campaign"

- Opened a 6,972 sq.m. Makro Warin Chamrap
- Relocated Makro Head Office to Tara Phatthanakan Building; Modern, Energy saving and Environmental Friendly (Green Building)
- Signed in a memorandum of cooperation agreement with Ministry of Commerce under the project "Nu Nid brings You Taste" to support a full range of quality raw materials under wholesale prices and reduce costs for food service operators

## June



Retail management training for representatives from the Royal Thai Army

- Opened a 6,392 sq.m. Makro Nong Bua Lam Phu
- Be the first to get the certificate "Thailand Estimate Mark" from Bureau of Weights and Measures, the Department of Internal Trade to certify more than 106 product items under Makro private brand, "aro", "savepak" are a true and accurate net - content labeling packaging

- 34 Makro stores were awarded with the "Excellent Labor and Welfare Award 2016" from Department of Labour Protection and Welfare
- Joined forces with Thai Army to arrange the training program "Managing of the Retail Outlets Workshop" to the representatives from all regions of Thai Army in order to provide the retail outlets management knowledge
- Makro's PROTECH iron gets certified Label No. 5 from the Electricity Generating Authority of Thailand, the 3<sup>rd</sup> PROTECH product, after the electric fan and electric rice cooker, to receive the highest energy efficiency rating.

## July



The launch of Makro Nong Chok

- Opened a 4,962 sq.m. Makro Nong Chok, Bangkok

## August



*Prizes and giveaways in celebration of our 27<sup>th</sup> anniversary*

- Opened a 5,258 sq.m. Makro Foodservice Laem Chabang, Chonburi
- Commemorated Makro's 27<sup>th</sup> Anniversary of being "Thailand's wholesale market leader"

## October



*Won an Excellent Innovation award at the CP ALL President Awards*

- Awarded 2 CP ALL President Awards for our Professional Retail Shop Management Tool and Makro Quality Pro (QMP)
- Awarded 2016 Outstanding Seller of Q Mark Products (Modern Trade) by the National Bureau of Agricultural Commodity and Food Standards
- Our wholly - owned subsidiary Siam Food Services signed a contract to buy 80% stakes in Indoguna (Singapore) Pte Ltd (a Singapore - registered company), Indoguna Dubai LLC (a United Arab Emirates - registered company), Lordly Company Limited (a Hong Kong - registered company) and Just Meat Company Limited (a Hong Kong - registered company), which are engaged in the import, distribution and delivery of high - quality fresh foods, frozen foods and halal foods as well as the production of sausages and salami in Singapore, United Arab Emirates and Hong Kong, respectively

## September



*The launch of Makro Prachuap Khiri Khan*

- Opened a 7,126 sq.m. Makro Prachuap Khiri Khan
- Opened a 684 sq.m. Makro Food shop Wongsakorn Market (Sai mai), the second branch of Food shop format
- Makro ROH, 100% owned by the Company, formed a joint venture with local investors in Cambodia to set up Makro (Cambodia) Company Limited with a shareholding of 70%. The primary purpose of investing is to operate wholesale and related businesses in Cambodia
- Joined the Thai Industrial Standards Institute's "Mor Or Kor (or TISI) Shop" campaign, a move that assured our members of our products' safety standards and further reinforced our position as the wholesale market leader



## November



*Makro Foodservice focuses on products for HoReCa operators*

- Opened a 7,000 sq.m. Makro Phetkasem
- Opened a 653 sq.m. Makro Food shop Rama IV
- Opened a 1,100 sq.m. Makro Foodservice Bang Pu
- Opened a 1,340 sq.m. Makro Foodservice Wang Hin
- Opened a 6,720 sq.m. Makro Sing Buri
- Won a Gold Award at the Process Excellence Award 2016 for our “Makro Helps Thailand” campaign
- Our commercial spot series “Hope” wins the Outstanding Media Award from the Catholic Media Awards 2016, organized by the Thai Catholic Media in cooperation with 5 Catholic institutions (Assumption University, St. John’s University, St. Louis College, St. Theresa International College and Saengtham College)

## December



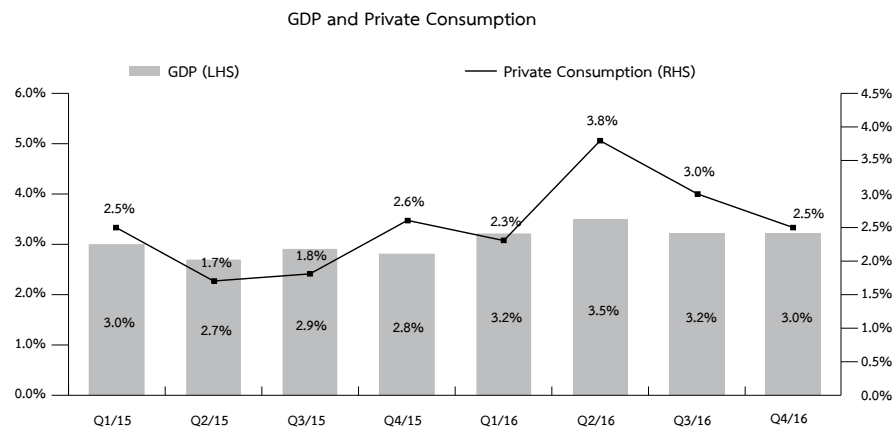
*Siam Frozen is the center of frozen products for HoReCa operators*

- Opened a 6,837 sq.m. Makro Bang Bua Thong
- Opened a pilot Pet shop at Makro Foodservice Laem Chabang, Chonburi
- Opened Siam Frozen Pattaya - Na Klua in Chon Buri
- Siam Food Services opened new branch in Chiang Mai
- The bakery department at 90 Makro stores was awarded GMP/ HACCP by Bureau Veritas - BVQI, making Makro the first among Southeast Asian retailers and wholesalers to receive the certification for bakery production process.
- The bakery, fruit and produce, fish and seafood and meats departments at 90 Makro stores were awarded GMP (Codex) certification by BVQI, the first in Thailand to receive the certification.

## MARKET OVERVIEW AND INDUSTRY OUTLOOK

In the first quarter of 2016, Thailand's economy was still suffering from negative factors that hindered household consumption, such as the increase in household debts and cost of living, droughts and the fall in prices of agricultural products. Fortunately, the situation improved in the second quarter thanks to the alleviation of droughts and the gradual incline in the prices of agricultural products, which enhanced better earnings for agriculturalists during this

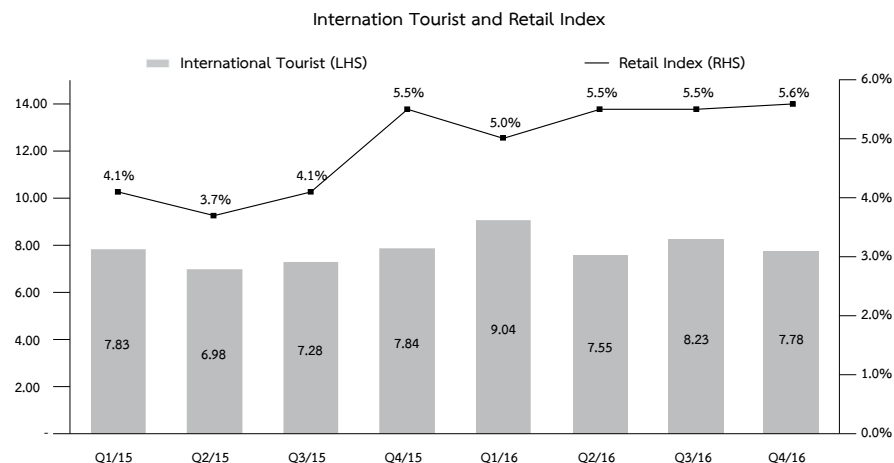
The year 2016 was challenging for the wholesale and retail industry because the first half of the year was affected by negative factors that undermined consumer confidence and purchasing power of consumers. Under a very careful spending of consumers, there was fierce competition among major operators, using pricing strategies and promotional activities to boost sales and maintain their market share. Nonetheless, the wholesale and retail



Source : The Office of the National Economic and Social Development Board

period. These positive signs, coupled with the increase in household consumption and government investments, resulted in the 3.2% economic growth in 2016, in comparison to the 2.9% growth in 2015. Government spending was most vital economic growth driver, alongside improvement of household consumption and better export.

industry saw improvements in the second half of the year due to the growth in private consumption and the increase in the number of international tourists. In 2016, there were 32.6 million international tourist arrivals, a year - on - year increase of 8.9% compared to the figure of 29.9 million visitors in 2015.



Source : The Office of the National Economic and Social Development Board and the Ministry of Tourism and Sports

The competition in the wholesale and retail industry is likely to become more competitive due to the introduction of new foreign players and the expansion of existing contenders. Modern - trade retail and wholesale operators continue to expand new branches of various formats, including hypermarkets, supermarkets and convenience stores, to improve their market coverage and augment their customer base. The current trend indicates that

convenience stores and small supermarkets will grow at a much faster rate than larger stores, such as hypermarkets and super stores. This is due to fewer spatial limitations, and their locations are easier to find. Hypermarkets and superstores have more expansion limits, in terms of suitable areas and legal restrictions that dictate land use for retail businesses.

|               | Format                                               | Number of Stores at End of Year |       | Difference |
|---------------|------------------------------------------------------|---------------------------------|-------|------------|
|               |                                                      | 2015                            | 2016  |            |
| Big C         | • Mini Big C                                         | 391                             | 465   | +74        |
|               | • Big C                                              | 107                             | 113   | +6         |
|               | • Big C Market                                       | 55                              | 59    | +4         |
|               | • Big C Extra                                        | 15                              | 15    | -          |
|               | • Big C Jumbo                                        | 3                               | 3     | -          |
| Tesco Lotus   | • Tesco Lotus Express                                | 1,490                           | 1,522 | +32        |
|               | • Tesco Lotus Talad                                  | 187                             | 191   | +4         |
|               | • Tesco Lotus Department Store and Tesco Lotus Extra | 168                             | 182   | +14        |
| CP ALL        | • 7 - 11                                             | 8,832                           | 9,542 | +710       |
| Makro         | • Makro&Siam Frozen                                  | 98                              | 115   | +17        |
| AEON Group    | • Max Valu Tanjai                                    | 48                              | 53    | +5         |
|               | • Max Valu Supermarket                               | 32                              | 35    | +3         |
| Central Group | • Family Mart                                        | 1,235                           | 1,355 | +120       |
|               | • Tops Daily                                         | 51                              | 75    | +24        |
|               | • Tops Market/ Super                                 | 92                              | 99    | +7         |

Source : Euromonitor



## FUTURE PROJECTS

Under the rapidly changing competitive environment, Makro faces a number of challenges. While devising a strategic plan to foster sustainable domestic growth, we still adhere to our customer - centric approach and seek investment opportunities abroad in order to realize our vision of becoming “the number one food solution provider for professional customers in ASEAN.” Moreover, we have to imbue our brand image “Makro, Your Trusted Partner” in the mind of our professional customers. In addition, with know - how, expertise or experience support from the Charoen Pokphand Group, Makro believes that we have the capability to ensure a strong and sustainable growth in the future.

### Expanding New Stores Nationwide

It is our policy to expand the coverage of Makro stores throughout the country. We have developed multiple store formats to better meet the local demand. But since our direction dictates that our focus be on servicing the food service industry, which has seen incessant growth, we focus primarily on establishing new Makro Foodservice, Eco Plus and Makro Food shop stores in high - potential tourist destinations. This focus reiterates our stance as a partner of HoReCa operators. Since the trend favors smaller stores, which increases our market reach to professional food service operators, Makro continues to develop new store formats to better meet the diverse demands of our target groups, while minimizing spatial limitations of our store expansion.

### Human Resources Development

Another challenging plan to support our continuous expansion is recruitment and ensuring that we have sufficient workforce in terms of quality and quantity. Makro focuses on allowing our employees to grow in their current field of work, training and development for leadership succession and honing employees’ skills and expertise in the food business in the forms of intensive workshops and mass e-learning. We also focus on strengthening the Makro brand as a leader in the market of quality labor as incentives for high - caliber individuals, especially the new generation, to join our team. We also recruit and develop local personnel to support our expansion into high - potential countries. Regardless of the location, every Makro employee must adhere to our “**VICTORY - Makro 7 Values**”, which plays a key role in ensuring that we meet our target growth.

### Operating System Improvement

To lay a foundation of sustainable growth, Makro has deployed a new operating system at its headquarters since the end of 2015. We also plan on deploying it at our stores within 2017. Moreover, we plan on deploying a number of different applications for business development, such as Central Ordering to effectively anticipate needs and manage orders. The deploy will be done alongside the development of an online - to - offline (O2O) system and an in - depth analysis of big data to better meet specific demands of professional customers. We expect all of this to enhance our competitiveness and support our business expansion both at home and abroad.

## Overseas Expansion

Following the founding of Makro ROH Company Limited to thoroughly study the possibility of overseas operations, covering issues such as investment laws and consumption behavior of people in target countries, we have also sought out local business partners to improve our competitiveness and ensure our rapid yet stable growth in AEC countries. In 2016, we established a subsidiary in Cambodia called Makro (Cambodia) Company Limited to prepare for expansion of our stores into the country. Now we are fully ready to spread our wings overseas after spending quite some time examining the scenario and preparing for the expansion. We have already recruited and trained local personnel. They are now ready to start.

As for our food service business, Siam Food Services, our wholly owned subsidiary, entered into a share purchase agreement to buy an 80% stake in four leading food service enterprises abroad, namely Indoguna (Singapore) Pte. Ltd. (based in Singapore), Indoguna Dubai LLC (based in the United Arab Emirates), Lordly Company Limited (based in Hong Kong) and Just Meat Company Limited (also based in Hong Kong). Our stakes in these firms will enhance the capabilities and competitiveness of our food service business, in line with our vision of becoming “the number one food solution provider for professional customers in ASEAN”. Additionally, we plan to further expand our food service business to countries with potential growth in tourism industry while exploring an opportunity for merger and acquisition with the similar or synergy creation business.

## Digital Marketing and Online – to – Offline System

The Company anticipates that the growth of e - commerce will grow rapidly, as a result, we develop Online - to - Offline System (O2O). This will response to new generation's requirement who prefer convenience and comfort in shopping.

# 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 24, 2016, 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 24, 2016, the top 10 major shareholders of the Company are as follows :

| Name                                       | No. of Shares        | Shareholding Percentage |
|--------------------------------------------|----------------------|-------------------------|
| 1. Siam Makro Holdings (Thailand) Limited* | 2,640,302,800        | 55.01                   |
| 2. CP ALL Public Company Limited*          | 2,057,846,700        | 42.87                   |
| 3. AIA Company Limited - APEX              | 16,882,000           | 0.35                    |
| 4. Mr. Prinya Tieworn                      | 13,000,000           | 0.27                    |
| 5. AIA Company Limited - TIGER             | 11,063,600           | 0.23                    |
| 6. Mr. Surachai Boonyaprateepat            | 9,700,000            | 0.20                    |
| 7. SCB SET INDEX FUND                      | 2,313,700            | 0.05                    |
| 8. Thai NVDR Company Limited               | 2,276,583            | 0.05                    |
| 9. Mr. ALFRED RUSSELL JENTES               | 2,250,000            | 0.05                    |
| 10. HSBC (SINGAPORE) NOMINEES PTE LTD      | 2,222,100            | 0.05                    |
| <b>Total</b>                               | <b>4,757,857,483</b> | <b>99.12</b>            |

Remark : \* Siam Makro Holdings (Thailand) Limited and CPALL Public Company Limited are subsidiaries of CPALL Group, in which holds the combined shareholding of 97.88% 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% 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 2011 - 2015)

| Year                                 | 2011 | 2012 | 2013** | 2014** | 2015 |
|--------------------------------------|------|------|--------|--------|------|
| Earnings per share (Baht per share)* | 0.55 | 0.74 | 0.90   | 1.03   | 1.12 |
| Dividend per share (Baht per share)* | 0.53 | 0.63 | 0.80   | 0.77   | 0.85 |
| Dividend payout ratio (%)            | 95.0 | 84.9 | 89.1   | 75.1   | 75.9 |

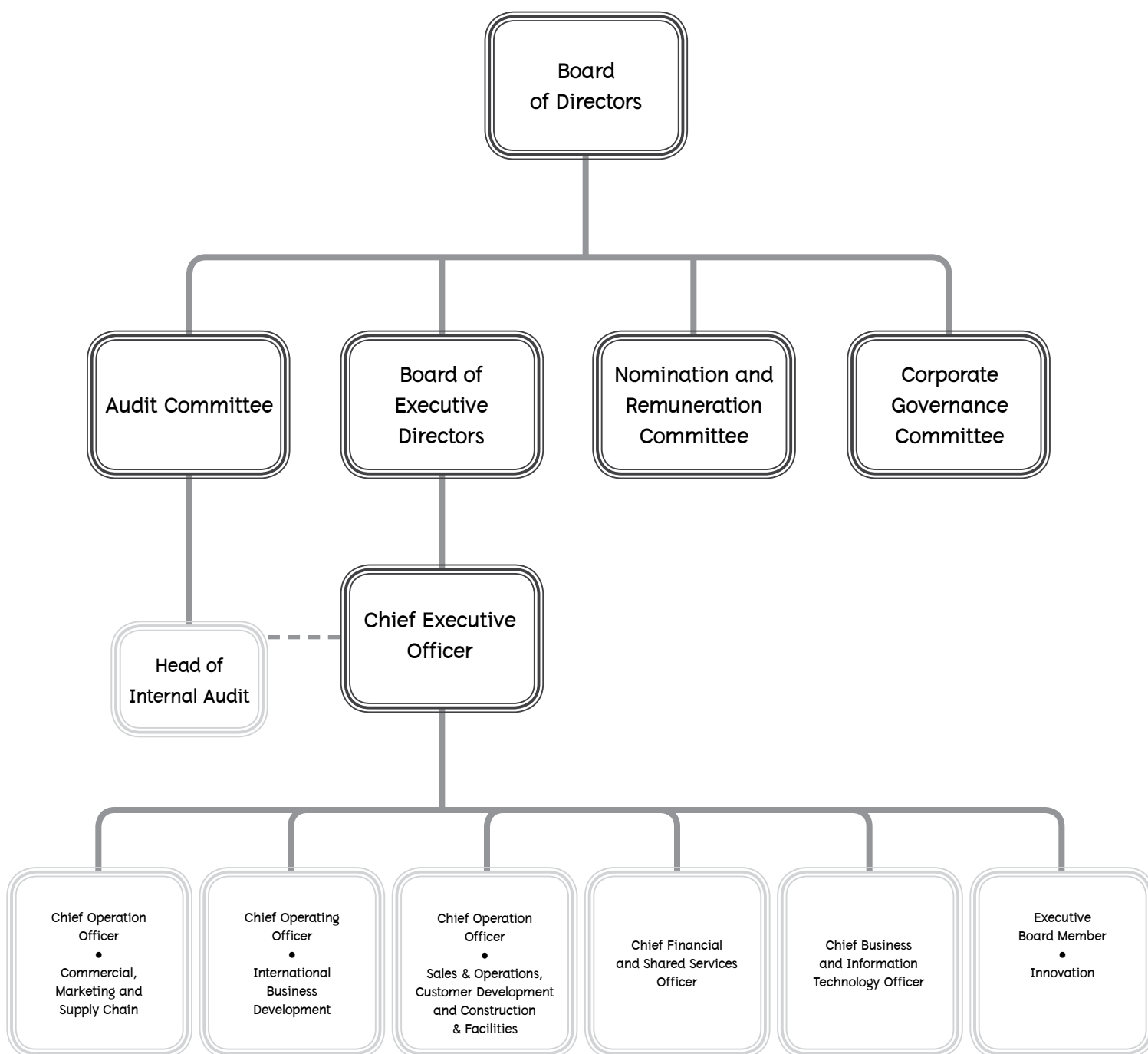
Remark : \* Earnings per share and Dividend per share are calculated from the total shares, 4,800,000,000 shares at the par valued at Baht 0.50 per share in order to the comparison, according to the resolution of the Extraordinary General Shareholders' Meeting of the Company which held on 20 September 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 2011 and 2012 were 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 2016



## 2. Management

### 2.1 Management Structure

The management structure of Siam Makro Public Company Limited comprises of

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

- 10 Non - Executive Directors, 5 of which are independent directors (equivalent to 1/ 3 of total directors)
- 8 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 7 days ahead of each meeting so that the directors may have adequate time to study, review, and make proper decisions. The Chairman oversees the meeting unless he/ she may lack independence or have a conflict of interest in the meeting. The independent directors also presided over a meeting to consider such item.

#### The Board of Directors

As at 31 December 2016, the Board of Directors is comprised of 15 directors as follows :

#### The Board of Directors as of December 31, 2016 comprised of :

| Name - Surname                  | Position                                                                                                                                                 |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Mr. Arsa Sarasin             | Chairman/ Member of the Corporate Governance Committee                                                                                                   |
| 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/ Member of the Corporate Governance Committee |
| 5. Dr. Chaiyawat Wibulswasdi    | Independent Director/ Member of the Audit Committee/ Chairman of the Corporate Governance Committee                                                      |
| 6. Mr. Joti Bhokavanij          | Independent Director/ Member of the Audit Committee/ Member of the Corporate Governance Committee                                                        |
| 7. Mr. Korsak Chairasmisak      | First Vice Chairman/ Executive Director/ Member of the Nomination and Remuneration Committee                                                             |
| 8. Mrs. Suchada Ithjarukul      | Second Vice Chairman/ Executive Director/ Chief Executive Officer                                                                                        |
| 9. Dr. Prasert Jarupanich       | Director/ Executive Director                                                                                                                             |
| 10.Mr. Pittaya Jearavisitkul    | Director/ Executive Director                                                                                                                             |
| 11.Mr. Piyawat Titasattavorakul | Director/ Executive Director                                                                                                                             |
| 12.Mr. Narong Chearavanont      | Director/ Executive Director                                                                                                                             |
| 13.Mr. Adirek Sripratak         | Director                                                                                                                                                 |
| 14.Mr. Umroong Sanphasitvong    | Director/ Executive Director/ Member of the Corporate Governance Committee                                                                               |
| 15.Mrs. Saowaluck Thithapant    | Director/ Executive Director/ Chief Financial and Shared Services Officer                                                                                |

### Shareholding Report of the Board of Directors and Executives in 2016 and 2015 (including Spouse and Minor)

| Name - Surname                  | No. of Shares (shares)<br>as at 31 December |      | No. of Shares<br>Addition/<br>(Reduction) |
|---------------------------------|---------------------------------------------|------|-------------------------------------------|
|                                 | 2016                                        | 2015 |                                           |
| 1. Mr. Arsa Sarasin             | -                                           | -    | -                                         |
| 2. Mr. Athaporn Khaimarn        | -                                           | -    | -                                         |
| 3. Mr. Chavalit Uttasart        | -                                           | -    | -                                         |
| 4. Mr. Thira Wipuchanin         | -                                           | -    | -                                         |
| 5. Dr. Chaipayat Wibulswasdi    | -                                           | -    | -                                         |
| 6. Mr. Joti Bhokavanij          | -                                           | -    | -                                         |
| 7. Mr. Korsak Chairasmisak      | -                                           | -    | -                                         |
| 8. Mrs. Suchada Ithijarukul     | -                                           | -    | -                                         |
| 9. Dr. Prasert Jarupanich       | 200                                         | 200  | -                                         |
| 10.Mr. Pittaya Jearavisitkul    | -                                           | -    | -                                         |
| 11.Mr. Piyawat Titasattavorakul | -                                           | -    | -                                         |
| 12.Mr. Narong Chearavanont      | -                                           | -    | -                                         |
| 13.Mr. Adirek Sripratak         | -                                           | -    | -                                         |
| 14.Mr. Umroong Sanphasitvong    | -                                           | -    | -                                         |
| 15.Mrs. Saowaluck Thithapant    | -                                           | -    | -                                         |
| 16.Mr. Lin, Chi - Lung          | -                                           | -    | -                                         |
| 17.Mr. Jean - Pierre Bienfait   | -                                           | N/ A | -                                         |
| 18.Mr. Paul Stephen Howe        | -                                           | -    | -                                         |
| 19.Mr. David Poussier           | -                                           | -    | -                                         |

#### 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 Ithijarukul 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 and to review the Company's vision and business plan at least once a year.
- 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 and an individual 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 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** 57

**Shareholding** None

**Relationship with Executives** None

**Education**

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

#### Experiences

|                       |                                                        |
|-----------------------|--------------------------------------------------------|
| <b>1986 - 1989</b>    | Lawyer (In house),<br>B.Grimm & Co                     |
| <b>1989 - 2004</b>    | Partner, International Legal Counsellors Thailand Ltd. |
| <b>2005 - present</b> | Director/ Partner, Siam City Law Offices Ltd.          |
| <b>2008 - present</b> | Company Secretary,<br>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, 2016 are as follows :

### 1) Board of Executive Directors

| As at December 31, 2016, 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. Additionally, a review of the existing operational business plans and strategies should be reviewed at least once during the year for proposing to the Company's Board of Directors for consideration and approval.
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. CEO must not hold the board positions in other firms except the board positions of a company related to the Company under the Board of Directors' approval.



## 2) Audit Committee

As at December 31, 2016, 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. Chaipayat Wibulswasdi | Member of the Audit Committee (Independent)   |
| 5. Mr. Joti Bhokavanij       | Member of the Audit Committee (Independent)   |

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

### Roles and Responsibilities of the Audit Committee

1. To review the Company's financial reporting process in order to ensure that it is accurate and adequate;
2. To review the Company's internal controls system and internal audit functions ensuring that they are suitable and efficient, to determine the degree of independence of the internal audit group, as well as to approve the appointment, transfer and dismissal of the head of an internal audit group or any other group responsible for internal audit functions within the Company;
3. To review the Company's compliance with the law on Securities and Exchange, the SET's regulations, and any other laws relating to the Company's business;
4. To consider, select, 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;
5. To review any connected transactions or transactions that may lead to a conflict of interests situation, in order to ensure that they are in full compliance with the laws and regulations of the SET/ SEC as well as that such transactions are reasonable and undertaken for the fullest benefit of the Company;
6. To prepare the Audit Committee's Report to be included in the Company's Annual Report which must be signed by the Audit Committee Chairman and consist of at least the following information :
  - a. an opinion on the accuracy, completeness and reliability of the Company's financial report,
  - b. an opinion on the adequacy of the Company's internal controls system,
  - c. an opinion on the compliance with the laws on Securities and Exchange, the SET's regulations or any other laws relating to the Company's business,
  - d. an opinion on the suitability of an auditor,
  - e. an opinion on the transactions that may lead to conflict of interests situations,
  - f. the number of the Audit Committee meetings and the attendance record at such meetings by each member of the Audit Committee,
  - g. any opinions or comments that are received by the Audit Committee in performing its duties in accordance with its Charter, and
  - h. other transactions which, in the opinion of the Audit Committee, should be made known to the Shareholders and general investors, subject to the scope of duties and responsibilities as assigned by the Company's Board of Directors; and
7. To perform any other activities as assigned by the Company's Board of Directors and concurred to by the Audit Committee.

### 3) Nomination and Remuneration Committee

As at December 31, 2016, 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. Mr. Chavalit Uttasart   | Member of the Nomination and Remuneration Committee (Independent)   |
| 3. Mr. Korsak Chairasmisak | Member of the Nomination and Remuneration Committee                 |

#### Roles and Responsibilities of the Nomination and Remuneration Committee

1. Select and nominate suitable and qualified persons to be members of Board Committees in accordance with the composition and qualifications as prescribed by the law/ relevant regulations and focus on skills, experience, specific capabilities beneficial to the company, and dedication of time and personal endeavor to perform as directors.; 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. Additionally, NRC conducts performance appraisal and decide the compensation for the Chief Executive Office for proposing to the Company's Board of Directors for consideration and approval.
3. Arrange to hold at least 2 meetings of the Nomination and Remuneration Committee each year, in order to select and propose qualified nominees for possible appointment as a Board Director once each year and to undertake a self - appraisal of the Committee's performance as a whole once a year.
4. Perform other activities as assigned by the Board of Directors.

### 4) Corporate Governance Committee

As at December 31, 2016, Members of the Corporate Governance Committee consists of 5 directors as follows :

|                              |                                                              |
|------------------------------|--------------------------------------------------------------|
| 1. Dr. Chaibawat Wibulswasdi | Chairman of the Corporate Governance Committee (Independent) |
| 2. Mr. Arsa Sarasin          | Member of the Corporate Governance Committee                 |
| 3. Mr. Joti Bhokavanij       | Member of the Corporate Governance Committee (Independent)   |
| 4. Mr. Thira Wipuchanin      | Member of the Corporate Governance Committee (Independent)   |
| 5. Mr. Umroong Sanphasitvong | Member of the Corporate Governance Committee                 |

#### Roles and Responsibilities of the Corporate Governance Committee

1. Constantly define an international-standard corporate governance policy for the Company and its subsidiaries to adopt as its principles.
2. Define a self - assessment policy and procedure on corporate governance policy, while promoting standard assessment by renowned and internationally accepted appraisers.
3. Oversee the Company's business in line with the principles set forth by regulators, including SET and SEC.
4. Review the corporate governance policy regularly and adjusting it to international practices and recommendations made by regulators or related institutes.

5. Regularly promote sharing of the corporate governance culture among all executives and employees for clear understanding and adoption for the Company's and its subsidiaries' implementation.
6. Perform other activities as assigned by the Board of Directors.

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

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

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

1. Holding shares not exceeding 0.5% of the total number of shares with voting rights of the Company, its parent company, subsidiary companies, associated companies, major shareholder or controlling person of the Company, which shall be inclusive of the shares held by related persons of such independent director;
2. Neither being nor used to being a director who takes part in the management, employee, staff member, advisor who receives a regular salary, or controlling person of the Company, its parent company, subsidiary companies, associated companies, same - level subsidiary companies, major shareholder or of the controlling person of the Company, unless the foregoing status has ended not less than two years. However, such prohibited characteristic shall not include the case where the independent director used to be a government official or advisor of a government unit which is a major shareholder or controlling person of the Company;
3. Not being a person related by blood or by legal registration as father, mother, spouse, sibling, and child, including spouse of child, of the executive, major shareholder, controlling person, or person to be nominated as executive or controlling person of the Company or its subsidiary companies;
4. Neither having nor used to having a business relationship with the Company, its parent company, subsidiary companies, associated companies, major shareholder or controlling person of the Company, in

the manner which may interfere with his independent judgement, and neither being nor used to being a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary companies, associate companies, major shareholder or controlling person of the Company, unless the foregoing relationship has ended not less than two years.

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

5. Neither being nor used to being an auditor of the Company, its parent company, subsidiary companies, associated companies, major shareholder or controlling person of the Company, and not being a significant shareholder, controlling person, or partner of the audit firm which employs auditors of the Company, its parent company, subsidiary companies, associated companies, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years;



6. Neither being nor used to being any professional service provider including a legal counselor or financial advisor who receives service fee of exceeding two million Baht per year from the Company, its parent company, subsidiary companies, associated companies, major shareholder or controlling person of the Company, and not being a significant shareholder, controlling person or partner of the aforementioned professional service provider, unless the foregoing relationship has ended not less than two years;
7. Not being a director appointed as representative of directors of the Company, major shareholder or shareholder who is related to major shareholder;
8. Not undertaking any business of the same nature as and competing with that of the Company or its subsidiary companies or not being a significant partner in a partnership or being a director who takes part in the management, employee, staff member, advisor who receives regular salary or holding shares exceeding one percent of the total number of shares with voting rights of other companies which undertake businesses of the same nature as and competing with that of the Company or its subsidiary companies;
9. Not having any other characteristics which cause the inability to render independent opinions with regard to the Company's business operations.
10. The Company's independent directors shall serve not more than 9 consecutive years. (Director's term shall be counted as of 2017 Annual General Shareholders Meeting onwards)

Independent Director with qualifications described in 1 - 10 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, 2016

| Company Name                 | Makro       | Subsidiaries       |                |           |     |         |                  |
|------------------------------|-------------|--------------------|----------------|-----------|-----|---------|------------------|
| Name - Surname               |             | Siam Food Services | Vina Siam Food | Makro ROH | ARO | ProMart | Makro (Cambodia) |
| Mr. Arsa Sarasin             | 1, 12       |                    |                |           |     |         |                  |
| Mr. Athaporn Khaimarn        | 6, 7        |                    |                |           |     |         |                  |
| Mr. Chavalit Uttasart        | 6, 8, 10    |                    |                |           |     |         |                  |
| Mr. Thira Wipuchanin         | 6, 8, 9, 12 |                    |                |           |     |         |                  |
| Dr. Chaiyawat Wibulswasdi    | 6, 8, 11    |                    |                |           |     |         |                  |
| Mr. Joti Bhokavanij          | 6, 8, 12    |                    |                |           |     |         |                  |
| Mr. Korsak Chairasmisak      | 2, 5, 10    |                    |                |           |     |         |                  |
| Mrs. Suchada Ithjarukul      | 2, 3, 5, 15 | 4                  | 4              | 4         | 4   |         | 4                |
| Dr. Prasert Jarupanich       | 4, 5        |                    |                |           |     |         |                  |
| Mr. Pittaya Jearavisitkul    | 4, 5        |                    |                |           |     |         |                  |
| Mr. Piyawat Titasattavorakul | 4, 5        |                    |                |           |     |         |                  |
| Mr. Narong Chearavanont      | 4, 5        |                    |                |           |     |         |                  |
| Mr. Adirek Sripratak         | 4           |                    |                |           |     |         |                  |
| Mr. Umroong Sanphasitvong    | 4, 5, 12    |                    |                |           |     |         |                  |
| Mrs. Saowaluck Thithapant    | 4, 5, 13    | 4                  | 4              | 4         | 4   |         | 4                |
| Mr. Lin, Chi - Lung          | 14          | 4                  | 4              | 4         | 4   | 4       |                  |
| Mr. Jean - Pierre Bienfait   | 18          |                    |                |           |     |         | 4                |
| Mr. Paul Stephen Howe        | 16          |                    |                |           |     |         |                  |
| Mr. David Poussier           | 17          |                    |                |           |     |         |                  |
| Mrs. Pornthip LawsUP         |             |                    |                |           |     | 4       |                  |
| Mrs. Aree Wongrasmee         |             |                    |                |           |     | 4       |                  |
| Mrs. Siriporn Dechsingha     |             |                    |                |           |     | 4       |                  |
| Mr. Ricardo Boarotto         |             |                    |                |           |     | 4       |                  |
| Mrs. Sudarat Chomintra       |             | 4                  |                |           |     |         |                  |
| Ms. Thanyamas Vorachart      |             | 4                  |                |           |     |         | 4                |
| Mr. Leong Siew Pong          |             | 4                  |                |           |     |         |                  |
| Mr. Noppachai Meetam         |             |                    |                |           |     |         | 4                |

Remark :

Positions

- |                                                           |                                                                                                       |
|-----------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| 1 = Chairman                                              | 11 = Chairman of the Corporate Governance Committee                                                   |
| 2 = Vice Chairman                                         | 12 = Member of the Corporate Governance Committee                                                     |
| 3 = Chief Executive Officer                               | 13 = Chief Financial and Shared Services Officer                                                      |
| 4 = Director                                              | 14 = Chief Operation Officer - Commercial, Marketing and Supply Chain                                 |
| 5 = Executive Director                                    | 15 = Executive Board Member - Innovation                                                              |
| 6 = Independent Director                                  | 16 = Chief Business and Information Technology Officer                                                |
| 7 = Chairman of the Audit Committee                       | 17 = Chief Operation Officer - Sales & Operations, Customer Development and Construction & Facilities |
| 8 = Member of the Audit Committee                         | 18 = Chief Operating Officer - International Business Development                                     |
| 9 = Chairman of the Nomination and Remuneration Committee |                                                                                                       |
| 10 = Member of the Nomination and Remuneration Committee  |                                                                                                       |

## 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 2017 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 2016

#### 1) Financial Remuneration

##### a. Board of Directors

In 2016, the remuneration of 18 Board of Directors (Including the directors who resigned during the year) as of 31 December 2016 was Baht 20.34 million which was conformed to the 2016 Annual General of Shareholders' Meeting held on 20 April 2016. 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 2016 are as follows :

| Name - Surname                   | Remuneration Rate<br>(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. Chaibawat Wibulwasdi      | 110,000                            |
| 6. Mr. Joti Bhokavanij           | 110,000                            |
| 7. Mr. Korsak Chairasmisak       | 95,000                             |
| 8. Mrs. Suchada Ithjarukul       | 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                             |

\* Resigned from the Company's Director on 20 April 2016

\*\* Resigned from the Company's Director on 9 August 2016

**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. Corporate Governance Committee**

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

**f. 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 126.04 million.

**2) Other Remuneration**

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

- None -

**b. Executives**

In 2016, the Company paid 7 Executives (Including the executives who resigned and rotated during the year) other remuneration totaling Baht 47.38 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 2016, 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.

**2.4. Compliance with established Best Practices and Code of Conduct for Directors of listed Companies**

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



## 2.5. Supervision on the Use of Inside Information

The Company is a public listed company on the Stock Exchange of Thailand (SET); and as such it is considered to be a key policy to operate its businesses on an equal and equitable basis for all Shareholders - whether majority or minority Shareholders. As such, any internal information or news that may have some significant impact on the Company's share price are considered to be confidential internal information related to the operations of the Company's business that have not yet been disclosed to the general public. If improperly disclosed, such internal information will have some impact for the Company.

Therefore, preventing unauthorized disclosure of such internal confidential information is of vital importance to the Company's ongoing success as well as for the continuing security of all the Company's Staff. In order to enable that effective disclosures of any internal information to outside parties be undertaken in a manner that will not result in any damaging effects for the Company's business operations as well as to its reputation, the Company has determined specific measures and an associated system of internal controls, together with requirements for all Company personnel to maintain the security and confidentiality of such information and not to make use of such inside information for any personal gain - even if they no longer have a position or have any associated responsibilities within the Company.

As such, internal confidential information means these various information: business operations and activities plans; trade and business secrets; information regarding the Company's performance results; information on suppliers of products together with any associated trade or business agreements; financial information; any information that may affect the overall corporate image and value of the Company; information that are legally required to be kept confidential; information about land plots searches, surveys and

associated assessments; Company Staff's personal information; various IT systems security passwords; and/or any other information, if disclosed, that may result in some damages or discredit to the Company, its Staff, its contractors, and Business Partners/suppliers or customers.

### Guidelines

- 1) Personnel should maintain inside information and sensitive documents that could lead to undue exploitation for themselves, their families, or their associates, including any information influencing stock prices and the Company's proprietary commercial secrets, formulae, and inventions.
- 2) Personnel must not exploit the Company's confidential information for personal or others' gains.
- 3) Personnel who have received personal information must take good care of or use it cautiously.
- 4) The Company should institute strict measures and processes for guarding its information within its departments to prevent publicity before its formal distribution. These measures and processes are an integral part of the Company's risk control measures.
- 5) The Company has defined the information about contractual parties and the agreements with these parties as sensitive information not to be shared with others except when both the Company and its contractual parties have given their consent.
- 6) Even after their termination or retirement, personnel must not disclose the Company's confidential information.
- 7) If asked to reveal information beyond one's responsibility, one must politely refuse to comment and then refer questions to assigned and responsible parties for disclosure to ensure accurate and uniform information provision.
- 8) In the event of any rumors or any unauthorized leaks of information that is incomplete and not yet ready for disclosure, then the immediate Supervisor/Superior should be informed immediately, so as to then inform the next level of the Company Management to consider announcing the true facts or making a full disclosure of the information in question to the general public.

## 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 2016 :** 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 2016

### Audit fees

The Company and its Subsidiaries paid to the Audit Firm the following fees during in the fiscal year 2016 :

| Company            | Audit Firm                        | Audit Fee (Baht) |
|--------------------|-----------------------------------|------------------|
| Siam Makro         | KPMG Phoomchai Audit Limited      | 5,860,000        |
| Siam Food Services | KPMG Phoomchai Audit Limited      | 800,000          |
| Makro ROH          | KPMG Phoomchai Audit Limited      | 125,000          |
| Vina Siam Food     | KPMG (Vietnam) Limited            | 320,000*         |
| ProMart            | KPMG Phoomchai Audit Limited      | 50,000           |
| ARO**              | Khin Su Htay & Associates Limited | 34,534           |

Remark :

\* Equivalent to 200,000,000 Vietnamese Dong 1 Vietnamese Dong = Baht 0.0016)

\*\* ARO's auditor is not the same audit company as the Company's auditor

### Non - audit fees

The Company and its Subsidiaries also paid to the Audit Firm during fiscal year 2016 non - audit fees, namely, for other consulting engagements not related to audit services, tax & legal consulting services, and other engagements to review and observe specifically agreed procedures and activities as per the following details :

| Company            | Non - Audit Service                                                             | Service Providers            | Paid (Baht)    | Contingent Expenses (Baht)*** |
|--------------------|---------------------------------------------------------------------------------|------------------------------|----------------|-------------------------------|
| Siam Makro         | Engagement to review and observe specifically agreed procedures and activities* | KPMG Phoomchai Audit Limited | -              | 20,000                        |
| Siam Food Services | Engagement to review and observe specifically agreed procedures and activities* | KPMG Phoomchai Audit Limited | -              | 30,000                        |
| Vina Siam Food     | Tax & Legal Consulting Services                                                 | KPMG (Vietnam) Limited **    | 307,200        | -                             |
|                    | <b>Total</b>                                                                    |                              | <b>307,200</b> | <b>50,000</b>                 |

Remark :

\* Attendance to observe inventory destruction

\*\* These service providers are in the same Group as with the Audit firm. The paid amount for the year 2016 is 192,000,000 Vietnamese Dong. (1 Vietnamese Dong = Baht 0.0016)

\*\*\* Contingent expenses as at 31 December 2016

# THE COMPANY'S DIRECTORS



## Mr. Arsa Sarasin

Age 80 Years

Nationality Thai

Position Chairman and Member of the Corporate Governance Committee

Date of Appointment 26 January 1994

Relationship with Executives None

### Education

- B.A. in Business Administration, Boston University, USA
- Honorary Doctoral Degree in Political Science (International Affairs), Thammasat University

### 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>August 2016 - Present</b> | Member of the Corporate Governance Committee<br>Siam Makro Public Company Limited                 |
| <b>2016 - Present</b>        | Advisor to Board of Directors<br>Charoen Pokphand Foods Public Company Limited                    |
| <b>2015 - Present</b>        | Chairman of the CSR Committee for Sustainable Development<br>Siam Cement Public Company Limited   |
| <b>2015 - Present</b>        | Chairman of Board of Directors/<br>Independent Director<br>Dusit Thani Public Company Limited     |
| <b>2001 - Present</b>        | Director/ Member of the Governance and Nomination Committee<br>Siam Cement Public Company Limited |
| <b>1999 - Present</b>        | Chairman<br>Siam Makro Public Company Limited                                                     |
| <b>1998 - Present</b>        | Chairman<br>Padaeng Industry Public Company Limited                                               |
| <b>2007 - August 2016</b>    | Independent Director<br>Siam Makro Public Company Limited                                         |

**2013 - May 2016** Vice Chairman/ Chairman of the Audit Committee/ Chairman of the Remuneration and Nominating Committee/ Chairman of the Corporate Governance Committee  
Charoen Pokphand Foods Public Company Limited

**1999 - May 2016** Independent Director  
Charoen Pokphand Foods Public Company Limited

#### Working Experiences in Non Listed Company

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

#### Shareholding in the Company

**Director/ Executive (Shares)** -

**Spouse (Shares)** -

**Minor (Shares)** -



**Mr. Athaporn Khaimarn**

Age 72 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  
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 68 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<br>Remuneration Committee<br>Siam Makro Public Company Limited           |
| 1999 - Present | Member of the Audit Committee/<br>Independent Director<br>Siam Makro Public Company Limited           |
| 2009 - 2013    | Member of the Audit Committee/<br>Independent Director<br>Internet Thailand<br>Public Company Limited |

### Working Experiences in Non Listed Company

|                |                                                                 |
|----------------|-----------------------------------------------------------------|
| 2013 - Present | Director<br>SCL Tax Consultants Company Limited                 |
| 2005 - Present | Managing Director<br>Siam City Law Offices<br>Company Limited   |
| 2005 - Present | Managing Director<br>Chavalit and Associates<br>Company Limited |
| 1977 - 2005    | Director<br>International Legal Counselors Thailand             |

### Shareholding in the Company

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



## Mr. Thira Wipuchanin

Age 67 Years

Nationality Thai

Position Chairman of the Nomination and Remuneration Committee, Member of the Audit Committee, Member of the Corporate Governance 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>August 2016 - Present</b> | Member of the Corporate Governance Committee<br>Siam Makro Public Company Limited                                      |
| <b>2010 - Present</b>        | Chairman of the Nomination and Remuneration Committee/<br>Independent Director<br>Siam Makro Public Company Limited    |
| <b>2008 - 2009</b>           | Member of the Nomination and Remuneration Committee<br>Siam Makro Public Company Limited                               |
| <b>2005 - Present</b>        | Chairman of the Audit Committee/<br>Independent Director<br>Bangkok First Investment & Trust<br>Public Company Limited |
| <b>2005 - 2016</b>           | Chairman/ Independent Director<br>Interhides Public Company Limited                                                    |

|                       |                                                                                                                          |
|-----------------------|--------------------------------------------------------------------------------------------------------------------------|
| <b>2003 - Present</b> | Member of the Audit Committee/<br>Independent Director<br>Siam Makro Public Company Limited                              |
| <b>2000 - Present</b> | Chairman/ Independent Director<br>Precious Shipping<br>Public Company Limited                                            |
| <b>1995 - Present</b> | Chairman/ Chairman of the Audit<br>Committee/ Independent Director<br>United Palm Oil Industry<br>Public Company Limited |

#### Working Experiences in Non Listed Company

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

#### Shareholding in the Company

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



## Dr. Chaiyawat Wibulswasdi

Age 70 Years

Nationality Thai

Position Chairman of the Corporate Governance Committee, 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

### 2004 - 2010

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

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

2006 Director Certification Program (DCP)

2004 Director Accreditation Program (DAP)

### Working Experiences in Non Listed Company

-

### Working Experiences

#### Working Experiences in Listed Company

|                         |                                                                                                                                                                                                       |
|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>August 2016</b>      | Chairman of the Corporate Governance Committee                                                                                                                                                        |
| <b>- Present</b>        | Siam Makro Public Company Limited                                                                                                                                                                     |
| <b>July 2016</b>        | Chairman of the Audit Committee                                                                                                                                                                       |
| <b>- Present</b>        | Charoen Pokphand Foods Public Company Limited                                                                                                                                                         |
| <b>2013 - Present</b>   | Member of the Audit Committee/ Independent Director<br>Siam Makro Public Company Limited                                                                                                              |
| <b>2010 - Present</b>   | Chairman of the Corporate Social Responsibility and Sustainable Development Committee/Member of Corporate Governance Committee/ Independent Director<br>Charoen Pokphand Foods Public Company Limited |
| <b>2010 - July 2016</b> | Member of the Audit Committee<br>Charoen Pokphand Foods Public Company Limited                                                                                                                        |

#### Present positions in other organizations/ institutions (if any)

|                    |                                                                   |
|--------------------|-------------------------------------------------------------------|
| <b>Present</b>     | Chairman<br>The Stock Exchange of Thailand                        |
| <b>Present</b>     | Economic Advisor to<br>Deputy Prime Minister                      |
| <b>2006 - 2008</b> | Vice Chairman<br>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 74 Years

Nationality Thai

Position Member of the Audit Committee,  
Member of the Corporate Governance 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 2000

### Working Experiences

#### Working Experiences in Listed Company

- August 2016 - Present Member of the Corporate Governance Committee  
Siam Makro Public Company Limited
- 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 64 Years

Nationality Thai

Position First Vice Chairman, Executive Director and Member of the Nomination and Remuneration Committee

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>November 2016</b>  | Member of the Nomination and            |
| <b>- Present</b>      | Remuneration Committee                  |
|                       | Siam Makro Public Company Limited       |
| <b>2013 - Present</b> | First Vice Chairman/ Executive Director |
|                       | Siam Makro Public Company Limited       |
| <b>1990 - Present</b> | 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/ institutions (if any)

- 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 64 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  
(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<br>Siam Makro Public Company Limited    |
| <b>2010 - Present</b> | Chief Executive Officer<br>Siam Makro Public Company Limited |
| <b>2001 - 2013</b>    | Vice Chairman<br>Siam Makro Public Company Limited           |
| <b>2001 - 2010</b>    | President<br>Siam Makro Public Company Limited               |
| <b>1996 - Present</b> | Executive Director<br>Siam Makro Public Company Limited      |
| <b>1995 - 2001</b>    | Finance Director<br>Siam Makro Public Company Limited        |

**Working Experiences in Non Listed Company**

|                       |                                              |
|-----------------------|----------------------------------------------|
| <b>2016 - Present</b> | Director<br>Makro (Cambodia) Company Limited |
| <b>2014 - Present</b> | Director<br>ARO Company Limited              |
| <b>2014 - Present</b> | Director<br>Makro ROH Company Limited        |
| <b>2012 - Present</b> | Director<br>Vina Siam Food Company Limited   |
| <b>2005 - Present</b> | Director<br>Siam Food Services Limited       |

**Shareholding in the Company**

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



## Dr. Prasert Jarupanich

Age 68 Years

Nationality Thai

Position 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

|                             |                                                                                            |
|-----------------------------|--------------------------------------------------------------------------------------------|
| <b>2013 - Present</b>       | Executive Director<br>Siam Makro Public Company Limited                                    |
| <b>2010 - November 2016</b> | Member of the Nomination and Remuneration Committee<br>Siam Makro Public Company Limited   |
| <b>2008 - 2009</b>          | Chairman of the Nomination and Remuneration Committee<br>Siam Makro Public Company Limited |
| <b>2007 - 2010</b>          | Independent Director<br>Siam Makro Public Company Limited                                  |
| <b>1988 - Present</b>       | Director<br>CP ALL Public Company Limited                                                  |
| <b>1988 - 2007</b>          | Director<br>Siam Makro Public Company Limited                                              |



## Mr. Pittaya Jearavisitkul

Age 61 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<br>CP ALL Public Company Limited          |
| <b>2013 - Present</b> | Director<br>Siam Makro Public Company Limited                                            |
| <b>2013 - 2015</b>    | Member of the Nomination and Remuneration Committee<br>Siam Makro Public Company Limited |
| <b>1999 - 2013</b>    | Director/ Deputy Chief Executive Officer<br>CP ALL Public Company Limited                |

#### Working Experiences in Non Listed Company

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

|                |                                                                                                    |
|----------------|----------------------------------------------------------------------------------------------------|
| <b>Present</b> | Director<br>24 Shopping Company Limited                                                            |
| <b>Present</b> | Director<br>MAM Heart Company Limited                                                              |
| <b>Present</b> | Director<br>OHT Company Limited                                                                    |
| <b>Present</b> | Director<br>Siam Makro Holding (Thailand) Limited                                                  |
| <b>Present</b> | Director<br>Gosoft (Thailand) Company Limited                                                      |
| <b>Present</b> | Director<br>CP Retailink Company Limited                                                           |
| <b>Present</b> | Director<br>Counter Service Company Limited                                                        |
| <b>Present</b> | Director<br>CPRAM Company Limited                                                                  |
| <b>1993</b>    | Vice President<br>Marketing and Distribution Business Group Charoen Pokphand Group Company Limited |
| <b>1987</b>    | Vice President<br>International Trading Business Group Charoen Pokphand Group Company Limited      |
| <b>1985</b>    | Vice President<br>C.P. Standard Resources Company Limited (Hong Kong)                              |
| <b>1984</b>    | Managing Director<br>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 63 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

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

#### Working Experiences in Non Listed Company

|                |                                                |
|----------------|------------------------------------------------|
| 2015 - Present | Director<br>Panyapiwat Institute of Management |
| 2015 - Present | Director<br>Panyapiwat Technological College   |
| 2015 - Present | Director<br>MAM Heart Company Limited          |

|                |                                                                          |
|----------------|--------------------------------------------------------------------------|
| 2015 - Present | Director<br>Counter Service Company Limited                              |
| 2015 - Present | Director<br>CPRAM Company Limited                                        |
| 2015 - Present | Director<br>CP Retailink Company Limited                                 |
| 2015 - Present | Director<br>CP Lotus Corporation<br>Company Limited                      |
| 1988           | Deputy General Manager<br>C.P. KFC Company Limited                       |
| 1986           | Manager - Cherry Duck Business<br>C.P. Food Products Company Limited     |
| 1983           | Manager - Grilled Chicken Business<br>C.P. Food Products Company Limited |
| 1978           | Swine Processing Project<br>C.P. Food Products Company Limited           |

### Shareholding in the Company

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



## Mr. Adirek Sripratak

Age 70 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 Business Administration, Rajamangala University of Technology Suvarnabhumi
- 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

|                |                                     |
|----------------|-------------------------------------|
| 2013 - Present | Director                            |
|                | Siam Makro Public Company Limited   |
| 2005 - Present | Director                            |
|                | CP ALL Public Company Limited       |
| 2003 - Present | President & Chief Executive Officer |
|                | Charoen Pokphand Foods              |
|                | Public Company Limited              |

### Working Experiences in Non Listed Company

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

### Shareholding in the Company

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



## Mr. Narong Chearavanont

Age 51 Years

Nationality Thai

Position Executive Director and Director

Date of Appointment 5 July 2013

Relationship with Executives None

### 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, USA
- Honorary Doctorate in Business Administration, Ramkhamhaeng University
- Systematic Innovation of Products, Processes and Services, MIT Sloan School of Management, USA

### 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<br>Siam Makro Public Company Limited |
| <b>2008 - Present</b> | Director<br>True Corporation<br>Public Company Limited            |
| <b>1999 - Present</b> | Director<br>CP ALL Public Company Limited                         |

### Working Experiences in Non Listed Company

|                       |                                                                     |
|-----------------------|---------------------------------------------------------------------|
| <b>2016 - Present</b> | Vice Chairman<br>Charoen Pokphand Group<br>Company Limited          |
| <b>2014 - Present</b> | Director<br>True Visions Group Company Limited                      |
| <b>2012 - Present</b> | President<br>Shanghai Litai Logistics<br>Company Limited            |
| <b>2011 - Present</b> | Director<br>SM True Company Limited                                 |
| <b>2011 - Present</b> | Director<br>The IconSiam Superlux Residences<br>Corporation Limited |
| <b>2011 - Present</b> | Director<br>The ICONSIAM Residences Corporation<br>Company Limited  |
| <b>2011 - Present</b> | Vice Chairman<br>Panther Entertainment Company Limited              |
| <b>2010 - Present</b> | Vice Chairman<br>Marketing and Distribution Business<br>(Thailand)  |

|                       |                                                                           |
|-----------------------|---------------------------------------------------------------------------|
| <b>2010 - Present</b> | Vice Chairman<br>Marketing and Distribution Business<br>(China)           |
| <b>2010 - Present</b> | Vice Chairman<br>Real Estate & Land Development<br>Business (China)       |
| <b>2010 - Present</b> | Vice Chairman<br>Shanghai Kinghill Company Limited                        |
| <b>2008 - Present</b> | Director<br>CPPC Company Limited                                          |
| <b>2007 - Present</b> | Executive Vice Chairman<br>Chia Tai (China) Investment<br>Company Limited |
| <b>2007 - Present</b> | Executive Vice Chairman<br>CP Lotus Corporation Company Limited           |
| <b>1997 - 2002</b>    | President<br>Ex - Chor Trading (Shanghai)<br>Company Limited              |
| <b>1995 - 1997</b>    | President<br>Ek - Chor Distribution (Thailand)<br>Company Limited         |

#### Shareholding in the Company

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





## Mr. Umroong Sanphasitvong

Age 64 Years

Nationality Thai

Position Executive Director, Member of the Corporate Governance Committee 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)

- 2016 Ethical Leadership Program
- 2016 IT Governance
- 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>August 2016 - Present</b>   | Member of the Corporate Governance Committee<br>Siam Makro Public Company Limited    |
| <b>August 2016 - Present</b>   | Member of the Remuneration and Nomination Committee<br>CP ALL Public Company Limited |
| <b>February 2016 - Present</b> | Member of the Corporate Governance Committee<br>CP ALL Public Company Limited        |
| <b>2013 - Present</b>          | Executive Director/ Director<br>Siam Makro Public Company Limited                    |
| <b>2001 - Present</b>          | Director<br>True Corporation<br>Public Company Limited                               |

**1999 - Present** Director

CP ALL Public Company Limited

#### Working Experiences in Non Listed Company

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

### Shareholding in the Company

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



## Mrs. Saowaluck Thithapant

Age 61 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 (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<br>Siam Makro Public Company Limited  |
| <b>2004 - Present</b> | Executive Director<br>Siam Makro Public Company Limited                           |
| <b>2002 - 2010</b>    | Finance Director<br>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>2016 - Present</b> | Director<br>Makro (Cambodia) Company Limited                               |
| <b>2015 - Present</b> | Director<br>Charoen Pokphand Capital Company Limited                       |
| <b>2014 - Present</b> | Director<br>ARO Company Limited                                            |
| <b>2014 - Present</b> | Director<br>Makro ROH Company Limited                                      |
| <b>2012 - Present</b> | Director<br>Vina Siam Food Company Limited                                 |
| <b>2005 - Present</b> | Director<br>Siam Food Services Limited                                     |
| <b>1999 - 2002</b>    | Senior Vice President-Accounting and Finance<br>Premier Group of Companies |

### Shareholding in the Company

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

## THE COMPANY'S EXECUTIVES



### Mr. Lin, Chi - Lung

Age 52 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>2015 - Present</b> | Chief Operation Officer - Commercial,<br>Marketing and Supply Chain<br>Siam Makro Public Company Limited |
| <b>2014 - 2015</b>    | Chief Operation Officer - Thailand<br>Siam Makro Public Company Limited                                  |
| <b>2010 - 2014</b>    | Chief Executive Officer -<br>Food Service Business<br>Siam Makro Public Company Limited                  |
| <b>2003 - 2010</b>    | Commercial Director (Fresh Food)<br>Siam Makro Public Company Limited                                    |

##### Working Experiences in Non Listed Company

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

##### Shareholding in the Company

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



## Mr. Jean - Pierre Bienfait

Age 53 Years

Nationality Dutch

Position Chief Operating Officer - International  
Business Development

Date of Appointment 3 May 2016

Relationship with Executives None

### Education

- Columbia University, Master of Business Administration (MBA) , New York, USA
- Utrecht University, Master of Law (LLM), Utrecht, The Netherlands

Training with Thai Institute of Directors (Thai IOD)

- None -

### Working Experiences

#### Working Experiences in Listed Company

|                       |                                                                                                      |
|-----------------------|------------------------------------------------------------------------------------------------------|
| <b>2016 - Present</b> | Chief Operating Officer - International<br>Business Development<br>Siam Makro Public Company Limited |
| <b>1994 - 1996</b>    | Store Manager<br>Siam Makro Public Company Limited                                                   |

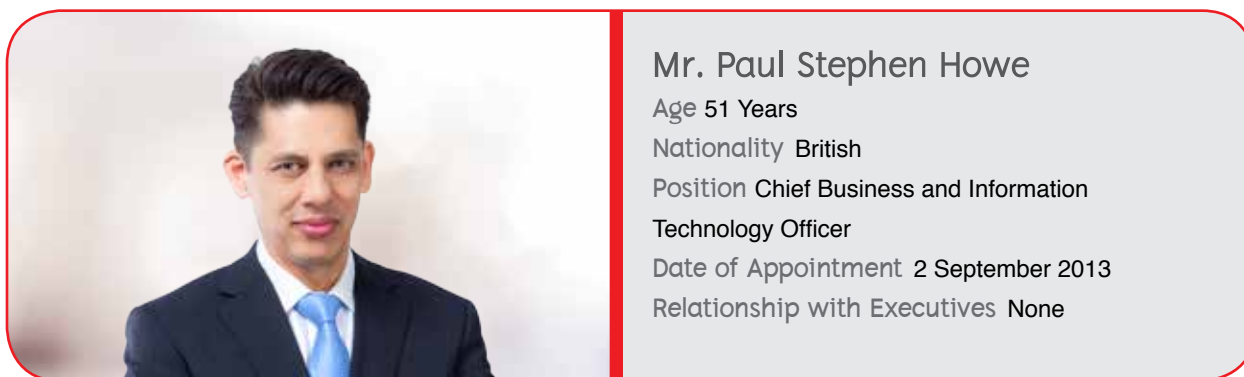
#### Working Experiences in Non-Listed Company

|                       |                                                        |
|-----------------------|--------------------------------------------------------|
| <b>2016 - Present</b> | Director<br>Makro (Cambodia) Company Limited           |
| <b>2014 - 2015</b>    | International Expansion Director<br>Unilever Benelux   |
| <b>2013 - 2014</b>    | CEO<br>Estro Group                                     |
| <b>2009 - 2013</b>    | CEO<br>Makro Netherlands (METRO Group)                 |
| <b>2008 - 2009</b>    | CEO<br>Makro Egypt (METRO Group)                       |
| <b>2004 - 2008</b>    | Vice President Operations<br>METRO China (METRO Group) |
| <b>2001 - 2004</b>    | Managing Director<br>Makro China (SHV)                 |
| <b>1998 - 2001</b>    | Sales & Operations Director<br>Makro Indonesia (SHV)   |
| <b>1996 - 1998</b>    | Sales & Operations Director<br>Makro Colombia (SHV)    |
| <b>1991 - 1994</b>    | Management Trainee<br>Makro Netherlands (SHV)          |
| <b>1989 - 1991</b>    | Assistant Manager<br>Citibank Netherlands and New York |

### Shareholding in the Company

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





## Mr. Paul Stephen Howe

Age 51 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)

- None -

### Working Experiences

#### Working Experiences in Listed Company

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

### Working Experiences in Non Listed Company

|                    |                                                   |
|--------------------|---------------------------------------------------|
| <b>1999 - 2013</b> | Oracle Enterprise Architect<br>Oracle Corporation |
|--------------------|---------------------------------------------------|

### Shareholding in the Company

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



## Mr. David Poussier

Age 46 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)

- None -

### Working Experiences

#### Working Experiences in Listed Company

|                       |                                                                                                                                       |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| <b>2015 - Present</b> | Chief Operation Officer - Sales & Operations, Customer Development and Construction & Facilities<br>Siam Makro Public Company Limited |
| <b>2006 - 2008</b>    | Operations and Sales Director<br>Siam Makro Public Company Limited                                                                    |

#### Working Experiences in Non - Listed Company

|                    |                                                                                                                                           |
|--------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| <b>2015</b>        | Chief Executive Officer<br>Makro Atacadista S.A. Sao Paulo, Brazil                                                                        |
| <b>2010 - 2014</b> | Chief Executive Officer<br>Makro Supermayorista S.A. Lima, Peru                                                                           |
| <b>2009 - 2010</b> | Regional Customer Development<br>Director<br>Makro South America, São Paulo, Brazil Covering Brazil, Venezuela, Peru, Colombia, Argentina |
| <b>2005</b>        | Operations Manager<br>Makro Asia, Bangkok, Thailand, Covering China, Thailand, Philippines, Malaysia, Indonesia, Pakistan                 |
| <b>1999 - 2005</b> | Store Manager<br>Makro, (Cascais, Coimbra, Palmela), Portugal                                                                             |

### Shareholding in the Company

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

## CORPORATE RISK FACTORS AND RISK MANAGEMENT

Throughout the past 27 years, Makro has always been acutely aware of the importance of risk management, which ensures the achievability of our objectives and goals regardless of the ever - changing internal and external factors that may directly or indirectly impact our organization. Risk management is, therefore, a crucial component of our operations. On that account, all units within our organization must carefully consider every possible risk prior to carrying out major activities. To concretely manage these risks, they must establish measures, prevention plans and mitigation plans to reduce impact.

Due to the rapid expansion of our businesses, the changing of business model and a more complex external environment, Makro fortified our corporate risk management in 2016 by setting up the Risk Management Committee comprising high - level executives from various departments, the Risk Management Committee laid down an international - standard policy for risk management and the development of a risk assessment framework by considering every possible risk pertaining to every important activity of our enterprise and ranked them in order of importance. This ranking has been employed as a monitoring and assessment tool. It also played a part in devising our corporate risk management plan. Authorized officers have been assigned to execute the plan and to ensure that the impact of these risks remain within our acceptable risk tolerance levels.

### Economic Conditions, Political Uncertainties and Natural Disasters

Economic conditions, political uncertainties and natural disasters are external factors that affect the operations of Makro's Cash & Carry stores, as well as our food service business. Over the past few years, Makro has encountered many factors that negatively impacted Thailand's economy, namely political unrest, global economic slowdown and domestic climate variability such as droughts and floods. Fortunately, we have been able to lessen the impact of

these risks thanks to the dispersal of our stores across the nation and because most of our products are basic necessities and fresh food items.

Under the Business Continuity Management Framework, we always monitor the situation with vigilance. We are also equipped with an alert system that guarantees the continuity of our vital business functions under a variety of possible threats. We deployed several measures under this framework during the Great Floods of 2011. Since then we have made further refinements to the framework. It now encompasses management of crises caused by new factors, such as droughts, that affect internal operations of our stores and distribution centers, where a considerable amount of water is needed for the hygiene and safety of our food products. After thorough examination, Makro laid down a new drought plan, including wastewater treatment, using the treated water suitably and sourcing clean water from nearby areas. On top of that, the opening of an additional fresh and frozen food distribution center in Mueang district of Samut Sakhon province helps mitigate the risk of having to suspend operation of one of our distribution centers for any reason. It also enhances our shipping and distribution capabilities, in addition to supporting our future expansion.

Economic conditions, political uncertainties and natural disasters may potentially affect Makro's expansion plan. They may delay a project, which may significantly impact our growth, financial standing and performance. Consequently, Makro has thoroughly studied and planned our expansion to ensure timely execution and mitigation of the aforementioned risks.

### Compliance with Rules, Regulations and Laws

Policy changes of the government and new regulations from authorities may affect Makro's business. As an operator in the wholesale and retail industry governed by myriad rules, regulations and laws, there are many measures, prohibitions and limitations that we must abide by. Future legislations are likely to become stricter, while the current ones are likely to be more faithfully implemented. A number of legislations and drafts under consideration may also affect Makro's expansion. These include the Business Competition Act, the draft of the City and Town Planning Act and the draft of the Wholesale and Retail Act. Should the areas we plan on launching new stores fall under the jurisdiction of these legislations, their construction might no longer be possible or their opening might be delayed.

Furthermore, our business also falls under the Consumer Protection Act, the Product Liability Act and all other applicable regulations. As a result, there is a risk that Makro may be liable for damage to our customers arising from an unsafe product or service that we provide. We may have to pay compensation for the damages. The authority may order us to recall the products sold, return unsold products to the supplier or halt the sale of the products in question. To minimize aforementioned risks, Makro requires quality control of food products in accordance with international standards on hygiene and food safety at all of our distribution centers and stores. In addition, Makro has thoroughly examined new laws and collaborated with our partners to enforce strict compliance with applicable regulations, such as displaying food labels on packaging, establishing hazard analysis and critical control points (HACCP) in our frozen food operations, displaying a premium message on the label of ready-to-eat fruits and vegetables and complying with the Animal Epidemics Act. We also source our products from trustworthy manufacturers with food-safety standards and part in the development of quality products under the "Quality Pro" mark. In addition, Makro requires that our suppliers be held liable for damages arising from their unsafe products. We also require that they take out an insurance policy to protect themselves against such liabilities as an added mitigation measure.

In terms of legal factors that may delay the opening of our new stores, Makro has formed a team to analyze all applicable laws and regulations, and to carefully craft a supporting plan. We participate in conferences and seminars to closely monitor legal changes as well. In addition, since Makro plans on overseas expansion, there is a need to thoroughly and carefully examine local laws that may affect our operations in each country. We also need to examine the possible benefits to that country, to its people and to us.

### Supply Risk

Because the wholesale and retail industry is highly competitive, giving consumers more choices, Makro is keenly aware that it is important to provide a range of products that thoroughly satisfy our customers. We take into account diversity, quality and quantity. We must be able to supply consumers with enough products and produce, especially fresh foods whose demand has been on a constant rise year after year. Moreover, consumers expect to see certificates and standard labels on these products. Makro needs to be able to fully and effectively meet this demand. Otherwise, our business, financial position and revenue could suffer.

For this reason, Makro orders from and makes trade agreements with many manufacturers and suppliers, lessening our reliance on one single partner while minimizing the risk of insufficient stocks. We have also implemented a good quality control system, starting at the source by helping improve farmers' produce and developing products alongside manufacturers. Our quality control begins from the moment we receive produce and products from manufacturers and suppliers. Our storage and logistics are under the supervision of experts using standardized procedures to ensure sustainability in the value chain, and to guarantee that our products are of good quality and are safe for consumption. Furthermore, our good relations with many manufacturers and suppliers, our reputation and our sales growth allow Makro to source products at a good price in a sufficient amount for our customers.



## Transportation and Distribution

With multi - format store, Makro Classic, Makro Foodservice, Eco Plus, Makro Food shop and Siam Frozen shop located throughout the country to cover all customer base. Consequently, effective transportation and distribution of products play a crucial role in our business. We have a total of four distribution centers by the end of 2016, namely 1. Dry Food and Non Food Distribution Center in Wang Noi, Phra Nakhon Si Ayutthaya; 2. Fresh, Chilled and Frozen Food Distribution Center in Wang Noi, Phra Nakhon Si Ayutthaya; 3. Dry Food and Non Food Distribution Center in Bang Sao Thong, Samut Prakan and 4. Fresh, Chilled and Frozen Food Distribution Center in Mueang district, Samut Prakan. The last distribution center recently opened in the first quarter of 2016, further strengthening our Business Continuity Management framework.

## Majority Shareholder with Over 75% of Issued Shares

As of August 24, 2016, CP ALL Public Company Limited, together with its related entities, held 97.88% of all of Makro's issued shares. In cases where the majority shareholder controls more than 75% of the Company's stake, they also control most votes, including the extraordinary vote of shareholders' meeting. As a result, minority shareholders could not having sufficient voting power to ensure a system of checks and balances on an issue proposed by the majority shareholder.

In the interest of good corporate governance, however, Makro's minority shareholders are entitled to nominate individuals to a vacant board position and to propose issues to be included in the annual general meeting's agenda in advance. Moreover, Makro has appointed 5 individuals as Independent Directors. These directors are also part of the Audit Committee, whose members are accomplished individuals of professional and social prominence. The Audit Committee is charged with roles and duties laid down by the Board of Directors. They enhance the effectiveness of our checks and balances and also promote transparency in the Company's operations. In addition, all matters

involving the majority shareholder that could constitute a conflict of interest with Makro must be conducted in strict compliance with the stipulated measures or procedures for transaction approval under the rules of law. Meanwhile, Makro has taken advantage of our subsidiaries' strengths to improve our business components, ensuring timely execution of our domestic and overseas business expansion plans.

## Human Resources Management

Makro understands that human resources are a key component in the operations of a business and that a shortage of skilled workers and high - caliber personnel poses a risk to all corporations. As retail operators' rapid expansion has led to a heated competition for high - caliber personnel, Makro's well - trained employees are likely to draw attractive offers from other companies. To minimize the risk of losing human resources and to retain our high - caliber personnel, we prioritize matters such as attractive remuneration, personal development training in accordance with position level, internal succession planning and occupational safety. Meanwhile, we also encourage our employees to express their creativity and take initiatives within the scope of their responsibility, as well as foster a family - like team environment. We firmly believe that a good work environment and atmosphere help build a bond between an organization and its people, and that they also support the retention of employees with potential to grow, which is part of our internal promotion and succession plan.

Nevertheless, we are prepared to recruit high - caliber personnel to support our nationwide expansion which serves as a good opportunity for employees who wish to move back to their hometowns while continuing to work for Makro. This expansion also offers gainful employment opportunities for local workers, reducing their need to migrate to big cities in search of work. These undertakings help us reduce human resource risks while ensuring that we have enough high - caliber employees to sustainably support our expansion as envisioned in our strategic plan.

## Reliance on Business Operation Systems

To fulfill our goal of becoming an Innovation Organization, we have implemented an enterprise - wide information technology (IT) system as a tool for sustainable and efficient operations. Since all the major systems in our day - to - day operations are computerized, damage to our IT system attributed to computer viruses, electrical malfunctions or natural disasters could have a severe impact on our business.

We began implementing a new operating system called Oracle Retail Merchandising System in late 2015 to improve our internal management efficiency, better serve our customers' specific demands and support future business growth. However, since the centralization of our headquarters to the Tara Phatthanakan Building in 2016 could affect several risks during transition period, Makro laid down several measures to prevent and mitigate them systematically and effectively. These measures were implemented in tandem with trial runs of the new operating system in accordance with the execution plan. Should the database become inaccessible during the data transfer, we have prepared a backup copy at our Chaeng Watthana offices. These backups ensured that key employees would be able to carry on with their tasks. In addition, we have trained our employees, both at the headquarters and at stores, on how to use the new operating system. Most importantly, we have established a designated unit for organizational change management. The unit is in charge of change analysis changes and communication. Their role is to promote our employees' understanding and readiness to adapt to changes. They are also to encourage knowledge and creativity development in employees' line of work under a new IT system that is now driving Makro's business and creating value - added to our organization.

## Consumer Behavior

The rapid advancements in telecommunications technology has affected changes in consumer behavior, such as favoring the consumption of information online over traditional media and the popularity of online shopping in addition to visiting stores. Since these changes have significant impact on traditional retail business operations, we have developed an online platform and an online - to - offline (O2O) system to better serve digital consumers and support the increase in online purchase orders. Moreover, because world - changing technology has an impact on competition, Makro always takes into consideration the most suitable store format and saleable area, as well as maximum return on investment, in our business expansion.

In the age where social media use is widespread and comments are made freely about businesses, we cannot ignore the important role that social media plays. Due to its unpredictable nature, we have worked closely with the Public Relations department of the Charoen Pokphand Group, formed a designated team and hired a consultant to monitor issues pertaining to Makro that appear on social media, investigate and report back on the result. In addition, we have appointed authorized spokespeople both at the headquarters and at stores to make statements on our behalf in times of crisis. These appointed individuals will play their part in mitigating the situation and promoting Makro's good brand image with accuracy in a timely manner, enabling us to manage risks quickly and effectively.

# 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. In 2016, the policy was improved in accordance with the Company's strategy and the 2015 SET's Corporate Governance for Listed Companies. It is divided into clear categories, covering core principles of corporate governance with the approval of the Corporate Governance Committee and the Board of Directors. The Company disseminated its corporate governance policy via its website at [www.siammakro.co.th](http://www.siammakro.co.th), allowing interested persons to download. 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.

Beyond such fundamental rights, the Company endeavors to provide essential information to shareholders via website, the Company's site visits, etc.

- (2) The Company emphasizes and respects the Rights of Shareholders by complying with the criteria as prescribed by the law. During 2016, the Company held 1 shareholders' meeting - the Annual General Shareholders' Meeting on April 20, 2016 at Wassana Room, Golden Tulip Sovereign Hotel, 92, Rama 9 Road, Bangkok Subdistrict, Huay Kwang District, Bangkok. For the year 2016, the Company provided minority Shareholders the opportunity to propose any additional agenda items in advance before the 2017 Annual General Shareholders' Meeting (2017 AGM) as well as to nominate, in advance between November 9, 2016 through to January 31, 2017, 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 28 days in advance, invitation notices for the 2016 Annual General Shareholders' Meeting (2016 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 2016 AGM on the Company's website (www.siammakro.co.th) 36 days prior to the 2016 AGM date; and again notified through the online news system of the Stock Exchange of Thailand about the 2016 AGM notice that appeared on the Company's website. Minutes of the 2016 AGM was also published on this website within 9 days after the 2016 AGM took place. The Minutes record all relevant details for dissemination in a comprehensive manner, together with details of the discussions for each Agenda Item as well as the result of the votes and questions asked by Shareholders. A VDO webcast of the AGM will also be posted on the Company's website.
- (5) The 2016 AGM was attended by the Company's 13 Directors including members of the Audit Committee, the Company's external Auditor and legal counselor. At the start of the 2016 AGM, the Chairman announced to the meeting the number and proportion of Shareholders, their proxies attending the 2016 AGM, the voting and votes counting procedures for each of the proposed agenda items in the order as announced in the 2016 AGM notice. There was no "other agenda item" tabled during the 2016 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 2016 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.

The Company has considered the recommendations and opinions received from the shareholders in the quality assessment of the AGM to make improvement plan for the following AGM. As a result, the Company received the score of 98.75 out of 100 points on the quality assessment of the 2016 AGM Checklists, organized by the TIA.

## 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 2016, the Company provided the opportunity for minority Shareholders to propose any additional agenda items in advance before the 2017 Annual General Shareholders' Meeting (AGM) as well as to nominate, in advance between November 9, 2016 through to January 31, 2017, 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 2016 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 2016 AGM notice. And for the 2016 AGM a total of 50 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 2016 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. Moreover, the Company established ethical codes on maintaining confidential information and the use of inside information and conflict of interests in the corporate governance manual and code of conduct handbook, which can be downloaded via the Company's website. In 2016, 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 2016, 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.

- c) The Company establishes its compensation and welfare policies for employees and executives as fitting their knowledge, responsibilities, and performances. In order to lay the foundation for growth, the Company measures the performances of its personnel through Key Performance Indicators (KPIs), which include short - term performance and performance according to the Company's strategies over the long term. The remuneration of the Company's personnel is therefore based on the Company's short - term and long - term performance outcomes. Short - term compensation refers to monthly salaries in comparison with those of peer organizations to improve the Company's human resource competitiveness. It also provides variable bonuses in line with the Company's performance and employees' performances (section managers and above) to motivate employees to achieve corporate goals as planned. Long - term compensation refers to the long - term compensation policy that could maintain and motivate employees to achieve long - term goals, which includes guidelines for an annual merit increase in salaries and provident fund to enhance the security of lives after the end of employment or retirement. Employees can contribute 3% of their monthly compensation. At the same time, the Company contributes an equivalent amount of a given employee's contribution. It also provides medical benefits for employees.

#### **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 matters through the following channels :

For any complaints/ whistle - blowers :

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

Normal mail : Head of Internal Audit

Siam Makro Public Company Limited  
1468 Pattanakarn Road,  
Suan Luang Subdistrict,  
Suan Luang District,  
Bangkok 10250  
Telephone : 0 2067 9300

For Guidelines queries :

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

Normal mail : SET and Investor Relations

Siam Makro Public Company Limited  
1468 Pattanakarn Road,  
Suan Luang Subdistrict,  
Suan Luang District,  
Bangkok 10250  
Telephone : 0 2067 8260 and  
0 2067 8261

(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. Since 2014, the Company joined the project on Collective Action Coalition against Corruption in Private Sector. The coalition was initiated by the IOD, the Thai Chamber of Commerce, the Joint Foreign Chambers of Commerce in Thailand, the Thai Listed Companies Association, the Thai Bankers Association, and the Federation of Thai Industries commerce. The project was also supported by the government and the Office of National Anti - Corruption Commission.



(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.

Moreover, the Company established ethical codes on Anti - Corruption and Intellectual Property in the corporate governance manual and code of conduct handbook, which can be downloaded via the Company's website.

### **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 2067 8260/ 8261 (Direct Line) or  
0 2067 8999 ext. 8260/ 8261  
Fax : 0 2067 8999  
E - mail : ir@siammakro.co.th  
Address : SET & Investor Relations  
Siam Makro Public Company Limited  
Office of Chief Financial and Shared  
Services Officer  
1468 Pattanakarn Road, Suan Luang  
Subdistrict, Suan Luang District,  
Bangkok 10250

- (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) The Company has policy requiring directors and executives to report their share portfolios with each purchase, sale, or transfer of shares to SEC under Article 59 of the Securities and Securities Exchange Act. In addition, the Company's key guideline is to promote the oversight of the use of inside information. The Company sets policy for directors to report each person's purchase and holding of the Company's securities and the holding of securities by his/ her spouse and minor child to the Board at each meeting. In addition, directors and executives must report changes in their and related persons' vested interests to the Board every quarter, and update their reports every year. Such information is to be kept within the Company to conform to the Capital Market Supervisory Board's announcement, Tor Jor 2/2009 in regards to the report on vested interests of directors, executives, and related parties.

## 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 2016, the Board of Directors comprises of 15 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                            | 8 | persons |
| (who are authorized signatories)                  |   |         |
| b) Non - Executive Directors                      | 7 | persons |
| - Director (who is not an Audit Committee member) | 2 | persons |
| - Independent Directors                           | 5 | persons |
| (who are also Audit Committee)                    |   |         |

It is the opinion of the Board of Directors that the 5 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) The appointment of Board Directors must be in accordance of the Articles of Association of the Company as well as all applicable laws and regulations. As such, the nomination process must be fully transparent and undertaken through the established procedures of the Company’s Nomination and Remuneration Committee, based on the consideration of comprehensive information on the nominee’s professional history and personal profile regarding the respective nominee’s educational, business experiences, and background. There should a diversity of professional background and experiences with regard to industry sectors, finance and accounting, businesses, management, international marketing, corporate strategies, crisis management, legal matters, and corporate governance. This is in order to have an adequate range of details and qualifications to enable a decision to be made by both the Board of Directors and/ or the Shareholders Meeting. The personal and professional profile of the Board of Directors should also be disclosed in the Company’s Annual Report as general information for the Shareholders.

(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, Mr. Chaibawat Wibulswasdi and Mr. Joti Bhokavanij together with the Head of 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".
- (2.3) Corporate Governance Committee, as described in the section on "Corporate Governance 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 2016, there was a total of 4 Board of Directors' Meetings, 3 Nomination and Remuneration Committee's Meeting, 1 Corporate Governance Committee's Meeting and 1 shareholders' meeting, 2016 Annual General Meeting.

At the end of Board of Directors' Meeting No. 4/ 2016, there are meeting of Non - Executive Directors and Independent Directors in absence of the Company's management

A summary of the attendance record of each Director is given below :

**Meeting Attendance of the Board of Directors and Annual General Meeting in 2016**

| Name                                         | Position                                                                                                                                                | Period              | Board of Directors' Meeting<br>(4 times) | Nomination and Remuneration Committee's Meeting<br>(3 times) | Corporate Governance Committee's Meeting<br>(1 time) | Annual General Shareholders' Meeting<br>(1 time) |
|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|------------------------------------------|--------------------------------------------------------------|------------------------------------------------------|--------------------------------------------------|
| 1. Mr. Arsa Sarasin <sup>(1)</sup>           | Chairman/Member of the Corporate Governance Committee                                                                                                   | Apr 2014 - Apr 2017 | 4/4                                      | -                                                            | 1/1                                                  | 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                     | Independent Director/ Member of the Audit Committee/Member of the Nomination and Remuneration Committee                                                 | Apr 2015 - Apr 2018 | 4/4                                      | 3/3                                                          | -                                                    | 0/1                                              |
| 4. Mr. Thira Wipuchanin <sup>(1)</sup>       | Independent Director/Member of the Audit Committee/ Chairman of the Nomination and Remuneration Committee/ Member of the Corporate Governance Committee | Apr 2015 - Apr 2018 | 3/4                                      | 3/3                                                          | 1/1                                                  | 1/1                                              |
| 5. Dr. Chaiyawat Wibulswasdi <sup>(1)</sup>  | Independent Director/ Member of the Audit Committee/ Chairman of the Corporate Governance Committee                                                     | Apr 2015 - Apr 2019 | 4/4                                      | -                                                            | 1/1                                                  | 1/1                                              |
| 6. Mr. Joti Bhokavanij <sup>(1)</sup>        | Independent Director/ Member of the Audit Committee/ Member of the Corporate Governance Committee                                                       | Apr 2015 - Apr 2018 | 4/4                                      | -                                                            | 1/1                                                  | 0/1                                              |
| 7. Mr. Korsak Chairasmisak <sup>(2)</sup>    | First Vice Chairman/ Executive Director/Member of the Nomination and Remuneration Committee                                                             | Apr 2015 - Apr 2019 | 4/4                                      | 0/0                                                          | -                                                    | 1/1                                              |
| 8. Mrs. Suchada Ithjarukul                   | Second Vice Chairman/ Executive Director                                                                                                                | Apr 2014 - Apr 2017 | 4/4                                      | -                                                            | -                                                    | 1/1                                              |
| 9. Dr. Prasert Jarupanich <sup>(3)</sup>     | Director/Executive Director                                                                                                                             | Apr 2014 - Apr 2017 | 4/4                                      | 2/2                                                          | -                                                    | 0/1                                              |
| 10. Mr. Pittaya Jearavisitkul                | Director/Executive Director                                                                                                                             | Apr 2014 - Apr 2017 | 3/4                                      | -                                                            | -                                                    | 1/1                                              |
| 11. Mr. Piyawat Titasattavorakul             | Director/Executive Director                                                                                                                             | Apr 2014 - Apr 2018 | 4/4                                      | -                                                            | -                                                    | 1/1                                              |
| 12. Mr. Narong Chearavanont                  | Director/Executive Director                                                                                                                             | Apr 2016 - Apr 2019 | 3/4                                      | -                                                            | -                                                    | 1/1                                              |
| 13. Mr. Adirek Sripratak                     | Director                                                                                                                                                | Apr 2016 - Apr 2019 | 4/4                                      | -                                                            | -                                                    | 1/1                                              |
| 14. Mr. Umroong Sanphasitvong <sup>(1)</sup> | Director/Executive Director/ Member of the Corporate Governance Committee                                                                               | Apr 2016 - Apr 2019 | 4/4                                      | -                                                            | 1/1                                                  | 1/1                                              |
| 15. Mrs. Saowaluck Thithapant                | Director/Executive Director                                                                                                                             | Apr 2014 - Apr 2017 | 4/4                                      | -                                                            | -                                                    | 1/1                                              |

**Remark :**

- (1) Appointed as Corporate Governance Committee in the Board of Directors' Meeting No. 3/2016 effective on 8 August 2016
- (2) Appointed as a member of the Nomination and Remuneration Committee in the Board of Directors' Meeting No. 4/2016 effective on 9 November 2016
- (3) Resigned from the Nomination and Remuneration Committee on 9 November 2016

(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 2016, 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 determines to annually assess the performance of the Board of directors. In 2016, the Board of Directors has considered to change method of assessment as the Corporate Governance Committee recommended. The assessment should be conducted as a whole as well as on an individual basis. For the scope of whole assessment has been revised from 6 major criteria to 10 major criteria by adding 4 major criteria, namely 1) The Board of Directors' policy 2) Performance of the Audit Committee 3) Performance of the Nomination and Remuneration Committee and 4) Performance of the Corporate Governance Committee as follow;

- 1) The Board of Directors' policy
- 2) Structure and characteristics of the Board
- 3) Roles and responsibilities of the Board
- 4) Board meetings
- 5) The Board's performance of duties
- 6) Relationship with management
- 7) Self - Development of the Board of Directors and Executives
- 8) Performance of the Audit Committee

9) Performance of the Nomination and Remuneration Committee and

10) Performance of the Corporate Governance Committee

For the scope of individual assessment (self - assessment) consisted of 3 major criteria as follow :

- 1) Structure and characteristics of the Board
- 2) Roles and responsibilities of the Board
- 3) Board meetings

The criteria for the evaluation represent the percentage in each article as follows :

|                      |                         |
|----------------------|-------------------------|
| Over 85% = Excellent | Over 50% = Satisfactory |
| Over 75% = Very Good | Under 50% = Poor        |
| Over 65% = Good      |                         |

(6) The Chief Executive Officer's Performance Assessment

The Nomination and Remuneration Committee and/ or the assigned director by the Board, in charge of the annual performance assessment of the Chief Executive Officer, must forward the assessment outcome to the Board for endorsement. Therefore, the performance assessment of the Chief Executive Officer is considered as confidential information and cannot be disclosed. The performance assessment for the Chief Executive Officer has 3 parts as follows :

Part 1 - Corporate Key Performance Indicator (KPI) Achievements  
Part 2 - Efficiency on General Management  
Part 3 - Efficiency on Budget and Project Management

**The 2016 Performance Assessment of the Board of Directors can be summarized as follows :**

| Comparison of the Performance Assessment of the Board of Directors |                                                  | 2016 (%) | Rating    |
|--------------------------------------------------------------------|--------------------------------------------------|----------|-----------|
| Form 1 :                                                           | Individual Director Assessment Self - Assessment | 93.6     | Excellent |
| Form 2 :                                                           | Board and Board - Committees Assessment          | 90.5     | Excellent |

The overall result of the 2016 Board Assessment indicates an average rating of "Excellent" at the score of 92.1%. 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 performance appraisal outcome, dictating the pay rise for the Chief Executive Officer, is presented to the Board for further approval.

(7) 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) Remuneration of Chief Executive Officer

It is the Company's policy to compensate the Chief Executive Officer at reasonable levels to motivate and retain quality, or at levels comparable to leading companies in the same industrial practices. Remuneration is linked to the CEO's performance and responsibility as well as the Company's performance and benefits to the shareholders.

c) 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.

d) Remuneration of Directors and Management for 2016  
Details are given in the section on "Director and Executive Remuneration in 2016"

(8) Development of Directors and Executives

(8.1) 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.

(8.2) 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.

(8.3) 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.

(8.4) The Company encourages and supports knowledge development for its directors to enhance the efficiency to perform their duties. The Company has policy to promote its directors to attend seminars and directors' training courses arranged by the Thai Institute of Directors (IOD), the Stock Exchange of Thailand (SET) or the other institutions so as to consistently develop and improve the effectiveness of the Board, including to apply their knowledge which can be beneficial to the Company. In 2016, the Company's directors attended training and seminars as follow :

| Director Name             | Position                                                                      | Course/ Seminar                                        |
|---------------------------|-------------------------------------------------------------------------------|--------------------------------------------------------|
| Mr. Umroong Sanphasitvong | Executive Director, Member of the Corporate Governance Committee and Director | IOD<br>• Ethical Leadership Program<br>• IT Governance |



# 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** : 1468 Phatthanakan Road,  
Suan Luang Subdistrict,  
Suan Luang District,  
Bangkok 10250

**Tel.** : 0 2067 8999

**Fax.** : 0 2067 9888

**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 value of Baht 0.50 each

## Subsidiary and Associated Companies

### Subsidiary Companies

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

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

**Date of incorporation** : 7 September 1984

**Head office** : 2439 Old Paknam Railway  
Road, Prakhanong,  
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 value of Baht 100 each

**(2) Vina Siam Food Company Limited (VSF)**

**Company registration No.** : 411043002045  
**Date of incorporation** : 15 October 2012  
**Head office** : 44 Plan 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** : 1468 Phatthanakan Road,  
 Suan Luang Subdistrict,  
 Suan Luang District,  
 Bangkok 10250  
**Tel.** : 0 2067 8999  
**Fax.** : 0 2067 9888

**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 17,450,000 shares

**Registered capital :**

Baht 1,745,000,000 with 17,450,000 shares at a par value of Baht 100 each

**Issued and paid - up capital :**

Baht 436,250,000 with 17,450,000 shares at 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 165,000

**(5) ProMart Company Limited**

**Company registration No.** : 0105558034130  
**Date of incorporation** : 23 February 2015  
**Head office** : 1468 Phatthanakan Road,  
 Suan Luang Subdistrict,  
 Suan Luang District,  
 Bangkok 10250  
**Tel.** : 0 2067 8999  
**Fax.** : 0 2067 9888

**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 value of Baht 25 each

**(6) Makro (Cambodia) Company Limited**

**Company registration No.** : 00019245

**Date of incorporation** : 16 September 2016

**Head Office** : 344, Mao Tse Toung Blvd.,  
Sangkat Toul, Svay Prey 1,  
Khan Chamkarmon,  
Phnom Penh, Cambodia

**Type of Business :**

Wholesale and Retail Operator and related businesses in  
Cambodia

**Registered capital :**

USD 2,000,000

**Issued and paid - up capital :**

USD 2,000,000

**Associate Company**

- None -

**Reference persons**

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

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

**Fax.** : 0 2009 9991

**External Auditors :** Mr. Charoen Phosamritler  
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

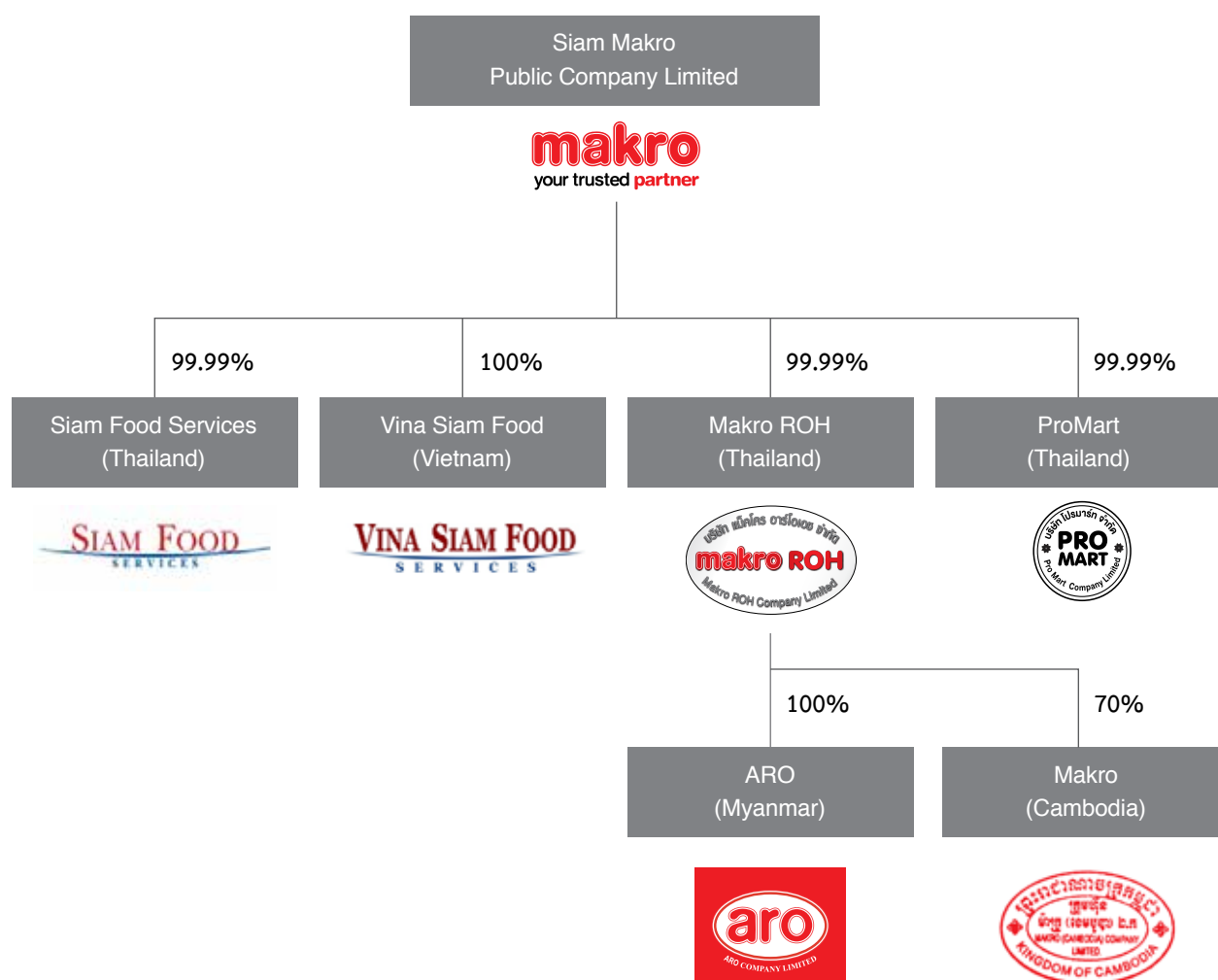
**Tel.** : 0 2676 6667 - 8

**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 2016, there were a total of 107 Makro stores and 8

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 2016, 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 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                                                                                                                                                                                                                                                                                                                                                                            |
| Makro (Cambodia) Company Limited  | Wholesale Operator and related businesses in Cambodia                                                                                                                                                                                                                                                                                                                                                  |

## 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 including other relevant businesses which support the core business of the Company. 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 |              |                |              |                |              |
|----------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-------------------------------|-------------------------------|--------------|----------------|--------------|----------------|--------------|
|                                                                                                                                              |                    |                               | 2014                          |              | 2015           |              | 2016           |              |
|                                                                                                                                              |                    |                               | Amount                        | %            | Amount         | %            | Amount         | %            |
| 1. <b><u>Makro Cash and Carry/ Makro Foodservice/ Eco Plus/ Makro Food shop/ Siam Frozen</u></b><br>Sales of consumer goods and other income | Siam Makro         | -                             | 140,769                       | 98.8         | 153,799        | 98.6         | 170,373        | 98.6         |
|                                                                                                                                              | Makro (Cambodia)** | 70.00                         | -                             | -            | -              | -            | -              | -            |
| 2. <b><u>Providing management, technical consultancy and support services</u></b><br>Sales of goods and, services and other income*          | Makro ROH**        | 99.99                         | -                             | -            | -              | -            | -              | -            |
|                                                                                                                                              | ARO**              | 100.00                        | -                             | -            | -              | -            | -              | -            |
|                                                                                                                                              | ProMart**          | 99.99                         | -                             | -            | -              | -            | -              | -            |
| 3. <b><u>Importing and trading of frozen and chilled foods</u></b><br>Sales of goods and, services and other income*                         | Siam Food Services | 99.99                         | 1,587                         | 1.1          | 1,870          | 1.2          | 2,158          | 1.2          |
| 4. <b><u>Importing, exporting and trading of frozen and chilled foods</u></b><br>Sales of goods and, services and other income*              | Vina Siam Food     | 100.0                         | 176                           | 0.1          | 248            | 0.2          | 259            | 0.2          |
|                                                                                                                                              | <b>Total</b>       |                               | <b>142,532</b>                | <b>100.0</b> | <b>155,917</b> | <b>100.0</b> | <b>172,790</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.

As at December 31, 2016, the members of the Audit Committee consists of 5 directors as follows :

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

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 2016, the Audit Committee had totaling 5 meetings, with perfect attendance. 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 Company's financial report - the Audit Committee review the quarterly and annual financial statement and consolidated financial statement of the Company and its subsidiaries for the year 2016, including disclose the significant information and consider external auditor's report in collaboration with the executive 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 Thai Financial Reporting Standards 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 Thai Financial Reporting Standards 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 as required by the Stock Exchange of Thailand and the Securities and Exchange Commission.

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.

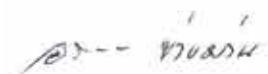
5. Nominate independent persons to be the external auditors and express the Audit opinion to the Board of Directors for further endorsement at the shareholders' meeting. It was approved at the shareholders' meeting the appointment of KPMG Phoomchai Audit Ltd. as the Company's external auditors for the year 2016.

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.

On behalf of the Audit Committee



**(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

|                    |                     | 2015         | 2016         | Increase (+)/ Decrease (-) |
|--------------------|---------------------|--------------|--------------|----------------------------|
| Sales              | million Baht        | 152,604      | 169,226      | + 16,622                   |
| Total revenues     | million Baht        | 155,917      | 172,790      | + 16,873                   |
| Gross profit       | million Baht        | 14,667       | 15,504       | + 836                      |
| EBITDA*            | million Baht        | 8,920        | 9,125        | + 205                      |
| <b>Net profit</b>  | <b>million Baht</b> | <b>5,378</b> | <b>5,413</b> | <b>+ 35</b>                |
| Earnings per share | Baht per share      | 1.12         | 1.13         | + 0.01                     |

\* Earnings before interest, tax, depreciation and amortization

In the first quarter of 2016, Thailand's economy was still suffering from negative factors that hindered household consumption, such as the increase in household debts and cost of living, droughts and the fall in prices of agricultural products. Fortunately, the situation improved in the second quarter thanks to a gradual pace on the back of export sector as can be observed in the recovery of major economic countries and a rise in prices of essential goods in the world market including the recovery of agricultural production resulting in better earnings for agriculturalists enhancing household consumption. The latter has seen continuing growth in the past two years resulting from the increase in the total number of foreign visitors in 2016 at the rate of 8.9% from 2015 as well as the continuous investment from government in the logistic infrastructure projects.

The Company continues to focus on implementing the strategy of developing diverse and high quality products and services to meet the needs of customers in each group as well as store expansion. We opened a total of 17 new stores of various formats in 2016. As a result, at the end of 2016, the Company has a total of 115 stores nationwide with total sales space of 704,017 square meters.

In late 2016, Siam Food Services has entered into a share purchase agreement of four foreign companies, all of whom are leading companies with over 30 years of experience in food service business, namely Indoguna (Singapore) Pte. Ltd. (based in Singapore), Indoguna Dubai LLC (based in the United Arab Emirates), Lordly Co. Ltd. (based in Hong Kong) and Just Meat Co. Ltd. (based in Hong Kong). Purchasing a stake in these companies will enhance our competitiveness. It will help us excel in the ASEAN market as a food solution provider with a wide - range selection of products. It will enable us to source and provide premium food products, as well as ready - to - sell products, to leading food professionals. Furthermore, it will give us a chance to exchange our know - how with them, improving our own excellence as a food solution provider. The share transfer is expected to complete within January 2017. Furthermore, Siam Food Services opened new branch in Chiang Mai and at the end of 2016 it has a total of 4 branches in key tourist destination area, namely Pattaya, Koh Samui, Phuket, and Chiang Mai with the head office in Bangkok.

Following the founding of Makro ROH Company Limited to thoroughly study the possibility of overseas operations, covering issues such as investment laws and consumption behavior of people in target countries, we have also sought out local business partners to improve our competitiveness and ensure our rapid yet stable growth in AEC countries. In 2016, we established a subsidiary in Cambodia called Makro (Cambodia) Company Limited, which 70% owned by Makro ROH, on 16 September 2016 with the registered capital of USD 2,000,000. The primary purpose is to operate wholesale and related businesses in Cambodia. With this, now we are fully ready to spread our wings overseas after spending quite some time examining the scenario and preparing for the expansion. We have already recruited and trained local personnel. They are now ready to start.

## Revenues

In 2016, the Company's consolidated total sales were Baht 169,226 million, grew by 10.9% from the year 2015. This was driven by a 10.8% increase in total sales from Makro stores owing to a continuous store expansion. In the past year, we opened 17 new stores in various formats including 6 Makro Classic stores, 5 Makro Foodservice stores, 3 Eco Plus stores, 2 Makro Food shops and 1 Siam Frozen shop. As a result, at the end of 2016, we operated 115 stores nationwide, including 76 Makro Classic stores, 17 Makro Foodservice stores, 11 Eco Plus stores, 3 Makro Food shop and 8 Siam Frozen shops. By geography, there were 24 and 91 stores located in Bangkok & greater Bangkok and provincial respectively. In addition, the increase in sales from Siam Food Services and Vina Siam Food at 15.9% and 3.3% 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 - 5,000 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 26% over the past decade.

Aggregating with Baht 2,866 million and Baht 698 million from revenue from rendering of services (i.e. revenue from sales promotion and ads through Makro mail) and other income (i.e. rental income, the Company's annual exhibition), respectively, the Company registered total income at Baht 172,790 million, surged by Baht 16,873 million or 10.8% from the prior year.

## Gross Profit

The consolidated gross profit of 2016 was Baht 15,504 million increased Baht 836 million from 2015 or an increase of 5.7%. This was derived from customer development focusing on expanding market share of food service professional customers, assortment development in term of consistency in high quality and range. However, the gross profit percentage to total sales was 9.2% in 2016, decreased from 9.6% in 2015. This was mainly due to a high price competition in the market and a reversal of income allocation to stock which was higher than the same period of the previous year.

## Selling & Administrative Expenses

In 2016, the Company had selling and administrative expenses of Baht 12,044 million or equivalent to 7.0% of total revenue, surged by Baht 1,114 million or 10.2% from the year 2015. This was derived from

**Selling Expenses :** In 2016, selling expenses registered at Baht 9,723 million, grew by 9.8% from the year earlier mainly due to the continuous new store openings which were the 16 stores and 17 stores opened in 2015 and 2016 respectively.

**Administrative Expenses :** In 2016, administrative expenses registered at Baht 2,321 million, grew by 12.0% from the previous year owing to an increase of utilities and depreciation expense of new head office building which has relocated since quarter 2/2016, amortization and maintenance cost of new retail system which fully booked in 2016 whereas such transaction only incurred in quarter 4/2015, and business development cost to support the Company's business expansion.

## Finance Costs

In 2016, the Company had finance costs of Baht 279 million, surged by Baht 42 million from the year earlier. This was derived from an increase of short - term borrowings of Baht 808 million which was required to support the continuing Company's business growth.

## Net Profit

In 2016, the Company posted a net profit of Baht 5,413 million or Baht 1.13 per share, slightly grew from the year 2015. Even though the Company's sales grew more than 10%, the intense price competition led to the growth of gross profit did not grow in line with sales growth. As a result, the net profit per share was at 3.1% to total revenues.

## Analysis of Financial Position

### Consolidated Financial Position

|                      |              | As at 31 December |        | Increase (+)/<br>Decrease (-) |
|----------------------|--------------|-------------------|--------|-------------------------------|
|                      |              | 2015              | 2016   |                               |
| Total assets         | million Baht | 47,910            | 52,859 | + 4,950                       |
| Total liabilities    | million Baht | 33,703            | 37,118 | + 3,415                       |
| Shareholders' equity | million Baht | 14,207            | 15,741 | + 1,535                       |

## Total Assets

As at the end of 2016, the Company recorded Baht 52,859 million in total assets, an increase of Baht 4,950 million, or 10.3%, over 2015. This increase in total assets was mostly contributed by net increase in property, plant and equipment (PPE) and leasehold rights as a result of investment in new stores during the year, and increase in inventory aligned with an increasing number of stores.

**Current Assets:** As at the end of 2016, the Company's current assets was Baht 18,529 million, increased from Baht 17,326 million in 2015 or up by 6.9%. This was mainly due to higher cash and cash equivalents, purchase discount receivables, accrued income and inventory balance which was increased in - line with higher number of stores.

**Non - Current Assets :** As at the end of 2016, the Company's non - current assets was Baht 34,330 million, rose by 3,747 million from 2015 or up by 12.3%. This was attributed to land and leasehold right acquisition for new store expansion and equipment replacement.

### Total Liabilities

As of year - end 2016, the Company posted Baht 37,118 million in total liabilities, a rise of Baht 3,415 million or 10.1% from an increase in trade account payable in line with a growth of sales and a rise in short - term borrowings from financial institution to support the Company's business growth in line with a business and store expansion.

**Current Liabilities :** As at the end of 2016, the consolidated current liabilities was Baht 33,705 million, an increase of Baht 5,021 million, or 17.5%, over 2015 which was Baht 28,684 million. This was a result of higher trade accounts payable to other parties and to related parties in line with the Company's business expansion and the increase of 17 new stores opened during 2016 associated with the surge of short - term borrowings from financial institution of Baht 808 million to support the Company's store expansion and on - going business growth as well as the reclassification of the long - term borrowings from financial institution of Baht 2,000 million to the current portion of long - term borrowings from financial institution.

**Non - Current Liabilities :** As at the end of 2016, the Company had Baht 3,413 million, or 9.2% of total liabilities, plummeted from the prior year by Baht 1,606 million. This was derived from the reduction of long - term loan from financial institutions of Baht 2,000 million which will be due in 2017 to reclassify to Current Liabilities. Non - Current Liabilities comprises mostly of long - term borrowings from financial institutions, finance lease liabilities, and employee benefit obligations.

### Shareholder's Equity

Total Shareholders' Equity as at end of 2016 was Baht 15,741 million, an increase of Baht 1,535 million or 10.8% from as at the end of 2015 which was Baht 14,207 million. This was in line with net profit and dividend payment of Baht 3,888 million in 2016. Book value per share was Baht 3.28 per share.

## Analysis of Cash Flow

### Statements of Cash Flows - Consolidated

|                                                              |                     | 2015           | 2016       |
|--------------------------------------------------------------|---------------------|----------------|------------|
| Cash flows from operating activities                         | million Baht        | 6,701          | 9,071      |
| Cash flows from investing activities                         | million Baht        | (6,370)        | (5,544)    |
| Cash flows from financing activities                         | million Baht        | (2,665)        | (3,207)    |
| <b>Net Increase/ (Decrease) in Cash and cash equivalents</b> | <b>million Baht</b> | <b>(2,334)</b> | <b>320</b> |

As at the end of 2016, the Company had cash and cash equivalents of Baht 2,550 million, grew by Baht 320 million from the year 2015. This was mainly due to an increase of cash flow from operating activities in spite of cash outflow for the investment in store expansion and payment of dividend.

#### Cash flows from operating activities

For 2016, net cash flow from operating activities totaled Baht 9,071 million, an increase of Baht 2,370 million or 35.4% from 2015 due to an efficiency in inventory management and an increase of trade accounts payable in line with sales growth.

#### Cash flows from investing activities

Net cash flow used in investing activities during 2016 amounted to Baht 5,544 million. This was used for investment in new store expansion during the year which included land acquisition and lease for stores opened in 2016 and to be opened in 2017.

#### Cash flows from financing activities

Net cash flow used in financing activities in 2016 was Baht 3,207 million, representing dividend payment of Baht 3,888 million and a net increase of borrowings from financial institutions of Baht 807 million.

#### Financial Ratios

|                               |         | 2015 | 2016 |
|-------------------------------|---------|------|------|
| <b>Liquidity Ratio</b>        |         |      |      |
| Current ratio                 | (times) | 0.6  | 0.6  |
| Quick ratio                   | (times) | 0.1  | 0.1  |
| <b>Profitability Ratio</b>    |         |      |      |
| Gross profit margin ratio     | %       | 9.6  | 9.2  |
| Net profit margin ratio       | %       | 3.4  | 3.1  |
| Return on equity              | %       | 39.8 | 36.1 |
| <b>Efficiency Ratio</b>       |         |      |      |
| Return on total assets        | %       | 11.7 | 10.7 |
| Fixed asset turnover          | %       | 28.0 | 25.4 |
| Total assets turnover         | (times) | 3.4  | 3.4  |
| <b>Financial Policy Ratio</b> |         |      |      |
| Total debt to equity ratio    | (times) | 2.4  | 2.4  |
| Interest coverage ratio       | (times) | 44.6 | 47.3 |
| Dividend payout ratio         | %       | 75.9 | 75.4 |



## RELATED PARTY TRANSACTIONS

### Details on Related Party Transactions

In 2015 and 2016, the Company and its Subsidiaries conducted transactions with related parties, which are summarized as follows :

### Related party transactions in 2015 and 2016

| Related Parties and the Nature of Relationships                                                                                                                                                                                                       | Nature of Transaction                                                                                                                                                            | Amount (Million Baht) |       | Necessity and Reasons for the Transaction                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                       |                                                                                                                                                                                  | 2015                  | 2016  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>CP ALL Plc.</b><br><b>(“CP ALL”)</b><br><b><u>Nature of Relationship</u><sup>1)</sup></b><br>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><br>The Company disbursed CP ALL for the use of software licenses and trademarks                                                                       | 177.6                 | 180.9 | 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 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><br>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 | 84.5                  | 86.9  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

| Related Parties and the Nature of Relationships                                                                                                                                                                                     | Nature of Transaction                                                                                                                                                                       | Amount<br>(Million Baht) |       | Necessity and Reasons<br>for the Transaction                                                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-------|----------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                     |                                                                                                                                                                                             | 2015                     | 2016  |                                                                                              |
| <b>CPRAM Co., Ltd.</b><br><b>(“CPRAM”)</b><br><b>Nature of Relationship<sup>1)</sup></b><br>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>                                                                                                                                          | 62.4                     | 18.6  | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                                     | <b>2. Purchase of Goods</b>                                                                                                                                                                 | 208.1                    | 234.3 | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                                     | <b>3. Trade Accounts Receivable</b>                                                                                                                                                         | 13.6                     | 2.0   | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                                     | <b>4. Trade Accounts Payable</b>                                                                                                                                                            | 51.3                     | 56.7  | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
| <b>Gosoft (Thailand) Co., Ltd.</b><br><b>(“Gosoft”)</b><br><b>Nature of Relationship<sup>1)</sup></b><br>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><br>The Company and its Subsidiaries purchased fixed assets and intangible assets, namely computer equipment and software, from Gosoft | 17.7                     | 50.4  | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                                     | <b>2. Service Expenses</b>                                                                                                                                                                  | 8.5                      | 11.1  | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                                     | <b>3. Other Accounts Payable</b>                                                                                                                                                            | 3.7                      | 15.1  | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                                     | <b>4. Other Accounts Receivable</b>                                                                                                                                                         | -                        | 4.7   | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
| <b>Panyapiwat Institute of Management</b><br><b>Nature of Relationship<sup>1)</sup></b><br>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>                                                                                                                                                                  | 11.4                     | 4.3   | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |

| Related Parties and the Nature of Relationships                                                                                                                                                                                                                                                 | Nature of Transaction                              | Amount<br>(Million Baht) |         | Necessity and Reasons<br>for the Transaction                                                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|--------------------------|---------|----------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                 |                                                    | 2015                     | 2016    |                                                                                              |
| <b>C.P. Retailing Co., Ltd.</b><br><b>(“Retailing”)</b><br><b>Nature of Relationship<sup>1)</sup></b><br>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> | 12.7                     | 24.3    | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                                                                                                 | <b>2. Purchase of Goods</b>                        | 2.2                      | 2.6     | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                                                                                                 | <b>3. Other Accounts Payable</b>                   | -                        | 3.6     | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
| <b>Charoen Pokphand Foods Plc.</b><br><b>(“Charoen Pokphand Foods”)</b><br><b>Nature of Relationship<sup>2)</sup></b><br>Charoen Pokphand Group is a major shareholder and holds direct and indirect shares of Charoen Pokphand Foods amounting to 49.98% of total issued and paid - up shares. | <b>1. Revenue from Sales of Goods and Services</b> | -                        | 18.2    | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                                                                                                 | <b>2. Trade Accounts Receivable</b>                | -                        | 4.6     | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                                                                                                 | <b>3. Purchase of Goods</b>                        | 141.1                    | 280.5   | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                                                                                                 | <b>4. Trade Accounts Payable</b>                   | 20.2                     | 17.5    | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
| <b>CPF Trading Co., Ltd.</b><br><b>(“CPF Trading”)</b><br><b>Nature of Relationship<sup>2)</sup></b><br>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> | 14.9                     | 22.5    | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                                                                                                 | <b>2. Trade Accounts Receivable</b>                | -                        | 2.0     | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                                                                                                 | <b>3. Purchase of Goods</b>                        | 1,769.3                  | 2,734.4 | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                                                                                                 | <b>4. Trade Accounts Payable</b>                   | 271.3                    | 298.7   | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |

| Related Parties and the Nature of Relationships                                                                                                                                                                                                                            | Nature of Transaction                              | Amount<br>(Million Baht) |         | Necessity and Reasons<br>for the Transaction                                                 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|--------------------------|---------|----------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                            |                                                    | 2015                     | 2016    |                                                                                              |
| <b>CPF (Thailand) Plc.</b><br><b>(“CPF (Thailand)”)</b><br><b>Nature of Relationship<sup>2)</sup></b><br>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> | 12.3                     | 113.4   | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                                                                            | <b>2. Trade Accounts Receivable</b>                | -                        | 26.3    | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                                                                            | <b>3. Purchase of Goods</b>                        | 2.0                      | 1,234.4 | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                                                                            | <b>4. Trade Accounts Payable</b>                   | -                        | 489.1   | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
| <b>CP - Meiji Co., Ltd.</b><br><b>(“CP - Meiji”)</b><br><b>Nature of Relationship<sup>2)</sup></b><br>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. Revenue from Sales of Goods and Services</b> | -                        | 3.0     | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                                                                            | <b>2. Purchase of Goods</b>                        | 266.6                    | 323.6   | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                                                                            | <b>3. Trade Accounts Payable</b>                   | 51.8                     | 59.0    | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
| <b>C.P. Food Store Co., Ltd.</b><br><b>(“C.P. Food Store”)</b><br><b>Nature of Relationship<sup>2)</sup></b><br>Chearavanont family is a major shareholder of C.P. Food Store.                                                                                             | <b>1. Revenue from Sales of Goods and Services</b> | 17.9                     | 20.4    | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                                                                            | <b>2. Purchase of Goods</b>                        | 295.0                    | 323.8   | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                                                                            | <b>3. Trade Accounts Payable</b>                   | 49.4                     | 99.2    | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |

| Related Parties and the Nature of Relationships                                                                                                                                                                  | Nature of Transaction                              | Amount<br>(Million Baht) |       | Necessity and Reasons<br>for the Transaction                                                 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|--------------------------|-------|----------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                  |                                                    | 2015                     | 2016  |                                                                                              |
| <b>Pokphand Enterprise Co., Ltd.</b><br><b>(“Pokphand Enterprise”)</b><br><b><u>Nature of Relationship<sup>4)</sup></u></b><br>Chearavanont family is a major shareholder of Pokphand Enterprise.                | <b>1. Service Expenses</b>                         | -                        | 6.0   | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                  | <b>2. Other Accounts Receivable</b>                | 5.4                      | 5.5   | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
| <b>C.P. Consumer Product Co., Ltd.</b><br><b>(“C.P. Consumer Product”)</b><br><b><u>Nature of Relationship<sup>2)</sup></u></b><br>Charoen Pokphand Group is a major shareholder of C.P. Consumer Product.       | <b>1. Revenue from Sales of Goods and Services</b> | 19.1                     | 18.4  | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                  | <b>2. Purchase of Goods</b>                        | 155.5                    | 196.7 | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                  | <b>3. Trade Accounts Payable</b>                   | 42.5                     | 42.0  | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
| <b>Perfect Companion Group Co., Ltd.</b><br><b>(“Perfect Companion Group”)</b><br><b><u>Nature of Relationship<sup>2)</sup></u></b><br>Charoen Pokphand Group is a major shareholder of Perfect Companion Group. | <b>1. Revenue from Sales of Goods and Services</b> | 9.4                      | 10.9  | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                  | <b>2. Purchase of Goods</b>                        | 247.4                    | 279.9 | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                  | <b>3. Trade Accounts Payable</b>                   | 46.4                     | 53.4  | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |



| Related Parties and the Nature of Relationships                                                                                                                                                                                  | Nature of Transaction                                                                                                                                    | Amount<br>(Million Baht) |      | Necessity and Reasons<br>for the Transaction                                                 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|------|----------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                  |                                                                                                                                                          | 2015                     | 2016 |                                                                                              |
| <b>Freewill Solutions Co., Ltd.</b><br><b>(“Freewill Solutions”)</b><br><u><b>Nature of Relationship<sup>2)</sup></b></u><br>Charoen Pokphand Group is a major shareholder of Freewill Solutions.                                | <b>1. Intangible Assets Expenses</b><br>The Company and its Subsidiaries purchased intangible assets, namely computer software, from Freewill Solutions. | 19.5                     | 1.1  | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                                  | <b>2. Service Expenses</b>                                                                                                                               | 10.2                     | 13.2 | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                                  | <b>3. Other Accounts Receivable</b>                                                                                                                      | 3.0                      | 2.5  | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                                  | <b>4. Other Accounts Payable</b>                                                                                                                         | 8.3                      | 6.6  | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
| <b>Allianz C.P. General Insurance Plc.</b><br><b>(“Allianz C.P. General Insurance”)</b><br><u><b>Nature of Relationship<sup>2)</sup></b></u><br>Charoen Pokphand Group is a major shareholder of Allianz C.P. General Insurance. | <b>1. Service Expenses</b>                                                                                                                               | 12.0                     | 11.6 | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |

| Related Parties and the Nature of Relationships                                                                                                                                                                                                                    | Nature of Transaction                              | Amount<br>(Million Baht) |      | Necessity and Reasons<br>for the Transaction                                                 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|--------------------------|------|----------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                    |                                                    | 2015                     | 2016 |                                                                                              |
| <b>True Universal Convergence Co., Ltd.</b><br><b>(“True Universal Convergence”)</b><br><b>Nature of Relationship<sup>3)</sup></b><br>True Universal Convergence is a subsidiary of True Corporation Plc. which Charoen Pokphand Group is a major shareholder.     | <b>1. Service Expenses</b>                         | 21.3                     | 39.6 | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                                                                    | <b>2. Other Accounts Payable</b>                   | 4.9                      | 19.5 | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
| <b>True Distribution &amp; Sales Co. Ltd.</b><br><b>(“True Distribution &amp; Sales”)</b><br><b>Nature of Relationship<sup>3)</sup></b><br>True Distribution & Sales is a subsidiary of True Corporation Plc. which Charoen Pokphand Group is a major shareholder. | <b>1. Revenue from Sales of Goods and Services</b> | -                        | 3.9  | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                                                                    | <b>2. Purchase of Goods</b>                        | 11.3                     | 29.3 | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                                                                    | <b>3. Trade Accounts Payable</b>                   | 4.6                      | -    | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                                                                    | <b>4. Service Expenses</b>                         | -                        | -    | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
| <b>True Leasing Co. Ltd.</b><br><b>(“True Leasing”)</b><br><b>Nature of Relationship<sup>4)</sup></b><br>Charoen Pokphand Group is a major shareholder of True Leasing.                                                                                            | <b>1. Service Expenses</b>                         | 17.2                     | 26.4 | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                                                                                                                                                                                                                                    | <b>2. Other Accounts Payable</b>                   | 4.1                      | 6.2  | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |

| Related Parties and the Nature of Relationships | Nature of Transaction                                 | Amount<br>(Million Baht) |       | Necessity and Reasons<br>for the Transaction                                                 |
|-------------------------------------------------|-------------------------------------------------------|--------------------------|-------|----------------------------------------------------------------------------------------------|
|                                                 |                                                       | 2015                     | 2016  |                                                                                              |
| <b>Other related parties in CP ALL's Group</b>  | <b>1. Revenue from Sales of Goods and Services</b>    | 8.2                      | 22.3  | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                 | <b>2. Trade Accounts Receivable</b>                   | 3.4                      | 4.5   | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                 | <b>3. Purchase of Goods</b>                           | 4.6                      | 113.9 | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                 | <b>4. Trade Accounts Payable</b>                      | 5.6                      | 12.9  | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                 | <b>5. Fixed Assets and Intangible Assets Expenses</b> | 4.0                      | 1.4   | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                 | <b>6. Service Expenses</b>                            | 11.0                     | 44.3  | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                 | <b>7. Other Accounts Payable</b>                      | 6.8                      | 17.8  | Transactions/ supporting transactions related to the normal course of business <sup>5)</sup> |
|                                                 | <b>8. Other Accounts Receivable</b>                   | 2.1                      | 10.3  | 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 2015
- 2) Information from Charoen Pokphand Foods Public Company Limited's form 56 - 1 year 2015
- 3) Information from True Corporation Public Company Limited's form 56 - 1 year 2015
- 4) Notes for the Company's financial statements, fiscal year ending 31 December 2016
- 5) Necessity and reasons for transactions and supporting transactions related to the normal course of business
  1. Revenue from sales of goods and services, Trade accounts receivable and Other accounts receivable  
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 and Trade accounts payable  
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 and Other accounts payable  
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 Department 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 Department 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 2016 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 2016 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.



**Mr. Arsa Sarasin**

Chairman of the Board of Directors

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 2016.



**Mrs. Suchada Ithjarukul**

Chief Executive Officer

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

---

**FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2016  
AND  
INDEPENDENT AUDITOR'S REPORT**

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Siam Makro Public Company Limited

### Opinion

I have audited the 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 2016, the consolidated and separate statements of income and 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.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2016 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key Audit Matter

Key audit matter is those matters that, in my professional judgment, was of most significance in my audit of the consolidated and separate financial statements of the current period. This matter was addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on this matter.

| <b>Valuation of inventories</b>                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Refer to notes 4 (g) and 8 to the financial statements</b>                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>The key audit matter</b>                                                                                                                                                                                                                                                             | <b>How the matter was addressed in the audit</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <p>The valuation of inventories was focused on because the estimation of the valuation of inventories involves judgments or s uncertainties relating to allowance for deteriorated, damaged, obsolete and slow-moving inventories; including the inventory was sold under its cost.</p> | <p>My audit procedures are as follows :</p> <ul style="list-style-type: none"> <li>• I performed an understanding and evaluated the management's significant judgment and assumption used in their assessment of the valuation of inventories.</li> <li>• I tested the Group's inventory quantities control policy designed to identify deteriorated, damaged, obsolete and slow - moving inventories. I compared inventory quantities in nventory report grouped by products to onsider whether deteriorated, damaged, obsolete and low - moving inventories had been appropriately identified in accordance with the policy and classified.</li> <li>• I tested the aging of inventory and the reasonableness of assumptions used to set the percentage of allowance for loss determined by management. The reasonableness of estimates in the past was considered by analysing the historical of the inventory disposal and recalculating the amount of allowance for loss based on the Group's policy.</li> <li>• I tested accuracy and reliable of information in the Calculation of Net Realisable Value report by testing the calculation in the system and testing a sample to assess the accuracy of inventory's unit cost recorded in the book; including testing the actual net selling prices post year - end and the estimated costs to make the sale in order to evaluate whether these inventories sold under cost were considered an allowance for decline in inventory value in accordance with the Group's policy.</li> <li>• I assessed the adequacy of the Group's disclosures in accordance with Thai Financial Reporting Standards.</li> </ul> |

## **Other Information**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements**

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going

concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements**

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also :

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one



resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the

consolidated financial statements. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**(Charoen Phosamritlert)**

Certified Public Accountant

Registration No. 4068

KPMG Phoomchai Audit Ltd.

Bangkok

21 February 2017

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF FINANCIAL POSITION

| Assets                              | Note  | Consolidated          |                       | Separate              |                       |
|-------------------------------------|-------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                     |       | financial statements  |                       | financial statements  |                       |
|                                     |       | 31 December           |                       | 31 December           |                       |
|                                     |       | 2016                  | 2015                  | 2016                  | 2015                  |
|                                     |       | (in Baht)             |                       |                       |                       |
| <b>Current assets</b>               |       |                       |                       |                       |                       |
| Cash and cash equivalents           | 6     | 2,550,133,041         | 2,229,533,001         | 2,427,123,133         | 2,179,696,702         |
| Trade accounts receivable           | 5, 7  | 445,412,674           | 394,235,958           | 83,210,667            | 45,607,860            |
| Inventories                         | 5, 8  | 13,485,409,897        | 12,953,701,151        | 12,896,064,639        | 12,360,541,597        |
| Purchase discount receivables       |       | 1,187,016,094         | 1,000,957,522         | 1,187,016,094         | 1,000,957,522         |
| Accrued income                      |       | 478,706,557           | 401,907,368           | 478,706,557           | 401,907,368           |
| Current portion of leasehold rights | 5, 11 | 93,506,084            | 77,674,873            | 93,506,084            | 77,674,873            |
| Other current assets                | 5     | 288,435,309           | 267,672,367           | 267,003,937           | 247,399,561           |
| <b>Total current assets</b>         |       | <b>18,528,619,656</b> | <b>17,325,682,240</b> | <b>17,432,631,111</b> | <b>16,313,785,483</b> |
| <b>Non-current assets</b>           |       |                       |                       |                       |                       |
| Investments in subsidiaries         | 9     | -                     | -                     | 816,768,682           | 381,768,829           |
| Property, plant and equipment       | 5, 10 | 30,318,746,458        | 27,038,712,124        | 30,294,384,686        | 27,019,562,159        |
| Investment properties               |       | 112,498,502           | 112,866,009           | 112,498,502           | 112,866,009           |
| Leasehold rights                    | 5, 11 | 1,994,363,880         | 1,835,478,518         | 1,994,363,880         | 1,835,478,518         |
| Goodwill                            |       | 167,384,412           | 167,384,412           | -                     | -                     |
| Other intangible assets             | 5, 12 | 1,154,491,667         | 1,095,389,163         | 1,146,003,461         | 1,086,141,944         |
| Deferred tax assets                 | 13    | 310,478,974           | 266,614,852           | 301,083,362           | 259,654,808           |
| Other non-current assets            |       | 272,890,203           | 67,676,789            | 268,087,662           | 62,687,477            |
| <b>Total non-current assets</b>     |       | <b>34,330,854,096</b> | <b>30,584,121,867</b> | <b>34,933,190,235</b> | <b>30,758,159,744</b> |
| <b>Total assets</b>                 |       | <b>52,859,473,752</b> | <b>47,909,804,107</b> | <b>52,365,821,346</b> | <b>47,071,945,227</b> |

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

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF FINANCIAL POSITION

|                                      |       | Consolidated<br>financial statements |                       | Separate<br>financial statements |                       |
|--------------------------------------|-------|--------------------------------------|-----------------------|----------------------------------|-----------------------|
|                                      |       | 31 December                          |                       | 31 December                      |                       |
| Liabilities and equity               | Note  | 2016                                 | 2015                  | 2016                             | 2015                  |
| (in Baht)                            |       |                                      |                       |                                  |                       |
| <b>Current liabilities</b>           |       |                                      |                       |                                  |                       |
| Short-term borrowings from           |       |                                      |                       |                                  |                       |
| financial institutions               | 14    | 3,422,571,541                        | 2,614,115,031         | 3,080,000,000                    | 2,180,000,000         |
| Trade accounts payable to            |       |                                      |                       |                                  |                       |
| other parties                        |       | 23,329,455,638                       | 21,620,698,784        | 23,147,906,280                   | 21,461,951,571        |
| Trade accounts payable to            |       |                                      |                       |                                  |                       |
| related parties                      | 5     | 1,128,545,420                        | 543,136,532           | 1,193,547,330                    | 584,719,821           |
| Other payables to other parties      |       | 1,205,436,331                        | 1,332,735,241         | 1,185,586,146                    | 1,317,229,782         |
| Other payables to related parties    | 5     | 155,709,922                          | 112,334,420           | 156,032,945                      | 112,249,155           |
| Short-term borrowing from            |       |                                      |                       |                                  |                       |
| subsidiary                           | 5, 14 | -                                    | -                     | 405,000,000                      | 25,000,000            |
| Income tax payable                   |       | 559,699,877                          | 586,494,111           | 539,248,633                      | 573,927,783           |
| Accrued expenses                     |       | 1,385,950,578                        | 1,491,248,108         | 1,330,623,024                    | 1,463,792,758         |
| Current portion of long-term         |       |                                      |                       |                                  |                       |
| borrowings from financial            |       |                                      |                       |                                  |                       |
| institution                          | 14    | 2,000,000,000                        | -                     | 2,000,000,000                    | -                     |
| Current portion of finance lease     |       |                                      |                       |                                  |                       |
| liabilities                          | 14    | 101,129,260                          | 80,187,197            | 101,129,260                      | 80,187,197            |
| Other current liabilities            |       | 415,939,267                          | 302,881,913           | 413,935,498                      | 301,802,234           |
| <b>Total current liabilities</b>     |       | <b>33,704,437,834</b>                | <b>28,683,831,337</b> | <b>33,553,009,116</b>            | <b>28,100,860,301</b> |
| <b>Non-current liabilities</b>       |       |                                      |                       |                                  |                       |
| Long-term borrowings from            |       |                                      |                       |                                  |                       |
| financial institution                | 14    | 2,000,000,000                        | 4,000,000,000         | 2,000,000,000                    | 4,000,000,000         |
| Finance lease liabilities            | 14    | 744,891,779                          | 524,822,451           | 744,891,779                      | 524,822,451           |
| Employee benefit obligations         | 15    | 526,243,713                          | 461,815,530           | 514,092,965                      | 451,878,947           |
| Other non-current liabilities        |       | 142,257,542                          | 32,380,230            | 142,164,084                      | 32,380,230            |
| <b>Total non-current liabilities</b> |       | <b>3,413,393,034</b>                 | <b>5,019,018,211</b>  | <b>3,401,148,828</b>             | <b>5,009,081,628</b>  |
| <b>Total liabilities</b>             |       | <b>37,117,830,868</b>                | <b>33,702,849,548</b> | <b>36,954,157,944</b>            | <b>33,109,941,929</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<br>(Continued)                           | Note | Consolidated<br>financial statements |                       | Separate<br>financial statements |                       |
|-----------------------------------------------------------------|------|--------------------------------------|-----------------------|----------------------------------|-----------------------|
|                                                                 |      | 31 December                          |                       | 31 December                      |                       |
|                                                                 |      | 2016                                 | 2015                  | 2016                             | 2015                  |
|                                                                 |      | (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                                                  |      | 9,788,030,362                        | 8,273,610,750         | 9,481,511,334                    | 8,031,851,230         |
| Other components of equity                                      |      | 3,275,290                            | 3,191,741             | -                                | -                     |
| <b>Equity attributable to equity<br/>holders of the Company</b> |      | <b>15,721,457,720</b>                | <b>14,206,954,559</b> | <b>15,411,663,402</b>            | <b>13,962,003,298</b> |
| Non-controlling interests                                       |      | 20,185,164                           | -                     | -                                | -                     |
| <b>Total equity</b>                                             |      | <b>15,741,642,884</b>                | <b>14,206,954,559</b> | <b>15,411,663,402</b>            | <b>13,962,003,298</b> |
| <b>Total liabilities and equity</b>                             |      | <b>52,859,473,752</b>                | <b>47,909,804,107</b> | <b>52,365,821,346</b>            | <b>47,071,945,227</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<br>financial statements |                        | Separate<br>financial statements |                        |
|---------------------------------------------------------------|-----------|--------------------------------------|------------------------|----------------------------------|------------------------|
|                                                               |           | For the year ended 31 December       |                        | For the year ended 31 December   |                        |
|                                                               |           | 2016                                 | 2015                   | 2016                             | 2015                   |
|                                                               |           | (in Baht)                            |                        |                                  |                        |
| <b>Income</b>                                                 | <b>5</b>  |                                      |                        |                                  |                        |
| Revenue from sale of goods                                    |           | 169,226,034,252                      | 152,604,320,307        | 166,896,018,939                  | 150,568,158,642        |
| Revenue from rendering of services                            |           | 2,866,540,427                        | 2,613,011,984          | 2,867,746,215                    | 2,614,525,378          |
| Other income                                                  |           | 697,552,112                          | 699,858,364            | 737,529,520                      | 735,688,768            |
| <b>Total income</b>                                           |           | <b>172,790,126,791</b>               | <b>155,917,190,655</b> | <b>170,501,294,674</b>           | <b>153,918,372,788</b> |
| <b>Expenses</b>                                               | <b>5</b>  |                                      |                        |                                  |                        |
| Cost of sale of goods                                         | 8         | 153,722,275,016                      | 137,937,015,662        | 151,865,672,093                  | 136,304,071,948        |
| Selling expenses                                              |           | 9,722,348,925                        | 8,858,138,161          | 9,642,105,443                    | 8,787,978,998          |
| Administrative expenses                                       |           | 2,321,112,245                        | 2,071,724,835          | 2,071,722,841                    | 1,850,759,153          |
| <b>Total expenses</b>                                         | <b>20</b> | <b>165,765,736,186</b>               | <b>148,866,878,658</b> | <b>163,579,500,377</b>           | <b>146,942,810,099</b> |
| <b>Profit before finance costs<br/>and income tax expense</b> |           | <b>7,024,390,605</b>                 | <b>7,050,311,997</b>   | <b>6,921,794,297</b>             | <b>6,975,562,689</b>   |
| Finance costs                                                 | 21        | 279,109,782                          | 237,155,798            | 271,600,172                      | 228,604,229            |
| <b>Profit before income tax expense</b>                       |           | <b>6,745,280,823</b>                 | <b>6,813,156,199</b>   | <b>6,650,194,125</b>             | <b>6,746,958,460</b>   |
| Income tax expense                                            | 22        | 1,333,648,978                        | 1,434,674,515          | 1,302,612,721                    | 1,409,167,700          |
| <b>Profit for the year</b>                                    |           | <b>5,411,631,845</b>                 | <b>5,378,481,684</b>   | <b>5,347,581,404</b>             | <b>5,337,790,760</b>   |
| <b>Profit (loss) attributable to:</b>                         |           |                                      |                        |                                  |                        |
| Equity holders of the Company                                 |           | 5,412,523,760                        | 5,378,481,684          | 5,347,581,404                    | 5,337,790,760          |
| Non-controlling interests                                     |           | (891,915)                            | -                      | -                                | -                      |
| <b>Profit for the year</b>                                    |           | <b>5,411,631,845</b>                 | <b>5,378,481,684</b>   | <b>5,347,581,404</b>             | <b>5,337,790,760</b>   |
| <b>Basic earnings per share</b>                               | <b>23</b> | <b>1.13</b>                          | <b>1.12</b>            | <b>1.11</b>                      | <b>1.11</b>            |

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



SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF COMPREHENSIVE INCOME

|                                                                            | Note | Consolidated                   |                      | Separate                       |                      |
|----------------------------------------------------------------------------|------|--------------------------------|----------------------|--------------------------------|----------------------|
|                                                                            |      | financial statements           |                      | financial statements           |                      |
|                                                                            |      | For the year ended 31 December |                      | For the year ended 31 December |                      |
|                                                                            |      | 2016                           | 2015                 | 2016                           | 2015                 |
| (in Baht)                                                                  |      |                                |                      |                                |                      |
| <b>Profit for the year</b>                                                 |      | <b>5,411,631,845</b>           | <b>5,378,481,684</b> | <b>5,347,581,404</b>           | <b>5,337,790,760</b> |
| <b>Other comprehensive income</b>                                          |      |                                |                      |                                |                      |
| <i>Item that will not be reclassified subsequently to profit or loss</i>   |      |                                |                      |                                |                      |
| Actuarial losses                                                           | 15   | (12,630,185)                   | (30,801,238)         | (12,401,625)                   | (30,537,884)         |
| Income tax income of other comprehensive income on actuarial losses        | 22   | 2,526,037                      | 6,160,248            | 2,480,325                      | 6,107,577            |
|                                                                            |      | <u>(10,104,148)</u>            | <u>(24,640,990)</u>  | <u>(9,921,300)</u>             | <u>(24,430,307)</u>  |
| <i>Items that is or may be reclassified subsequently to profit or loss</i> |      |                                |                      |                                |                      |
| Currency translation differences from foreign entities                     |      | 270,068                        | 2,400,348            | -                              | -                    |
|                                                                            |      | <u>270,068</u>                 | <u>2,400,348</u>     | <u>-</u>                       | <u>-</u>             |
| <b>Other comprehensive income for the year, net of income tax</b>          |      | <b>(9,834,080)</b>             | <b>(22,240,642)</b>  | <b>(9,921,300)</b>             | <b>(24,430,307)</b>  |
| <b>Total comprehensive income for the year</b>                             |      | <b>5,401,797,765</b>           | <b>5,356,241,042</b> | <b>5,337,660,104</b>           | <b>5,313,360,453</b> |
| <b>Total comprehensive income (loss) attributable to:</b>                  |      |                                |                      |                                |                      |
| Equity holders of the Company                                              |      | 5,402,503,161                  | 5,356,241,042        | 5,337,660,104                  | 5,313,360,453        |
| Non-controlling interests                                                  |      | (705,396)                      | -                    | -                              | -                    |
| <b>Total comprehensive income for the year</b>                             |      | <b>5,401,797,765</b>           | <b>5,356,241,042</b> | <b>5,337,660,104</b>           | <b>5,313,360,453</b> |

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

## STATEMENT OF CHANGES IN EQUITY

| Consolidated financial statements |                                  |                            |               |                            |                                                        |                                                      |                           |
|-----------------------------------|----------------------------------|----------------------------|---------------|----------------------------|--------------------------------------------------------|------------------------------------------------------|---------------------------|
| Note                              | Retained earnings                |                            |               | Other components of equity |                                                        |                                                      |                           |
|                                   | Issued and paid-up share capital | Premium on ordinary shares | Legal reserve | Unappropriated             | Currency translation differences from foreign entities | Equity attributable to equity holders of the Company |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      | Non-controlling interests |
| (in Baht)                         |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |
|                                   |                                  |                            |               |                            |                                                        |                                                      |                           |

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

## STATEMENT OF CHANGES IN EQUITY

|                                                                     | Consolidated financial statements |                            |               |                            |                                                        |                                                      |                 |
|---------------------------------------------------------------------|-----------------------------------|----------------------------|---------------|----------------------------|--------------------------------------------------------|------------------------------------------------------|-----------------|
|                                                                     | Retained earnings                 |                            |               | Other components of equity |                                                        |                                                      | Total equity    |
|                                                                     | Issued and paid-up share capital  | Premium on ordinary shares | Legal reserve | Unappropriated             | Currency translation differences from foreign entities | Equity attributable to equity holders of the Company |                 |
| <i>Note</i>                                                         |                                   |                            |               |                            |                                                        |                                                      |                 |
|                                                                     |                                   |                            |               |                            | (in Baht)                                              |                                                      |                 |
| 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                                       | 12,786,713,517  |
| Transactions with equity holders, recorded directly in equity       |                                   |                            |               |                            |                                                        |                                                      |                 |
| Distributions to equity holders                                     |                                   |                            |               |                            |                                                        |                                                      |                 |
| Dividends                                                           | -                                 | -                          | -             | (3,936,000,000)            | -                                                      | (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)                                      | (3,936,000,000) |
| Comprehensive income for the year                                   |                                   |                            |               |                            |                                                        |                                                      |                 |
| Profit                                                              | -                                 | -                          | -             | 5,378,481,684              | -                                                      | 5,378,481,684                                        | 5,378,481,684   |
| Other comprehensive income                                          | -                                 | -                          | -             | (24,640,990)               | 2,400,348                                              | (22,240,642)                                         | (22,240,642)    |
| Total comprehensive income for the year                             | -                                 | -                          | -             | 5,353,840,694              | 2,400,348                                              | 5,356,241,042                                        | 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                                       | 14,206,954,559  |

## STATEMENT OF CHANGES IN EQUITY

|                                                                     | Separate financial statements |                                  |                            |                            |                 |
|---------------------------------------------------------------------|-------------------------------|----------------------------------|----------------------------|----------------------------|-----------------|
|                                                                     | Note                          | Issued and paid-up share capital | Premium on ordinary shares | Retained earnings          |                 |
|                                                                     |                               |                                  |                            | Legal reserve<br>(in Baht) | Total equity    |
| For the year ended 31 December 2016                                 |                               |                                  |                            |                            |                 |
| Balance at 1 January 2016                                           |                               | 2,400,000,000                    | 3,290,152,068              | 240,000,000                | 13,962,003,298  |
| Transactions with equity holders, recorded directly in equity       |                               |                                  |                            |                            |                 |
| <i>Distributions to equity holders</i>                              |                               |                                  |                            |                            |                 |
| Dividends                                                           | 24                            | -                                | -                          | -                          | (3,888,000,000) |
| Total transactions with equity holders, recorded directly in equity |                               | -                                | -                          | -                          | (3,888,000,000) |
| Comprehensive income for the year                                   |                               |                                  |                            |                            |                 |
| Profit                                                              |                               | -                                | -                          | -                          | 5,347,581,404   |
| Other comprehensive income                                          |                               | -                                | -                          | -                          | (9,921,300)     |
| Total comprehensive income for the year                             |                               | -                                | -                          | -                          | 5,337,660,104   |
| Balance at 31 December 2016                                         |                               | 2,400,000,000                    | 3,290,152,068              | 240,000,000                | 15,411,663,402  |

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

## STATEMENT OF CHANGES IN EQUITY

## Separate financial statements

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



## SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF CASH FLOWS

|                                                                                          | Note | Consolidated<br>financial statements |               | Separate<br>financial statements |               |
|------------------------------------------------------------------------------------------|------|--------------------------------------|---------------|----------------------------------|---------------|
|                                                                                          |      | For the year ended 31 December       |               | For the year ended 31 December   |               |
|                                                                                          |      | 2016                                 | 2015          | 2016                             | 2015          |
|                                                                                          |      | (in Baht)                            |               |                                  |               |
| <b>Cash flows from operating activities</b>                                              |      |                                      |               |                                  |               |
| Profit for the year                                                                      |      | 5,411,631,845                        | 5,378,481,684 | 5,347,581,404                    | 5,337,790,760 |
| <b>Adjustments for</b>                                                                   |      |                                      |               |                                  |               |
| Depreciation                                                                             | 10   | 1,860,881,249                        | 1,724,570,956 | 1,853,821,003                    | 1,716,237,036 |
| Amortisation of leasehold rights                                                         | 11   | 95,575,231                           | 72,742,289    | 95,575,231                       | 72,742,289    |
| Amortisation of other intangible assets                                                  | 12   | 143,854,494                          | 72,594,733    | 141,750,661                      | 70,310,555    |
| Dividend income                                                                          | 9    | -                                    | -             | (40,499,460)                     | (39,999,967)  |
| Interest income                                                                          |      | (8,330,853)                          | (18,808,997)  | (8,140,986)                      | (19,459,440)  |
| Finance costs                                                                            | 21   | 279,109,782                          | 237,155,798   | 271,600,172                      | 228,604,229   |
| Income tax expense                                                                       | 22   | 1,333,648,978                        | 1,434,674,515 | 1,302,612,721                    | 1,409,167,700 |
| Provision for employees' severance pay                                                   | 15   | 55,113,611                           | 53,646,556    | 53,073,006                       | 51,871,601    |
| Allowance (reversal for allowance) for losses on obsolete and shrinkage inventories      | 8    | (29,078,923)                         | 2,185         | (37,076,393)                     | 5,070,559     |
| Allowance for losses on decline in value of inventories adjusted to net realisable value | 8    | 865,768                              | 1,668,571     | -                                | -             |
| Reversal of allowance for impairment losses on plant and equipment                       | 10   | (7,230,000)                          | (3,840,000)   | (7,230,000)                      | (3,840,000)   |
| Allowance for doubtful accounts                                                          |      | 7,584,282                            | 5,379,777     | 5,196,883                        | 1,100,000     |
| Unrealised (gain) loss on exchange                                                       |      | 3,217,482                            | (5,746,410)   | 1,189,136                        | (1,267,424)   |
| Loss on disposal and write-off of plant and equipment                                    |      | 3,270,540                            | 11,435,863    | 4,684,966                        | 11,488,337    |
| Gain on disposal of investment properties                                                |      | (749,056)                            | -             | (749,056)                        | -             |
| Loss on write-off of other intangible assets                                             |      | -                                    | 2,468         | -                                | 2,468         |
| Currency translation differences from foreign entities                                   |      | 270,068                              | 1,767,224     | -                                | -             |
| Other                                                                                    |      | 585,900                              | -             | 585,900                          | -             |
|                                                                                          |      | 9,150,220,398                        | 8,965,727,212 | 8,983,975,188                    | 8,839,818,703 |

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

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF CASH FLOWS (CONTINUED)

|                                                    | Note | Consolidated<br>financial statements |                        | Separate<br>financial statements |                        |
|----------------------------------------------------|------|--------------------------------------|------------------------|----------------------------------|------------------------|
|                                                    |      | For the year ended 31 December       |                        | For the year ended 31 December   |                        |
|                                                    |      | 2016                                 | 2015                   | 2016                             | 2015                   |
| (in Baht)                                          |      |                                      |                        |                                  |                        |
| <i>Changes in operating assets and liabilities</i> |      |                                      |                        |                                  |                        |
| Trade accounts receivable                          |      | (53,506,047)                         | (86,736,121)           | (37,602,807)                     | 30,133,247             |
| Inventories                                        |      | (503,495,591)                        | (2,327,557,110)        | (498,446,649)                    | (2,217,735,987)        |
| Purchase discount receivables                      |      | (186,058,572)                        | 160,063,322            | (186,058,572)                    | 160,063,322            |
| Accrued income                                     |      | (76,799,189)                         | 31,701,023             | (76,799,189)                     | 31,701,023             |
| Other current assets                               |      | (25,953,819)                         | (17,843,617)           | (24,808,606)                     | (9,881,826)            |
| Other non-current assets                           |      | (205,213,414)                        | (45,071,000)           | (205,400,185)                    | (44,074,664)           |
| Trade accounts payable to other parties            |      | 1,707,090,550                        | 1,360,044,760          | 1,684,779,546                    | 1,360,278,348          |
| Trade accounts payable to related parties          |      | 585,408,888                          | 182,729,141            | 608,827,509                      | 204,947,594            |
| Other payables to other parties                    |      | 134,679,295                          | 6,583,466              | 129,731,842                      | 7,115,621              |
| Other payables to related parties                  |      | 43,375,502                           | (3,977,717)            | 43,783,790                       | (4,045,862)            |
| Accrued expenses                                   |      | (97,646,510)                         | 97,169,468             | (125,870,989)                    | 85,946,594             |
| Other current liabilities                          |      | 112,471,454                          | (11,956,746)           | 111,547,364                      | (8,354,390)            |
| Employee benefit obligations paid                  | 15   | (3,315,613)                          | (14,172,561)           | (3,260,613)                      | (14,132,561)           |
| Other non-current liabilities                      |      | 109,877,312                          | (1,426,973)            | 109,783,854                      | (1,264,515)            |
| Cash generated from operating activities           |      | 10,691,134,644                       | 8,295,276,547          | 10,514,181,483                   | 8,420,514,647          |
| Interest received                                  |      | 8,324,228                            | 18,812,058             | 8,134,360                        | 19,462,501             |
| Interest paid                                      |      | (226,187,485)                        | (186,316,633)          | (218,325,600)                    | (177,879,534)          |
| Income tax paid                                    |      | (1,401,781,297)                      | (1,426,651,614)        | (1,376,240,100)                  | (1,405,864,958)        |
| <b>Net cash provided by operating activities</b>   |      | <b>9,071,490,090</b>                 | <b>6,701,120,358</b>   | <b>8,927,750,143</b>             | <b>6,856,232,656</b>   |
| <i>Cash flows from investing activities</i>        |      |                                      |                        |                                  |                        |
| Dividend received                                  |      | -                                    | -                      | 40,499,460                       | 39,999,967             |
| Purchase of property, plant and equipment          | 26   | (4,893,376,304)                      | (5,471,853,835)        | (4,880,501,511)                  | (5,467,394,910)        |
| Sale of plant and equipment                        |      | 9,208,072                            | 8,405,986              | 7,793,633                        | 8,353,446              |
| Sale of investment properties                      |      | 1,116,563                            | -                      | 1,116,563                        | -                      |
| Purchase of leasehold rights                       | 11   | (270,291,804)                        | (594,082,681)          | (270,291,804)                    | (594,082,681)          |
| Purchase of other intangible assets                | 26   | (390,537,798)                        | (313,231,469)          | (389,192,978)                    | (314,277,481)          |
| Cash outflow on short-term loans to subsidiary     | 5    | -                                    | -                      | (40,000,000)                     | (16,448,000)           |
| Cash inflow on short-term loans to subsidiary      | 5    | -                                    | -                      | 40,000,000                       | 32,858,000             |
| Cash paid for investment in subsidiaries           | 9    | -                                    | -                      | (434,999,853)                    | (2,500,000)            |
| <b>Net cash used in investing activities</b>       |      | <b>(5,543,881,271)</b>               | <b>(6,370,761,999)</b> | <b>(5,925,576,490)</b>           | <b>(6,313,491,659)</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 | 2016                           | 2015                   | 2016                           | 2015                   |
|                                                                          |      | (in Baht)                      |                        |                                |                        |
| <b>Cash flows from financing activities</b>                              |      |                                |                        |                                |                        |
| Finance lease payment                                                    |      | (146,747,222)                  | (114,299,309)          | (146,747,222)                  | (114,299,309)          |
| Increase (decrease) in short-term borrowings from financial institutions | 14   | 806,847,883                    | (614,758,993)          | 900,000,000                    | (820,000,000)          |
| Increase in short-term borrowings from subsidiary                        | 5    | -                              | -                      | 405,000,000                    | 25,000,000             |
| Increase in long-term borrowings from financial institution              | 14   | -                              | 2,000,000,000          | -                              | 2,000,000,000          |
| Repayment of short-term borrowing from subsidiary                        | 5    | -                              | -                      | (25,000,000)                   | -                      |
| Dividends paid                                                           | 24   | (3,888,000,000)                | (3,936,000,000)        | (3,888,000,000)                | (3,936,000,000)        |
| Acquisition of subsidiary with non-controlling interests                 |      | 20,890,560                     | -                      | -                              | -                      |
| <b>Net cash used in financing activities</b>                             |      | <b>(3,207,008,779)</b>         | <b>(2,665,058,302)</b> | <b>(2,754,747,222)</b>         | <b>(2,845,299,309)</b> |
| <b>Net increase (decrease) in cash and cash equivalents</b>              |      |                                |                        |                                |                        |
|                                                                          |      | <b>320,600,040</b>             | <b>(2,334,699,943)</b> | <b>247,426,431</b>             | <b>(2,302,558,312)</b> |
| Cash and cash equivalents at 1 January                                   |      | 2,229,533,001                  | 4,564,232,944          | 2,179,696,702                  | 4,482,255,014          |
| <b>Cash and cash equivalents at 31 December</b>                          | 6    | <b>2,550,133,041</b>           | <b>2,229,533,001</b>   | <b>2,427,123,133</b>           | <b>2,179,696,702</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

FOR THE YEAR ENDED 31 DECEMBER 2016

| Note | Contents                                             |
|------|------------------------------------------------------|
| 1    | General information                                  |
| 2    | Basis of preparation of the financial statements     |
| 3    | Change in the estimation of useful life of buildings |
| 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   | Employee benefit expenses                            |
| 20   | Expenses by nature                                   |
| 21   | Finance costs                                        |
| 22   | Income tax expense                                   |
| 23   | Basic earnings per share                             |
| 24   | Dividends                                            |
| 25   | Financial instruments                                |
| 26   | Supplemental disclosures of cash flows information   |
| 27   | Commitments with non-related parties                 |
| 28   | Events after the reporting period                    |
| 29   | Thai Financial Reporting Standards not yet adopted   |

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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 21 February 2017.

## 1 General information

Siam Makro Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 1468, Phatthanakan Road, Kwaeng Suan Luang, Khet Suan Luang, Bangkok 10250, 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 2016 the Company operated 107 Makro stores (2015: 91 Makro stores) and 8 frozen shops (2015: 7 frozen shops).

Details of the Company’s subsidiaries as at 31 December 2016 and 2015 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 2016. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies which have no material effect on 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 2017 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 29 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

FOR THE YEAR ENDED 31 DECEMBER 2016

**(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 accounting policies and the 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 assumptions and 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 test : key assumptions underlying recoverable amounts;           |
| Note 15               | Measurement of defined benefit obligations : key actuarial assumptions; and |
| Note 25               | 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 25 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.

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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

Further information about the assumptions made in measuring fair values is included in note 25 to the financial statements.

### 3 Change in the estimation of useful life of buildings

During the year ended 31 December 2016 the Group employed an independent appraiser to appraise the useful life of buildings and based on this appraisal the Group has revised the estimation of useful life of buildings from 30 years to 40 years. This change is consistent with the Group's policy of regularly renovating the buildings, which prolongs their useful lives and increases the related economic benefits derived from the buildings. The Group, therefore, has applied this change in accounting estimate to the calculation of depreciation of the carrying amounts of buildings prospectively from 1 January 2016 onwards.

The net carrying value of the buildings as at 31 December 2016 was Baht 5,467 million. The change in the estimation of useful life of buildings resulted in a decrease in the depreciation expense for the year ended 31 December 2016 of Baht 125 million.

### 4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### (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.

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 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.

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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

### *Subsidiaries*

Subsidiaries are entities controlled by the Group. 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.

### *Non-controlling interests*

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

### *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. Foreign exchange differences arising on translation are recognised in profit or loss.

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.

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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, except to extent that the translation different is allocated to non-controlling interests.

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.

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 and the forward premium/discount is recorded as income/expense on a straight-line basis over the forward contract period.

**(e) Cash and cash equivalents**

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

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

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

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

**(g) Inventories**

Inventories are measured 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.

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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

An allowance for losses is made for deteriorated, damaged, obsolete and slow-moving inventories and is assessed on analysis of aging of inventory and estimation of shrinkage inventories.

**(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.

**(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. 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.



SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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

### *Leased assets*

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

### *Subsequent costs*

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

### *Depreciation*

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

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 40 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.

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

### *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.

### *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 Company, 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 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.

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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

**(n) Interest-bearing liabilities**

Interest-bearing liabilities are recognised as stated in the agreement.

**(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.

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

### *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.

### *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.

### **(q) Provisions**

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

### **(r) Revenues**

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

### *Sales of goods and services rendered*

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

### *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.

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

**(s) Finance costs**

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred.

**(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.



SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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

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

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<br>incorporation/<br>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. Retailink Co., Ltd.               | Thailand                                    | Subsidiary of the immediate parent company |

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

| Name of parties                                          | Country of<br>incorporation/<br>nationality | Nature of relationships                                          |
|----------------------------------------------------------|---------------------------------------------|------------------------------------------------------------------|
| 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                       |
| Tacharm Agricultural<br>Industry Co., Ltd.               | Thailand                                    | Mr. Thanin Chearavanont is a major<br>shareholder                |
| 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<br>is a major shareholder |
| Allianz C.P. General Insurance<br>Public Company Limited | Thailand                                    | Charoen Pokphand Group Company Limited<br>is a major shareholder |
| Bakehouse Co., Ltd.                                      | Thailand                                    | Charoen Pokphand Group Company Limited<br>is a major shareholder |
| Bangkok Produce Public<br>Company Limited                | Thailand                                    | Charoen Pokphand Group Company Limited<br>is a major shareholder |
| BFKT (Thailand) Co., Ltd.                                | Thailand                                    | Charoen Pokphand Group Company Limited<br>is a major shareholder |
| Charoen Pokphand Foods Public<br>Company Limited         | Thailand                                    | Charoen Pokphand Group Company Limited<br>is a major shareholder |
| CNC International Co., Ltd.                              | Thailand                                    | Charoen Pokphand Group Company Limited<br>is a major shareholder |
| CP Interfood (Thailand) Co., Ltd.                        | Thailand                                    | Charoen Pokphand Group Company Limited<br>is a major shareholder |
| CPF IT Center Co., Ltd.                                  | Thailand                                    | Charoen Pokphand Group Company Limited<br>is a major shareholder |
| CPF Trading Co., Ltd.                                    | Thailand                                    | Charoen Pokphand Group Company Limited<br>is a major shareholder |
| CPF (Thailand) Public Company<br>Limited                 | Thailand                                    | Charoen Pokphand Group Company Limited<br>is a major shareholder |
| CPPC Public Company Limited                              | Thailand                                    | Charoen Pokphand Group Company Limited<br>is a major shareholder |
| CP-Meiji Co., Ltd.                                       | Thailand                                    | Charoen Pokphand Group Company Limited<br>is a major shareholder |
| C.P. Consumer Product Co., Ltd.                          | Thailand                                    | Charoen Pokphand Group Company Limited<br>is a major shareholder |
| C.P. Land Public Company Limited                         | Thailand                                    | Charoen Pokphand Group Company Limited<br>is a major shareholder |
| C.P. Facility Management Co., Ltd.                       | Thailand                                    | Charoen Pokphand Group Company Limited<br>is a major shareholder |
| C.P. Merchandising Co., Ltd.                             | Thailand                                    | Charoen Pokphand Group Company Limited<br>is a major shareholder |
| C.P. Packaging Industry Co., Ltd.                        | Thailand                                    | Charoen Pokphand Group Company Limited<br>is a major shareholder |
| C.P. Poly-Industry Co., Ltd.                             | Thailand                                    | Charoen Pokphand Group Company Limited<br>is a major shareholder |
| C.P. Vietnam Corporation                                 | Vietnam                                     | Charoen Pokphand Group Company Limited<br>is a major shareholder |

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

| Name of parties                                         | Country of<br>incorporation/<br>nationality | Nature of relationships                                                                                                                                                                                        |
|---------------------------------------------------------|---------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Egg Digital Co., Ltd.                                   | Thailand                                    | Charoen Pokphand Group Company Limited is a major shareholder                                                                                                                                                  |
| Freewill FX 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                                                                                                                                                  |
| K.S.P. Equipment 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                                                                                                                                                  |
| Ross Breeders Siam Co., Ltd.                            | Thailand                                    | Charoen Pokphand Group Company Limited is a major shareholder                                                                                                                                                  |
| Srapsamut 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                                                                                                                                                  |
| 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/<br>Foreigners                         | Persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. |

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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

| Transactions                                        | Pricing policies                                                                                                                  |
|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| Sale of goods                                       | Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies |
| Revenue from rendering of services and other income | Contract prices determined by the terms and conditions used in the normal course of business                                      |
| 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 equipment/ other intangible assets      | Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies |

Significant transactions for the years ended 31 December 2016 and 2015 with related parties were as follows:

| Year ended 31 December                              | Consolidated<br>financial statements |       | Separate<br>financial statements |       |
|-----------------------------------------------------|--------------------------------------|-------|----------------------------------|-------|
|                                                     | 2016                                 | 2015  | 2016                             | 2015  |
|                                                     | (in million Baht)                    |       |                                  |       |
| <b>Immediate parent company</b>                     |                                      |       |                                  |       |
| Revenue from rendering of service and other income  | 1                                    | -     | 1                                | -     |
| Selling and administrative expenses                 | 181                                  | 178   | 181                              | 178   |
| <b>Subsidiaries</b>                                 |                                      |       |                                  |       |
| Revenue from sale of goods                          | -                                    | -     | 77                               | 68    |
| Revenue from rendering of services and other income | -                                    | -     | 10                               | 11    |
| Dividend income                                     | -                                    | -     | 40                               | 40    |
| Purchases of goods and services                     | -                                    | -     | 336                              | 254   |
| <b>Other related parties</b>                        |                                      |       |                                  |       |
| Revenue from sale of goods                          | 183                                  | 81    | 133                              | 14    |
| Revenue from rendering of services and other income | 92                                   | 75    | 92                               | 75    |
| Selling and administrative expenses                 | 156                                  | 92    | 148                              | 87    |
| Purchases of goods and services                     | 5,753                                | 3,103 | 5,690                            | 3,094 |
| Purchases of equipment                              | 44                                   | 15    | 37                               | 15    |
| Purchases of other intangible assets                | 8                                    | 26    | 8                                | 26    |

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

| <i>Year ended 31 December</i>                    | <b>Consolidated<br/>financial statements</b> |            | <b>Separate<br/>financial statements</b> |            |
|--------------------------------------------------|----------------------------------------------|------------|------------------------------------------|------------|
|                                                  | 2016                                         | 2015       | 2016                                     | 2015       |
|                                                  | <i>(in million Baht)</i>                     |            |                                          |            |
| <b><i>Key management personnel</i></b>           |                                              |            |                                          |            |
| Key management benefit expenses                  |                                              |            |                                          |            |
| Short-term employee benefits                     | 204                                          | 199        | 204                                      | 199        |
| Severance pay for employees                      | 5                                            | 21         | 5                                        | 21         |
| <b>Total key management<br/>benefit expenses</b> | <b>209</b>                                   | <b>220</b> | <b>209</b>                               | <b>220</b> |

Balances as at 31 December 2016 and 2015 with related parties were as follows:

***Trade accounts receivable***

|                       | <b>Consolidated<br/>financial statements</b> |           | <b>Separate<br/>financial statements</b> |          |
|-----------------------|----------------------------------------------|-----------|------------------------------------------|----------|
|                       | 2016                                         | 2015      | 2016                                     | 2015     |
|                       | <i>(in million Baht)</i>                     |           |                                          |          |
| Subsidiaries          | -                                            | -         | 2                                        | 3        |
| Other related parties | 39                                           | 17        | 34                                       | 4        |
| <b>Total</b>          | <b>39</b>                                    | <b>17</b> | <b>36</b>                                | <b>7</b> |

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

|  |   |   |   |   |
|--|---|---|---|---|
|  | - | - | - | - |
|--|---|---|---|---|

***Other receivables***

|                       | <b>Consolidated<br/>financial statements</b> |           | <b>Separate<br/>financial statements</b> |          |
|-----------------------|----------------------------------------------|-----------|------------------------------------------|----------|
|                       | 2016                                         | 2015      | 2016                                     | 2015     |
|                       | <i>(in million Baht)</i>                     |           |                                          |          |
| Subsidiaries          | -                                            | -         | 2                                        | -        |
| Other related parties | 23                                           | 10        | 21                                       | 8        |
| <b>Total</b>          | <b>23</b>                                    | <b>10</b> | <b>23</b>                                | <b>8</b> |

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

|  |   |   |   |   |
|--|---|---|---|---|
|  | - | - | - | - |
|--|---|---|---|---|



SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

**Short-term loans to subsidiary**

Movements during the year ended 31 December 2016 and 2015 were as follows:

|                       | <b>Consolidated<br/>financial statements</b> |          | <b>Separate<br/>financial statements</b> |          |
|-----------------------|----------------------------------------------|----------|------------------------------------------|----------|
|                       | 2016                                         | 2015     | 2016                                     | 2015     |
|                       | <i>(in million Baht)</i>                     |          |                                          |          |
| At 1 January          | -                                            | -        | -                                        | 16       |
| Increases             | -                                            | -        | 40                                       | 17       |
| Decreases             | -                                            | -        | (40)                                     | (33)     |
| <b>At 31 December</b> | <b>-</b>                                     | <b>-</b> | <b>-</b>                                 | <b>-</b> |

**Trade accounts payable**

|                       | <b>Consolidated<br/>financial statements</b> |            | <b>Separate<br/>financial statements</b> |            |
|-----------------------|----------------------------------------------|------------|------------------------------------------|------------|
|                       | 2016                                         | 2015       | 2016                                     | 2015       |
|                       | <i>(in million Baht)</i>                     |            |                                          |            |
| Subsidiaries          | -                                            | -          | 69                                       | 46         |
| Other related parties | 1,129                                        | 543        | 1,125                                    | 539        |
| <b>Total</b>          | <b>1,129</b>                                 | <b>543</b> | <b>1,194</b>                             | <b>585</b> |

**Other payables**

|                          | <b>Consolidated<br/>financial statements</b> |            | <b>Separate<br/>financial statements</b> |            |
|--------------------------|----------------------------------------------|------------|------------------------------------------|------------|
|                          | 2016                                         | 2015       | 2016                                     | 2015       |
|                          | <i>(in million Baht)</i>                     |            |                                          |            |
| Immediate parent company | 87                                           | 84         | 87                                       | 84         |
| Other related parties    | 69                                           | 28         | 69                                       | 28         |
| <b>Total</b>             | <b>156</b>                                   | <b>112</b> | <b>156</b>                               | <b>112</b> |

**Short-term borrowing from subsidiary**

|                     | <b>Consolidated<br/>financial statements</b> |          | <b>Separate<br/>financial statements</b> |           |
|---------------------|----------------------------------------------|----------|------------------------------------------|-----------|
|                     | 2016                                         | 2015     | 2016                                     | 2015      |
|                     | <i>(in million Baht)</i>                     |          |                                          |           |
| Makro ROH Co., Ltd. | -                                            | -        | 405                                      | 25        |
| <b>Total</b>        | <b>-</b>                                     | <b>-</b> | <b>405</b>                               | <b>25</b> |

Short-term borrowing from subsidiary as at 31 December 2016 and 2015 were denominated in Baht.

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

Movements during the years ended 31 December 2016 and 2015 were as follows:

|                       | <b>Consolidated<br/>financial statements</b> |          | <b>Separate<br/>financial statements</b> |           |
|-----------------------|----------------------------------------------|----------|------------------------------------------|-----------|
|                       | 2016                                         | 2015     | 2016                                     | 2015      |
|                       | <i>(in million Baht)</i>                     |          |                                          |           |
| At 1 January          | -                                            | -        | 25                                       | -         |
| Increases             | -                                            | -        | 405                                      | 25        |
| Decreases             | -                                            | -        | (25)                                     | -         |
| <b>At 31 December</b> | <b>-</b>                                     | <b>-</b> | <b>405</b>                               | <b>25</b> |

As at 31 December 2016 the Company had short-term borrowing from a subsidiary of Baht 405 million (2015: Baht 25 million). 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.

### ***Significant agreements with related parties***

As at 31 December 2016 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 obtains 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 periods of 1 year each.
- b) The Company has lease and service agreements with C.P. Retailink Co., Ltd., a related company. Under the terms of the agreements, the Company agrees to provide space for trading and related services to the related company. In consideration thereof, the related company agrees to pay monthly rental and services fees, and places 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 2019.
- c) The Company has a service agreement with C.P. Facility Management Co., Ltd., a related company. Under the terms of the agreement, the related company agrees to provide services in relation to manage the Company's head office spaces. In consideration thereof, the Company agrees to pay a monthly service fee as stipulated in the agreement. This agreement is effective for a period of 3 years and will expire in December 2018.
- d) The Company has a service agreement with True Internet Data Center Co., Ltd., a related company. Under the terms of the agreement, the related company agrees to provide services in relation to data center service and disaster recovery site to the Company. In consideration thereof, the Company agrees to pay a monthly service fee at the rate stipulated in the agreement. This agreement is effective for a period of 5 years and will expire in April 2021.

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

**Capital commitments**

|                                          | <b>Consolidated/ Separate<br/>financial statements</b> |           |
|------------------------------------------|--------------------------------------------------------|-----------|
|                                          | 2016                                                   | 2015      |
|                                          | <i>(in million Baht)</i>                               |           |
| Furniture, fixtures and office equipment | -                                                      | 11        |
| Computer software                        | 6                                                      | 7         |
| <b>Total</b>                             | <b>6</b>                                               | <b>18</b> |

**Future minimum lease payments under non-cancellable operating leases**

|                                      | <b>Consolidated/ Separate<br/>financial statements</b> |            |
|--------------------------------------|--------------------------------------------------------|------------|
|                                      | 2016                                                   | 2015       |
|                                      | <i>(in million Baht)</i>                               |            |
| Within one year                      | 37                                                     | 22         |
| After one year but within five years | 128                                                    | 97         |
| After five years                     | 152                                                    | 180        |
| <b>Total</b>                         | <b>317</b>                                             | <b>299</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.

**6 Cash and cash equivalents**

|                                | <b>Consolidated<br/>financial statements</b> |              | <b>Separate<br/>financial statements</b> |              |
|--------------------------------|----------------------------------------------|--------------|------------------------------------------|--------------|
|                                | 2016                                         | 2015         | 2016                                     | 2015         |
|                                | <i>(in million Baht)</i>                     |              |                                          |              |
| Cash on hand                   | 1,672                                        | 1,492        | 1,672                                    | 1,492        |
| Cash at financial institutions | 878                                          | 738          | 755                                      | 688          |
| <b>Total</b>                   | <b>2,550</b>                                 | <b>2,230</b> | <b>2,427</b>                             | <b>2,180</b> |

**7 Trade accounts receivable**

|                                                    |      | <b>Consolidated<br/>financial statements</b> |            | <b>Separate<br/>financial statements</b> |           |
|----------------------------------------------------|------|----------------------------------------------|------------|------------------------------------------|-----------|
|                                                    | Note | 2016                                         | 2015       | 2016                                     | 2015      |
|                                                    |      | <i>(in million Baht)</i>                     |            |                                          |           |
| Related parties                                    | 5    | 39                                           | 17         | 36                                       | 7         |
| Other parties                                      |      | 413                                          | 382        | 47                                       | 39        |
| <b>Total</b>                                       |      | <b>452</b>                                   | <b>399</b> | <b>83</b>                                | <b>46</b> |
| Less allowance for doubtful accounts               |      | (7)                                          | (5)        | -                                        | -         |
| <b>Net</b>                                         |      | <b>445</b>                                   | <b>394</b> | <b>83</b>                                | <b>46</b> |
| <b>Bad and doubtful debts expense for the year</b> |      | <b>2</b>                                     | <b>5</b>   | <b>-</b>                                 | <b>-</b>  |

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

Aging analyses for trade accounts receivable are as follows:

|                                         |      | Consolidated<br>financial statements |            | Separate<br>financial statements |           |
|-----------------------------------------|------|--------------------------------------|------------|----------------------------------|-----------|
|                                         | Note | 2016                                 | 2015       | 2016                             | 2015      |
|                                         |      | <i>(in million Baht)</i>             |            |                                  |           |
| <b>Related parties</b>                  |      |                                      |            |                                  |           |
| Within credit terms                     |      | 29                                   | 13         | 27                               | 7         |
| Overdue:                                |      |                                      |            |                                  |           |
| Less than 3 months                      |      | 10                                   | 4          | 9                                | -         |
| <b>Total</b>                            | 5    | <u>39</u>                            | <u>17</u>  | <u>36</u>                        | <u>7</u>  |
| <b>Other parties</b>                    |      |                                      |            |                                  |           |
| Within credit terms                     |      | 325                                  | 301        | 36                               | 34        |
| Overdue:                                |      |                                      |            |                                  |           |
| Less than 3 months                      |      | 78                                   | 75         | 10                               | 4         |
| 3 - 6 months                            |      | 2                                    | 4          | 1                                | 1         |
| 6 - 12 months                           |      | 3                                    | 2          | -                                | -         |
| Over 12 months                          |      | 5                                    | -          | -                                | -         |
| <b>Total</b>                            |      | <u>413</u>                           | <u>382</u> | <u>47</u>                        | <u>39</u> |
| Less allowance for doubtful<br>accounts |      | (7)                                  | (5)        | -                                | -         |
| <b>Net</b>                              |      | <u>406</u>                           | <u>377</u> | <u>47</u>                        | <u>39</u> |
| <b>Grand total</b>                      |      | <u>445</u>                           | <u>394</u> | <u>83</u>                        | <u>46</u> |

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

### 8 Inventories

|                                                                                                     | Consolidated<br>financial statements |               | Separate<br>financial statements |               |
|-----------------------------------------------------------------------------------------------------|--------------------------------------|---------------|----------------------------------|---------------|
|                                                                                                     | 2016                                 | 2015          | 2016                             | 2015          |
|                                                                                                     | <i>(in million Baht)</i>             |               |                                  |               |
| Finished goods                                                                                      | 13,229                               | 12,818        | 12,828                           | 12,413        |
| Goods in transit                                                                                    | 513                                  | 421           | 293                              | 210           |
| <b>Total</b>                                                                                        | <u>13,742</u>                        | <u>13,239</u> | <u>13,121</u>                    | <u>12,623</u> |
| Less - allowance for losses on obsolete<br>and shrinkage inventories                                | (254)                                | (283)         | (225)                            | (262)         |
| - allowance for losses on decline<br>in value of inventories<br>adjusted to net realisable<br>value | (3)                                  | (2)           | -                                | -             |
| <b>Net</b>                                                                                          | <u>13,485</u>                        | <u>12,954</u> | <u>12,896</u>                    | <u>12,361</u> |

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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 2016 and 2015, are detailed as follows:

|                                                                              | <b>Consolidated<br/>financial statements</b> |                | <b>Separate<br/>financial statements</b> |                |
|------------------------------------------------------------------------------|----------------------------------------------|----------------|------------------------------------------|----------------|
|                                                                              | 2016                                         | 2015           | 2016                                     | 2015           |
|                                                                              | <i>(in million Baht)</i>                     |                |                                          |                |
| Cost of sales                                                                | 153,750                                      | 137,935        | 151,903                                  | 136,299        |
| Write-down (reversal of write-down)<br>of obsolete and shrinkage inventories | (29)                                         | -              | (37)                                     | 5              |
| Write-down to net realisable value                                           | 1                                            | 2              | -                                        | -              |
| <b>Total</b>                                                                 | <b>153,722</b>                               | <b>137,937</b> | <b>151,866</b>                           | <b>136,304</b> |

### 9 Investments in subsidiaries

Movements during the years ended 31 December 2016 and 2015 were as follows:

|                       | <b>Consolidated<br/>financial statements</b> |          | <b>Separate<br/>financial statements</b> |            |
|-----------------------|----------------------------------------------|----------|------------------------------------------|------------|
|                       | 2016                                         | 2015     | 2016                                     | 2015       |
|                       | <i>(in million Baht)</i>                     |          |                                          |            |
| At 1 January          | -                                            | -        | 382                                      | 379        |
| Increases             | -                                            | -        | 435                                      | 3          |
| <b>At 31 December</b> | <b>-</b>                                     | <b>-</b> | <b>817</b>                               | <b>382</b> |

Details of the additional investments in subsidiaries during the years ended 31 December 2016 and 2015 were as follows:

|                     | <b>Consolidated<br/>financial statements</b> |          | <b>Separate<br/>financial statements</b> |          |
|---------------------|----------------------------------------------|----------|------------------------------------------|----------|
|                     | 2016                                         | 2015     | 2016                                     | 2015     |
|                     | <i>(in million Baht)</i>                     |          |                                          |          |
| Makro ROH Co., Ltd. | -                                            | -        | 435                                      | -        |
| ProMart Co., Ltd.   | -                                            | -        | -                                        | 3        |
| <b>Total</b>        | <b>-</b>                                     | <b>-</b> | <b>435</b>                               | <b>3</b> |



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

Investments in subsidiaries as at 31 December 2016 and 2015, 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<br>2016<br>2015<br>(%) | Paid-up capital<br>2016<br>2015 | At cost<br>2016<br>2015<br>(in million Baht) | Dividend income<br>2016<br>2015 |
| <b>Local direct subsidiaries</b> |                                                                                                                                            |                          |                                           |                                 |                                              |                                 |
| 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<br>99.99                            | 45<br>45                        | 270<br>270                                   | 40<br>40                        |
| Makro ROH Co., Ltd.              | Providing technical and supporting services to the Group                                                                                   | Thailand                 | 99.99<br>99.99                            | 466<br>466                      | 31<br>31                                     | -<br>-                          |
| ProMart Co., Ltd.                | Trading of non-food products                                                                                                               | Thailand                 | 99.99<br>99.99                            | 3<br>3                          | 3<br>3                                       | -<br>-                          |
| <b>Total</b>                     |                                                                                                                                            |                          |                                           | <b>739</b>                      | <b>304</b>                                   | <b>40</b>                       |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

## Separate financial statements

| Name of party                    | Type of business                                              | Country of incorporation | Ownership interest<br>2016<br>(%) | Paid-up capital<br>2016<br>(in million U.S. Dollar) | Paid-up capital<br>2015<br>(in million U.S. Dollar) | At cost<br>2016<br>(in million Baht) | At cost<br>2015<br>(in million Baht) | Dividend income<br>2016 | Dividend income<br>2015 |
|----------------------------------|---------------------------------------------------------------|--------------------------|-----------------------------------|-----------------------------------------------------|-----------------------------------------------------|--------------------------------------|--------------------------------------|-------------------------|-------------------------|
|                                  |                                                               |                          |                                   |                                                     |                                                     |                                      |                                      |                         |                         |
| <b>Foreign direct subsidiary</b> |                                                               |                          |                                   |                                                     |                                                     |                                      |                                      |                         |                         |
| Vina Siam Food Co., Ltd.         | Trading and distribution, and import and export food products | Vietnam                  | 100                               | 100                                                 | 2.5                                                 | 2.5                                  | 78                                   | -                       | -                       |
| <b>Total</b>                     |                                                               |                          |                                   |                                                     |                                                     | <b>78</b>                            | <b>78</b>                            | <b>-</b>                | <b>-</b>                |
| <b>Grand total</b>               |                                                               |                          |                                   |                                                     |                                                     | <b>817</b>                           | <b>382</b>                           | <b>40</b>               | <b>40</b>               |

*Acquisition/additional investments during the year*

In September 2016 the subsidiary (Makro ROH Co., Ltd.) call for additional paid-up share capital of Baht 30 million, paid-up share capital totaling Baht 61 million (initial authorised share capital of Baht 125 million) and on 8 November 2016 the Company's Board of Directors approved to increase the subsidiary's authorised share capital of Baht 1,620 million (increase from Baht 125 million to Baht 1,745 million) and to call for paid-up share capital at 25% of Baht 405 million. In this regard, the Company has a 99.99% investment in the subsidiary's paid-up share capital. The registration of the increase authorised share capital with the Ministry of Commerce was completed on 8 December 2016.

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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

Details of the Company's indirect subsidiaries as at 31 December 2016 and 2015 were as follows:

| Name of party                        | Type of business                                     | Country of incorporation         | Ownership interests<br>2016<br>2015<br>(%) |
|--------------------------------------|------------------------------------------------------|----------------------------------|--------------------------------------------|
| <b>Foreign indirect subsidiaries</b> |                                                      |                                  |                                            |
| ARO Company Limited                  | Providing marketing and consulting services          | Republic of the Union of Myanmar | 100                                        |
| Makro (Cambodia) Company Limited     | Wholesale and retail operator and related businesses | Cambodia                         | 70                                         |
|                                      |                                                      |                                  | -                                          |

*Acquisition/additional investments during the year*

On 10 May 2016 the Company's Board of Directors approved to set up a foreign subsidiary, Makro (Cambodia) Company Limited, which is owned 70% by Makro ROH Co., Ltd. (99.99% owned subsidiary). The subsidiary has an initial authorised share capital of U.S. Dollar 2 million and to call for fully paid-up share capital. The registration of the subsidiary was completed in September 2016 and the call for fully paid-up share capital was completed in October 2016.

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. Later 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 and in June 2016 the subsidiary call for additional paid-up share capital of U.S. Dollar 75,000, paid-up share capital totaling U.S. Dollar 165,000.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

## 10 Property, plant and equipment

|                                                   | Consolidated financial statements |                                                                         |                               |                                                   |           |                                                     |
|---------------------------------------------------|-----------------------------------|-------------------------------------------------------------------------|-------------------------------|---------------------------------------------------|-----------|-----------------------------------------------------|
|                                                   | Land                              | Buildings,<br>building<br>improvements<br>and leasehold<br>improvements | Machinery<br>and<br>equipment | Furniture,<br>fixtures<br>and office<br>equipment | Vehicles  | Assets under<br>construction<br>and<br>installation |
|                                                   |                                   |                                                                         |                               | (in million Baht)                                 |           | Total                                               |
| <b>Cost</b>                                       |                                   |                                                                         |                               |                                                   |           |                                                     |
| At 1 January 2015                                 | 10,092                            | 11,657                                                                  | 10,887                        | 1,703                                             | 62        | 35,191                                              |
| Additions                                         | 899                               | 219                                                                     | 897                           | 293                                               | 12        | 5,124                                               |
| Transfers                                         | -                                 | 1,512                                                                   | 993                           | 109                                               | -         | -                                                   |
| Disposals                                         | -                                 | (8)                                                                     | (188)                         | (46)                                              | (16)      | (258)                                               |
| Write-off                                         | -                                 | (10)                                                                    | (8)                           | (3)                                               | -         | (21)                                                |
| <b>At 31 December 2015 and<br/>1 January 2016</b> | <b>10,991</b>                     | <b>13,370</b>                                                           | <b>12,581</b>                 | <b>2,056</b>                                      | <b>58</b> | <b>40,036</b>                                       |
| Additions                                         | 872                               | 270                                                                     | 1,331                         | 431                                               | -         | 5,146                                               |
| Transfers                                         | -                                 | 1,907                                                                   | 1,131                         | 164                                               | -         | -                                                   |
| Disposals                                         | -                                 | (62)                                                                    | (117)                         | (59)                                              | (11)      | (249)                                               |
| Write-off                                         | -                                 | (2)                                                                     | (5)                           | (5)                                               | -         | (12)                                                |
| <b>At 31 December 2016</b>                        | <b>11,863</b>                     | <b>15,483</b>                                                           | <b>14,921</b>                 | <b>2,587</b>                                      | <b>47</b> | <b>44,921</b>                                       |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

## Consolidated financial statements (Continued)

|                                                                          | Land   | Buildings,<br>building<br>improvements<br>and leasehold<br>improvements | Machinery<br>and<br>equipment | Furniture,<br>fixtures<br>and office<br>equipment<br>(in million Baht) | Vehicles | Assets under<br>construction<br>and<br>installation | Total    |
|--------------------------------------------------------------------------|--------|-------------------------------------------------------------------------|-------------------------------|------------------------------------------------------------------------|----------|-----------------------------------------------------|----------|
| <b>Accumulated depreciation and<br/>accumulated impairment losses</b>    |        |                                                                         |                               |                                                                        |          |                                                     |          |
| At 1 January 2015                                                        | -      | (4,300)                                                                 | (6,139)                       | (1,058)                                                                | (39)     | -                                                   | (11,536) |
| Depreciation charge for<br>the year                                      | -      | (413)                                                                   | (1,057)                       | (246)                                                                  | (9)      | -                                                   | (1,725)  |
| Disposals                                                                | -      | 4                                                                       | 179                           | 46                                                                     | 16       | -                                                   | 245      |
| Write-off                                                                | -      | 5                                                                       | 7                             | 3                                                                      | -        | -                                                   | 15       |
| Reversal of allowance<br>(additional allowance)<br>for impairment losses | -      | -                                                                       | 6                             | (2)                                                                    | -        | -                                                   | 4        |
| <b>At 31 December 2015 and<br/>1 January 2016</b>                        | -      | (4,704)                                                                 | (7,004)                       | (1,257)                                                                | (32)     | -                                                   | (12,997) |
| Depreciation charge for<br>the year                                      | -      | (353)                                                                   | (1,193)                       | (307)                                                                  | (8)      | -                                                   | (1,861)  |
| Disposals                                                                | -      | 59                                                                      | 110                           | 58                                                                     | 11       | -                                                   | 238      |
| Write-off                                                                | -      | 1                                                                       | 5                             | 5                                                                      | -        | -                                                   | 11       |
| Reversal of allowance<br>for impairment losses                           | -      | 1                                                                       | 4                             | 2                                                                      | -        | -                                                   | 7        |
| <b>At 31 December 2016</b>                                               | -      | (4,996)                                                                 | (8,078)                       | (1,499)                                                                | (29)     | -                                                   | (14,602) |
| <b>Net book value</b>                                                    |        |                                                                         |                               |                                                                        |          |                                                     |          |
| At 1 January 2015                                                        | 10,092 | 7,357                                                                   | 4,748                         | 645                                                                    | 23       | 790                                                 | 23,655   |
| At 31 December 2015 and<br>1 January 2016                                | 10,991 | 8,666                                                                   | 5,577                         | 799                                                                    | 26       | 980                                                 | 27,039   |
| At 31 December 2016                                                      | 11,863 | 10,487                                                                  | 6,843                         | 1,088                                                                  | 18       | 20                                                  | 30,319   |



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

## Separate financial statements

|                                                   | Land          | Buildings,<br>building<br>improvements<br>and leasehold<br>improvements | Machinery<br>and<br>equipment | Furniture,<br>fixtures<br>and office<br>equipment<br>(in million Baht) | Vehicles  | Assets under<br>construction<br>and<br>installation | Total         |
|---------------------------------------------------|---------------|-------------------------------------------------------------------------|-------------------------------|------------------------------------------------------------------------|-----------|-----------------------------------------------------|---------------|
| <b>Cost</b>                                       |               |                                                                         |                               |                                                                        |           |                                                     |               |
| At 1 January 2015                                 | 10,092        | 11,621                                                                  | 10,873                        | 1,677                                                                  | 49        | 789                                                 | 35,101        |
| 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 and<br/>1 January 2016</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> |
| Additions                                         | 872           | 270                                                                     | 1,331                         | 423                                                                    | -         | 2,238                                               | 5,134         |
| Transfers                                         | -             | 1,905                                                                   | 1,131                         | 163                                                                    | -         | (3,199)                                             | -             |
| Disposals                                         | -             | (60)                                                                    | (117)                         | (59)                                                                   | (6)       | -                                                   | (242)         |
| Write-off                                         | -             | (2)                                                                     | (5)                           | (5)                                                                    | -         | -                                                   | (12)          |
| <b>At 31 December 2016</b>                        | <b>11,863</b> | <b>15,446</b>                                                           | <b>14,906</b>                 | <b>2,552</b>                                                           | <b>39</b> | <b>18</b>                                           | <b>44,824</b> |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

**Accumulated depreciation and  
accumulated impairment losses**

|                                                                    |   |                |                |                |             |   |                 |
|--------------------------------------------------------------------|---|----------------|----------------|----------------|-------------|---|-----------------|
| At 1 January 2015                                                  | - | (4,275)        | (6,126)        | (1,038)        | (30)        | - | (11,469)        |
| 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 and 1 January 2016</b>                      | - | <b>(4,677)</b> | <b>(6,989)</b> | <b>(1,236)</b> | <b>(22)</b> | - | <b>(12,924)</b> |
| Depreciation charge for the year                                   | - | (350)          | (1,192)        | (306)          | (6)         | - | (1,854)         |
| Disposals                                                          | - | 57             | 110            | 58             | 6           | - | 231             |
| Write-off                                                          | - | 1              | 4              | 5              | -           | - | 10              |
| Reversal of allowance for impairment losses                        | - | 1              | 4              | 2              | -           | - | 7               |
| <b>At 31 December 2016</b>                                         | - | <b>(4,968)</b> | <b>(8,063)</b> | <b>(1,477)</b> | <b>(22)</b> | - | <b>(14,530)</b> |

**Net book value**

|                                        |        |        |       |       |    |     |        |
|----------------------------------------|--------|--------|-------|-------|----|-----|--------|
| At 1 January 2015                      | 10,092 | 7,346  | 4,747 | 639   | 19 | 789 | 23,632 |
| At 31 December 2015 and 1 January 2016 | 10,991 | 8,656  | 5,577 | 794   | 23 | 979 | 27,020 |
| At 31 December 2016                    | 11,863 | 10,478 | 6,843 | 1,075 | 17 | 18  | 30,294 |

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

As at 31 December 2016 the Group had assets under finance leases with a net book value amounting to Baht 789 million (2015: Baht 564 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 2016 amounted to Baht 5,569 million (2015: Baht 4,980 million) in the consolidated financial statements and Baht 5,511 million (2015: Baht 4,922 million) in the separate financial statements respectively.

### 11 Leasehold rights

|                                  | <b>Consolidated/ Separate<br/>financial statements</b> |              |
|----------------------------------|--------------------------------------------------------|--------------|
|                                  | 2016                                                   | 2015         |
|                                  | <i>(in million Baht)</i>                               |              |
| <b>Cost</b>                      |                                                        |              |
| At 1 January                     | 2,433                                                  | 1,839        |
| Additions                        | 270                                                    | 594          |
| <b>At 31 December</b>            | <b>2,703</b>                                           | <b>2,433</b> |
| <b>Accumulated amortisation</b>  |                                                        |              |
| At 1 January                     | (520)                                                  | (447)        |
| Amortisation charge for the year | (95)                                                   | (73)         |
| <b>At 31 December</b>            | <b>(615)</b>                                           | <b>(520)</b> |
| <b>Net book value</b>            |                                                        |              |
| <b>At 1 January</b>              |                                                        |              |
| - Current portion                | 78                                                     | 56           |
| - Non-current portion            | 1,835                                                  | 1,336        |
| <b>Total</b>                     | <b>1,913</b>                                           | <b>1,392</b> |
| <b>At 31 December</b>            |                                                        |              |
| - Current portion                | 94                                                     | 78           |
| - Non-current portion            | 1,994                                                  | 1,835        |
| <b>Total</b>                     | <b>2,088</b>                                           | <b>1,913</b> |

### 12 Other intangible assets

|                                               | <b>Consolidated financial statements</b> |                                              |              |
|-----------------------------------------------|------------------------------------------|----------------------------------------------|--------------|
|                                               | Computer<br>software                     | Computer<br>software<br>under<br>development | Total        |
|                                               | <i>(in million Baht)</i>                 |                                              |              |
| <b>Cost</b>                                   |                                          |                                              |              |
| At 1 January 2015                             | 335                                      | 576                                          | 911          |
| Additions                                     | 21                                       | 467                                          | 488          |
| Transfers                                     | 1,030                                    | (1,030)                                      | -            |
| Write-off                                     | (2)                                      | -                                            | (2)          |
| <b>At 31 December 2015 and 1 January 2016</b> | <b>1,384</b>                             | <b>13</b>                                    | <b>1,397</b> |
| Additions                                     | 60                                       | 143                                          | 203          |
| Transfers                                     | 6                                        | (6)                                          | -            |
| <b>At 31 December 2016</b>                    | <b>1,450</b>                             | <b>150</b>                                   | <b>1,600</b> |

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

### Consolidated financial statements (Continued)

|                                               | Computer<br>software | Computer<br>software<br>under<br>development<br>(in million Baht) | Total        |
|-----------------------------------------------|----------------------|-------------------------------------------------------------------|--------------|
| <b>Accumulated amortisation</b>               |                      |                                                                   |              |
| At 1 January 2015                             | (231)                | -                                                                 | (231)        |
| Amortisation charge for the year              | (73)                 | -                                                                 | (73)         |
| Write-off                                     | 2                    | -                                                                 | 2            |
| <b>At 31 December 2015 and 1 January 2016</b> | <b>(302)</b>         | <b>-</b>                                                          | <b>(302)</b> |
| Amortisation charge for the year              | (144)                | -                                                                 | (144)        |
| <b>At 31 December 2016</b>                    | <b>(446)</b>         | <b>-</b>                                                          | <b>(446)</b> |
| <b>Net book value</b>                         |                      |                                                                   |              |
| At 1 January 2015                             | 104                  | 576                                                               | 680          |
| At 31 December 2015 and 1 January 2016        | 1,082                | 13                                                                | 1,095        |
| At 31 December 2016                           | 1,004                | 150                                                               | 1,154        |

### Separate financial statements

|                                               | Computer<br>software | Computer<br>software<br>under<br>development<br>(in million Baht) | Total        |
|-----------------------------------------------|----------------------|-------------------------------------------------------------------|--------------|
| <b>Cost</b>                                   |                      |                                                                   |              |
| At 1 January 2015                             | 304                  | 572                                                               | 876          |
| Additions                                     | 20                   | 467                                                               | 487          |
| Transfers                                     | 1,026                | (1,026)                                                           | -            |
| Write-off                                     | (1)                  | -                                                                 | (1)          |
| <b>At 31 December 2015 and 1 January 2016</b> | <b>1,349</b>         | <b>13</b>                                                         | <b>1,362</b> |
| Additions                                     | 59                   | 143                                                               | 202          |
| Transfers                                     | 6                    | (6)                                                               | -            |
| <b>At 31 December 2016</b>                    | <b>1,414</b>         | <b>150</b>                                                        | <b>1,564</b> |
| <b>Accumulated amortisation</b>               |                      |                                                                   |              |
| At 1 January 2015                             | (207)                | -                                                                 | (207)        |
| Amortisation charge for the year              | (70)                 | -                                                                 | (70)         |
| Write-off                                     | 1                    | -                                                                 | 1            |
| <b>At 31 December 2015 and 1 January 2016</b> | <b>(276)</b>         | <b>-</b>                                                          | <b>(276)</b> |
| Amortisation charge for the year              | (142)                | -                                                                 | (142)        |
| <b>At 31 December 2016</b>                    | <b>(418)</b>         | <b>-</b>                                                          | <b>(418)</b> |
| <b>Net book value</b>                         |                      |                                                                   |              |
| At 1 January 2015                             | 97                   | 572                                                               | 669          |
| At 31 December 2015 and 1 January 2016        | 1,073                | 13                                                                | 1,086        |
| At 31 December 2016                           | 996                  | 150                                                               | 1,146        |

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 2016 amounted to Baht 266 million (2015: Baht 190 million) in the consolidated financial statements and Baht 243 million (2015: Baht 169 million) in the separate financial statements respectively.

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

### 13 Deferred income tax

Deferred tax assets and liabilities as at 31 December 2016 and 2015 were as follows:

|                                | <b>Consolidated<br/>financial statements</b> |            | <b>Separate<br/>financial statements</b> |            |
|--------------------------------|----------------------------------------------|------------|------------------------------------------|------------|
|                                | 2016                                         | 2015       | 2016                                     | 2015       |
|                                | <i>(in million Baht)</i>                     |            |                                          |            |
| Deferred tax assets            | 468                                          | 380        | 459                                      | 373        |
| Deferred tax liabilities       | (158)                                        | (113)      | (158)                                    | (113)      |
| <b>Net deferred tax assets</b> | <b>310</b>                                   | <b>267</b> | <b>301</b>                               | <b>260</b> |

Movements in deferred tax assets and liabilities during the years ended 31 December 2016 and 2015 were as follows:

|                                 | <b>Consolidated financial statements</b> |                          |                      |                 |
|---------------------------------|------------------------------------------|--------------------------|----------------------|-----------------|
|                                 | <b>(Charged)/ credited to</b>            |                          |                      |                 |
|                                 | <b>At 1</b>                              | <b>profit</b>            | <b>other</b>         | <b>At 31</b>    |
|                                 | <b>January</b>                           | <b>or</b>                | <b>comprehensive</b> | <b>December</b> |
|                                 | <b>2016</b>                              | <b>loss</b>              | <b>income</b>        | <b>2016</b>     |
|                                 |                                          | <i>(Note 22)</i>         |                      |                 |
|                                 |                                          | <i>(in million Baht)</i> |                      |                 |
| <b>Deferred tax assets</b>      |                                          |                          |                      |                 |
| Inventories                     | 113                                      | 18                       | -                    | 131             |
| Property, plant and equipment   | 42                                       | (13)                     | -                    | 29              |
| Finance lease liabilities       | 121                                      | 48                       | -                    | 169             |
| Employee benefit obligations    | 92                                       | 10                       | 3                    | 105             |
| Other                           | 12                                       | 22                       | -                    | 34              |
| <b>Total</b>                    | <b>380</b>                               | <b>85</b>                | <b>3</b>             | <b>468</b>      |
| <b>Deferred tax liabilities</b> |                                          |                          |                      |                 |
| Property, plant and equipment   | (113)                                    | (45)                     | -                    | (158)           |
| <b>Total</b>                    | <b>(113)</b>                             | <b>(45)</b>              | <b>-</b>             | <b>(158)</b>    |
| <b>Net</b>                      | <b>267</b>                               | <b>40</b>                | <b>3</b>             | <b>310</b>      |

|                               | <b>Consolidated financial statements</b> |                          |                      |                 |
|-------------------------------|------------------------------------------|--------------------------|----------------------|-----------------|
|                               | <b>(Charged)/ credited to</b>            |                          |                      |                 |
|                               | <b>At 1</b>                              | <b>profit</b>            | <b>other</b>         | <b>At 31</b>    |
|                               | <b>January</b>                           | <b>or</b>                | <b>comprehensive</b> | <b>December</b> |
|                               | <b>2015</b>                              | <b>loss</b>              | <b>income</b>        | <b>2015</b>     |
|                               |                                          | <i>(Note 22)</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>      |

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

| <b>Consolidated financial statements (Continued)</b> |                               |                      |                 |
|------------------------------------------------------|-------------------------------|----------------------|-----------------|
|                                                      | <b>(Charged)/ credited to</b> |                      |                 |
|                                                      | <b>profit</b>                 | <b>other</b>         |                 |
| <b>At 1</b>                                          | <b>or</b>                     | <b>comprehensive</b> | <b>At 31</b>    |
| <b>January</b>                                       | <b>loss</b>                   | <b>income</b>        | <b>December</b> |
| <b>2015</b>                                          | <b>(Note 22)</b>              |                      | <b>2015</b>     |
|                                                      | <b>(in million Baht)</b>      |                      |                 |
| <b>Deferred tax liabilities</b>                      |                               |                      |                 |
| Property, plant and equipment                        | (103)                         | -                    | (113)           |
| <b>Total</b>                                         | <b>(103)</b>                  | <b>-</b>             | <b>(113)</b>    |
| <b>Net</b>                                           | <b>287</b>                    | <b>6</b>             | <b>267</b>      |
| <b>Separate financial statements</b>                 |                               |                      |                 |
|                                                      | <b>(Charged)/ credited to</b> |                      |                 |
|                                                      | <b>profit</b>                 | <b>other</b>         |                 |
| <b>At 1</b>                                          | <b>or</b>                     | <b>comprehensive</b> | <b>At 31</b>    |
| <b>January</b>                                       | <b>loss</b>                   | <b>income</b>        | <b>December</b> |
| <b>2016</b>                                          | <b>(Note 22)</b>              |                      | <b>2016</b>     |
|                                                      | <b>(in million Baht)</b>      |                      |                 |
| <b>Deferred tax assets</b>                           |                               |                      |                 |
| Inventories                                          | 109                           | -                    | 125             |
| Property, plant and equipment                        | 42                            | -                    | 29              |
| Finance lease liabilities                            | 121                           | -                    | 169             |
| Employee benefit obligations                         | 90                            | 2                    | 103             |
| Other                                                | 11                            | -                    | 33              |
| <b>Total</b>                                         | <b>373</b>                    | <b>2</b>             | <b>459</b>      |
| <b>Deferred tax liabilities</b>                      |                               |                      |                 |
| Property, plant and equipment                        | (113)                         | -                    | (158)           |
| <b>Total</b>                                         | <b>(113)</b>                  | <b>-</b>             | <b>(158)</b>    |
| <b>Net</b>                                           | <b>260</b>                    | <b>2</b>             | <b>301</b>      |
| <b>Separate financial statements</b>                 |                               |                      |                 |
|                                                      | <b>(Charged)/ credited to</b> |                      |                 |
|                                                      | <b>profit</b>                 | <b>other</b>         |                 |
| <b>At 1</b>                                          | <b>or</b>                     | <b>comprehensive</b> | <b>At 31</b>    |
| <b>January</b>                                       | <b>loss</b>                   | <b>income</b>        | <b>December</b> |
| <b>2015</b>                                          | <b>(Note 22)</b>              |                      | <b>2015</b>     |
|                                                      | <b>(in million Baht)</b>      |                      |                 |
| <b>Deferred tax assets</b>                           |                               |                      |                 |
| Inventories                                          | 144                           | -                    | 109             |
| Property, plant and equipment                        | 43                            | -                    | 42              |
| Finance lease liabilities                            | 108                           | -                    | 121             |
| Employee benefit obligations                         | 77                            | 6                    | 90              |
| Other                                                | 11                            | -                    | 11              |
| <b>Total</b>                                         | <b>383</b>                    | <b>6</b>             | <b>373</b>      |
| <b>Deferred tax liabilities</b>                      |                               |                      |                 |
| Property, plant and equipment                        | (103)                         | -                    | (113)           |
| <b>Total</b>                                         | <b>(103)</b>                  | <b>-</b>             | <b>(113)</b>    |
| <b>Net</b>                                           | <b>280</b>                    | <b>6</b>             | <b>260</b>      |



SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

### 14 Interest-bearing liabilities

|                                                                                |      | Consolidated<br>financial statements |              | Separate<br>financial statements |              |
|--------------------------------------------------------------------------------|------|--------------------------------------|--------------|----------------------------------|--------------|
|                                                                                | Note | 2016                                 | 2015         | 2016                             | 2015         |
|                                                                                |      | <i>(in million Baht)</i>             |              |                                  |              |
| <b>Current</b>                                                                 |      |                                      |              |                                  |              |
| Short-term borrowings from financial institutions                              |      |                                      |              |                                  |              |
| Promissory notes - unsecured                                                   |      | 3,080                                | 2,210        | 3,080                            | 2,180        |
| Liabilities under trust receipts - unsecured                                   |      | 232                                  | 312          | -                                | -            |
| Short-term borrowings - unsecured                                              |      | 111                                  | 92           | -                                | -            |
| <b>Total</b>                                                                   |      | <b>3,423</b>                         | <b>2,614</b> | <b>3,080</b>                     | <b>2,180</b> |
| Short-term borrowing from subsidiary - unsecured                               | 5    | -                                    | -            | 405                              | 25           |
| <b>Total</b>                                                                   |      | <b>-</b>                             | <b>-</b>     | <b>405</b>                       | <b>25</b>    |
| Current portion of long-term borrowings from financial institution - unsecured |      | 2,000                                | -            | 2,000                            | -            |
| <b>Total</b>                                                                   |      | <b>2,000</b>                         | <b>-</b>     | <b>2,000</b>                     | <b>-</b>     |
| Current portion of finance lease liabilities                                   |      | 101                                  | 80           | 101                              | 80           |
| <b>Total</b>                                                                   |      | <b>101</b>                           | <b>80</b>    | <b>101</b>                       | <b>80</b>    |
| <b>Total current</b>                                                           |      | <b>5,524</b>                         | <b>2,694</b> | <b>5,586</b>                     | <b>2,285</b> |
| <b>Non-current</b>                                                             |      |                                      |              |                                  |              |
| Long-term borrowings from financial institution - unsecured                    |      | 2,000                                | 4,000        | 2,000                            | 4,000        |
| Finance lease liabilities                                                      |      | 745                                  | 525          | 745                              | 525          |
| <b>Total non-current</b>                                                       |      | <b>2,745</b>                         | <b>4,525</b> | <b>2,745</b>                     | <b>4,525</b> |
| <b>Grand total</b>                                                             |      | <b>8,269</b>                         | <b>7,219</b> | <b>8,331</b>                     | <b>6,810</b> |

The periods to maturity of interest-bearing liabilities, excluding liabilities under finance leases, as at 31 December 2016 and 2015 were as follows:

|                                      | Consolidated<br>financial statements |              | Separate<br>financial statements |              |
|--------------------------------------|--------------------------------------|--------------|----------------------------------|--------------|
|                                      | 2016                                 | 2015         | 2016                             | 2015         |
|                                      | <i>(in million Baht)</i>             |              |                                  |              |
| Within one year                      | 5,423                                | 2,614        | 5,485                            | 2,205        |
| After one year but within five years | 2,000                                | 4,000        | 2,000                            | 4,000        |
| <b>Total</b>                         | <b>7,423</b>                         | <b>6,614</b> | <b>7,485</b>                     | <b>6,205</b> |

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

### *Short-term borrowings from financial institutions*

Movements during the years ended 31 December 2016 and 2015 were as follows:

|                                                                                                                                               | <b>Consolidated<br/>financial statements</b> |              | <b>Separate<br/>financial statements</b> |              |
|-----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|--------------|------------------------------------------|--------------|
|                                                                                                                                               | 2016                                         | 2015         | 2016                                     | 2015         |
|                                                                                                                                               | <i>(in million Baht)</i>                     |              |                                          |              |
| At 1 January                                                                                                                                  | 2,614                                        | 3,226        | 2,180                                    | 3,000        |
| Increases (decreases)                                                                                                                         | 807                                          | (615)        | 900                                      | (820)        |
| Unrealised loss on exchange rates<br>from translation of outstanding<br>borrowings balance of U.S. Dollar<br>and Vietnamese Dong to Thai Baht | 2                                            | 3            | -                                        | -            |
| <b>At 31 December</b>                                                                                                                         | <b>3,423</b>                                 | <b>2,614</b> | <b>3,080</b>                             | <b>2,180</b> |

As at 31 December 2016 the Group had promissory notes issued to local financial institutions denominated in Thai Baht which bear interest at the rate 1.70% per annum (2015: ranging from 1.72% to 2.51% per annum) and mature at call.

As at 31 December 2016 the Group had liabilities under trust receipts with local financial institutions which bear interest rates ranging from 2.07% to 2.18% per annum (2015: ranging from 2.65% to 2.70% per annum).

As at 31 December 2016 the Group had short-term borrowings from foreign financial institutions denominated in U.S. Dollar and Vietnamese Dong which bear interest rates ranging from 2.90% to 6.65% per annum and mature within June 2017.

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 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 and mature within March 2016.

### *Finance lease liabilities*

Details of finance leases liabilities as at 31 December 2016 and 2015 were as follows:

|                                      | <b>Consolidated/ Separate financial statements</b> |              |                                                                                 |                                        |              |                                                     |
|--------------------------------------|----------------------------------------------------|--------------|---------------------------------------------------------------------------------|----------------------------------------|--------------|-----------------------------------------------------|
|                                      | 2016                                               |              |                                                                                 | 2015                                   |              |                                                     |
|                                      | Future<br>minimum<br>lease<br>payments             | Interest     | Present<br>value of<br>minimum<br>Lease<br>payments<br><i>(in million Baht)</i> | Future<br>minimum<br>lease<br>payments | Interest     | Present<br>value of<br>minimum<br>lease<br>payments |
| Within one year                      | 167                                                | (66)         | 101                                                                             | 131                                    | (51)         | 80                                                  |
| After one year but<br>within 5 years | 534                                                | (179)        | 355                                                                             | 441                                    | (130)        | 311                                                 |
| After 5 years                        | 498                                                | (108)        | 390                                                                             | 251                                    | (37)         | 214                                                 |
| <b>Total</b>                         | <b>1,199</b>                                       | <b>(353)</b> | <b>846</b>                                                                      | <b>823</b>                             | <b>(218)</b> | <b>605</b>                                          |

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

As at 31 December 2016 the Company entered into finance lease contracts and the Company must comply with certain conditions as stipulated in the contracts.

**Long-term borrowings from financial institution**

Movements during the years ended 31 December 2016 and 2015 were as follows:

|                       | <b>Consolidated<br/>financial statements</b> |              | <b>Separate<br/>financial statements</b> |              |
|-----------------------|----------------------------------------------|--------------|------------------------------------------|--------------|
|                       | 2016                                         | 2015         | 2016                                     | 2015         |
|                       | <i>(in million Baht)</i>                     |              |                                          |              |
| At 1 January          | 4,000                                        | 2,000        | 4,000                                    | 2,000        |
| Increases             | -                                            | 2,000        | -                                        | 2,000        |
| <b>At 31 December</b> | <b>4,000</b>                                 | <b>4,000</b> | <b>4,000</b>                             | <b>4,000</b> |

As at 31 December 2016 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<br/>financial statements</b> |            | <b>Separate<br/>financial statements</b> |            |
|----------------------------------------|----------------------------------------------|------------|------------------------------------------|------------|
|                                        | 2016                                         | 2015       | 2016                                     | 2015       |
|                                        | <i>(in million Baht)</i>                     |            |                                          |            |
| <b>As at 31 December</b>               |                                              |            |                                          |            |
| <b>Statement of financial position</b> |                                              |            |                                          |            |
| <b>Obligations for:</b>                |                                              |            |                                          |            |
| Define benefit plans                   | 526                                          | 462        | 514                                      | 452        |
| <b>Total</b>                           | <b>526</b>                                   | <b>462</b> | <b>514</b>                               | <b>452</b> |

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

|                                                  | Consolidated<br>financial statements |           | Separate<br>financial statements |           |
|--------------------------------------------------|--------------------------------------|-----------|----------------------------------|-----------|
|                                                  | 2016                                 | 2015      | 2016                             | 2015      |
|                                                  | (in million Baht)                    |           |                                  |           |
| <b>Year ended 31 December</b>                    |                                      |           |                                  |           |
| <b>Statement of income</b>                       |                                      |           |                                  |           |
| <b>Recognised in profit or loss:</b>             |                                      |           |                                  |           |
| Define benefit plans                             | 55                                   | 54        | 53                               | 52        |
| <b>Total</b>                                     | <b>55</b>                            | <b>54</b> | <b>53</b>                        | <b>52</b> |
| <b>Statement of comprehensive income</b>         |                                      |           |                                  |           |
| <b>Recognised in other comprehensive income:</b> |                                      |           |                                  |           |
| Actuarial losses recognised in the year          | 13                                   | 31        | 12                               | 31        |
| <b>Total</b>                                     | <b>13</b>                            | <b>31</b> | <b>12</b>                        | <b>31</b> |

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

*Pension fund benefit*

The Group operates a pension scheme for employees who joined the Company before the 1<sup>st</sup> 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

FOR THE YEAR ENDED 31 DECEMBER 2016

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

|                                                       | <b>Consolidated<br/>financial statements</b> |            | <b>Separate<br/>financial statements</b> |            |
|-------------------------------------------------------|----------------------------------------------|------------|------------------------------------------|------------|
|                                                       | 2016                                         | 2015       | 2016                                     | 2015       |
|                                                       | <i>(in million Baht)</i>                     |            |                                          |            |
| Defined benefit obligations<br>at 1 January           | 462                                          | 392        | 452                                      | 384        |
| <b>Included in profit or loss:</b>                    |                                              |            |                                          |            |
| Current service costs                                 | 42                                           | 41         | 41                                       | 39         |
| Interest on obligation                                | 13                                           | 12         | 12                                       | 12         |
| <b>Included in other comprehensive<br/>income:</b>    |                                              |            |                                          |            |
| Defined benefit plan actuarial losses                 | 13                                           | 31         | 12                                       | 31         |
| <b>Other</b>                                          |                                              |            |                                          |            |
| Benefits paid by the plan                             | (4)                                          | (14)       | (3)                                      | (14)       |
| <b>Defined benefit obligations at<br/>31 December</b> | <b>526</b>                                   | <b>462</b> | <b>514</b>                               | <b>452</b> |

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

|                        | <b>Consolidated<br/>financial statements</b> |           | <b>Separate<br/>financial statements</b> |           |
|------------------------|----------------------------------------------|-----------|------------------------------------------|-----------|
|                        | 2016                                         | 2015      | 2016                                     | 2015      |
|                        | <i>(in million Baht)</i>                     |           |                                          |           |
| Changes in assumptions | (5)                                          | 21        | (7)                                      | 21        |
| Experience adjustments | 18                                           | 10        | 19                                       | 10        |
| <b>Total</b>           | <b>13</b>                                    | <b>31</b> | <b>12</b>                                | <b>31</b> |

### *Actuarial assumptions*

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

|                      | <b>Consolidated<br/>financial statements</b> |            | <b>Separate<br/>financial statements</b> |             |
|----------------------|----------------------------------------------|------------|------------------------------------------|-------------|
|                      | 2016                                         | 2015       | 2016                                     | 2015        |
|                      | <i>(%)</i>                                   |            |                                          |             |
| Discount rate        | 2.2 - 2.7                                    | 2.8 - 3.6  | 2.2                                      | 2.8         |
| 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 | 5.0 - 50.0                               | 10.0 - 50.0 |

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2016, the weighted-average duration of the defined benefit obligations were 10 to 16 years (2015: 11 to 16 years).

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

### *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.

|                                                 | Consolidated<br>financial statements |          | Separate<br>financial statements |          |
|-------------------------------------------------|--------------------------------------|----------|----------------------------------|----------|
|                                                 | (in million Baht)                    |          | (in million Baht)                |          |
| Defined benefit obligations at 31 December 2016 | Increase                             | Decrease | Increase                         | Decrease |
| Discount rate (0.5% movement)                   | (20)                                 | 22       | (20)                             | 21       |
| Future salary growth (0.5% movement)            | 16                                   | (16)     | 16                               | (15)     |
| Withdrawal rate (0.5% movement)                 | (13)                                 | 7        | (12)                             | 6        |

|                                                 | Consolidated<br>financial statements |          | Separate<br>financial statements |          |
|-------------------------------------------------|--------------------------------------|----------|----------------------------------|----------|
|                                                 | (in million Baht)                    |          | (in million Baht)                |          |
| Defined benefit obligations at 31 December 2015 | 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<br>per share<br>(in Baht) | Number<br>of shares | Consolidated/ Separate<br>financial statements |                     | 2015  |
|---------------------------|-------------------------------------|---------------------|------------------------------------------------|---------------------|-------|
|                           |                                     |                     | 2016                                           |                     |       |
|                           |                                     |                     | Baht                                           | Number<br>of shares | 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

FOR THE YEAR ENDED 31 DECEMBER 2016

### 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 2016 and 2015 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

Revenue and results, based on segments, in the consolidated financial statements for the years ended 31 December 2016 and 2015 were as follows:

|                                                                 | Bangkok and<br>boundaries |          | Other provinces |              | Head office  |              | Total        |              | Food services |           | Other      |            | Eliminate   |             | Total        |              |
|-----------------------------------------------------------------|---------------------------|----------|-----------------|--------------|--------------|--------------|--------------|--------------|---------------|-----------|------------|------------|-------------|-------------|--------------|--------------|
|                                                                 | 2016                      | 2015     | 2016            | 2015         | 2016         | 2015         | 2016         | 2015         | 2016          | 2015      | 2016       | 2015       | 2016        | 2015        | 2016         | 2015         |
| <i>(in million Baht)</i>                                        |                           |          |                 |              |              |              |              |              |               |           |            |            |             |             |              |              |
| Interest income                                                 | -                         | -        | -               | -            | 8            | 19           | 8            | 19           | -             | -         | 1          | -          | (1)         | -           | 8            | 19           |
| Total income                                                    | 39,203                    | 39,514   | 130,645         | 113,798      | 653          | 606          | 170,501      | 153,918      | 2,794         | 2,404     | 1          | -          | (506)       | (405)       | 172,790      | 155,917      |
| Depreciation and<br>amortisation                                | 305                       | 372      | 1,441           | 1,281        | 345          | 206          | 2,091        | 1,859        | 9             | 11        | -          | -          | -           | -           | 2,100        | 1,870        |
| Profit (loss) before<br>finance costs and<br>income tax expense | 2,357                     | 2,300    | 6,346           | 6,032        | (1,781)      | (1,356)      | 6,922        | 6,976        | 150           | 118       | (7)        | (3)        | (41)        | (41)        | 7,024        | 7,050        |
| Finance costs                                                   | -                         | -        | -               | -            | (272)        | (229)        | (272)        | (229)        | (8)           | (9)       | -          | -          | 1           | 1           | (279)        | (237)        |
| Profit (loss) before<br>income tax expense                      | -                         | -        | -               | -            | 6,650        | 6,747        | 6,650        | 6,747        | 142           | 109       | (7)        | (3)        | (40)        | (40)        | 6,745        | 6,813        |
| Income tax expense                                              | -                         | -        | -               | -            | (1,302)      | (1,409)      | (1,302)      | (1,409)      | (31)          | (26)      | -          | -          | -           | -           | (1,333)      | (1,435)      |
| <b>Profit for the year</b>                                      | <b>-</b>                  | <b>-</b> | <b>5,348</b>    | <b>5,338</b> | <b>5,348</b> | <b>5,338</b> | <b>5,348</b> | <b>5,338</b> | <b>111</b>    | <b>83</b> | <b>(7)</b> | <b>(3)</b> | <b>(40)</b> | <b>(40)</b> | <b>5,412</b> | <b>5,378</b> |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

Details of assets, based on segments, in the consolidated financial statements as at 31 December 2016 and 2015 were as follows:

|                                  | Cash and carry                    |       |                         |        |                     |       | Eliminate/<br>Unallocated |               | Total         |               |
|----------------------------------|-----------------------------------|-------|-------------------------|--------|---------------------|-------|---------------------------|---------------|---------------|---------------|
|                                  | Bangkok and<br>boundaries<br>2016 | 2015  | Other provinces<br>2016 | 2015   | Head office<br>2016 | 2015  | Total<br>2016             | 2015          | 2016          | 2015          |
| Property, plant and<br>equipment | 5,467                             | 5,409 | 22,006                  | 19,379 | 2,821               | 2,232 | 30,294                    | 27,020        | 24            | 19            |
| Goodwill                         |                                   |       |                         |        |                     |       | -                         | -             | -             | -             |
| Other assets                     |                                   |       |                         |        |                     |       | 22,072                    | 20,052        | 1,119         | 1,077         |
| <b>Segment assets</b>            |                                   |       |                         |        |                     |       | <b>52,366</b>             | <b>47,072</b> | <b>1,143</b>  | <b>1,096</b>  |
| <b>as at 31 December</b>         |                                   |       |                         |        |                     |       |                           |               | <b>537</b>    | <b>34</b>     |
|                                  |                                   |       |                         |        |                     |       | <b>(1,187)</b>            | <b>(292)</b>  | <b>52,859</b> | <b>47,910</b> |

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

### 19 Employee benefit expenses

|                                      |      | Consolidated<br>financial statements |              | Separate<br>financial statements |              |
|--------------------------------------|------|--------------------------------------|--------------|----------------------------------|--------------|
|                                      | Note | 2016                                 | 2015         | 2016                             | 2015         |
|                                      |      | <i>(in million Baht)</i>             |              |                                  |              |
| Salaries, wages and bonus            |      | 3,870                                | 3,621        | 3,751                            | 3,509        |
| Staff welfares                       |      | 144                                  | 122          | 139                              | 117          |
| Contribution to social security fund |      | 109                                  | 98           | 106                              | 95           |
| Contribution to provident fund       |      | 73                                   | 61           | 72                               | 60           |
| Employee benefit expenses            | 15   | 55                                   | 54           | 53                               | 52           |
| Other                                |      | 52                                   | 47           | 41                               | 38           |
| <b>Total</b>                         |      | <b>4,303</b>                         | <b>4,003</b> | <b>4,162</b>                     | <b>3,871</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.

### 20 Expenses by nature

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

|                                                                                  |      | Consolidated<br>financial statements |                | Separate<br>financial statements |                |
|----------------------------------------------------------------------------------|------|--------------------------------------|----------------|----------------------------------|----------------|
|                                                                                  | Note | 2016                                 | 2015           | 2016                             | 2015           |
|                                                                                  |      | <i>(in million Baht)</i>             |                |                                  |                |
| Changes in inventories of finished goods                                         |      | (531)                                | (2,326)        | (535)                            | (2,213)        |
| Purchase of finished goods and other related costs                               |      | 154,253                              | 140,263        | 152,401                          | 138,517        |
| Depreciation                                                                     | 10   | 1,861                                | 1,725          | 1,854                            | 1,716          |
| Amortisation - leasehold rights                                                  | 11   | 95                                   | 73             | 95                               | 73             |
| Amortisation - other intangible assets                                           | 12   | 144                                  | 73             | 142                              | 70             |
| Employee benefit expenses                                                        | 19   | 4,303                                | 4,003          | 4,162                            | 3,871          |
| Utilities expenses                                                               |      | 1,984                                | 1,811          | 1,969                            | 1,796          |
| Advertising and sale promotion expenses                                          |      | 802                                  | 827            | 787                              | 815            |
| Rental expenses                                                                  |      | 486                                  | 335            | 459                              | 313            |
| Computer expenses                                                                |      | 304                                  | 204            | 296                              | 196            |
| Maintenance and repair expenses                                                  |      | 219                                  | 203            | 214                              | 199            |
| Trademark fees                                                                   |      | 172                                  | 169            | 172                              | 169            |
| Other                                                                            |      | 1,674                                | 1,507          | 1,564                            | 1,421          |
| <b>Total cost of sale of goods, selling expenses and administrative expenses</b> |      | <b>165,766</b>                       | <b>148,867</b> | <b>163,580</b>                   | <b>146,943</b> |

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

### 21 Finance costs

|                                                | Consolidated<br>financial statements |            | Separate<br>financial statements |            |
|------------------------------------------------|--------------------------------------|------------|----------------------------------|------------|
|                                                | 2016                                 | 2015       | 2016                             | 2015       |
|                                                | <i>(in million Baht)</i>             |            |                                  |            |
| <b>Finance costs paid to:</b>                  |                                      |            |                                  |            |
| Financial institutions                         | 218                                  | 188        | 211                              | 180        |
| Other parties under finance<br>lease contracts | 61                                   | 49         | 61                               | 49         |
| <b>Total</b>                                   | <b>279</b>                           | <b>237</b> | <b>272</b>                       | <b>229</b> |

### 22 Income tax expense

#### *Income tax recognised in profit or loss*

|                                       |      | Consolidated<br>financial statements |              | Separate<br>financial statements |              |
|---------------------------------------|------|--------------------------------------|--------------|----------------------------------|--------------|
|                                       | Note | 2016                                 | 2015         | 2016                             | 2015         |
|                                       |      | <i>(in million Baht)</i>             |              |                                  |              |
| <b>Current tax</b>                    |      |                                      |              |                                  |              |
| Current year                          |      | 1,389                                | 1,412        | 1,357                            | 1,386        |
| Over provided in prior years          |      | (15)                                 | (3)          | (15)                             | (3)          |
|                                       |      | <b>1,374</b>                         | <b>1,409</b> | <b>1,342</b>                     | <b>1,383</b> |
| <b>Deferred income tax</b>            |      |                                      |              |                                  |              |
| Movements in temporary<br>differences | 13   | (40)                                 | 26           | (39)                             | 26           |
|                                       |      | <b>(40)</b>                          | <b>26</b>    | <b>(39)</b>                      | <b>26</b>    |
| <b>Total</b>                          |      | <b>1,334</b>                         | <b>1,435</b> | <b>1,303</b>                     | <b>1,409</b> |

#### *Income tax recognised in other comprehensive income*

|                  | Consolidated financial statements |                          |               |               |               |               |
|------------------|-----------------------------------|--------------------------|---------------|---------------|---------------|---------------|
|                  |                                   | 2016                     |               | 2015          |               |               |
|                  | Before<br>tax                     | Tax<br>income            | Net of<br>tax | Before<br>tax | Tax<br>income | Net of<br>tax |
|                  |                                   | <i>(in million Baht)</i> |               |               |               |               |
| Actuarial losses | 13                                | (3)                      | 10            | 31            | (6)           | 25            |
| <b>Total</b>     | <b>13</b>                         | <b>(3)</b>               | <b>10</b>     | <b>31</b>     | <b>(6)</b>    | <b>25</b>     |

|                  | Separate financial statements |                          |               |               |               |               |
|------------------|-------------------------------|--------------------------|---------------|---------------|---------------|---------------|
|                  |                               | 2016                     |               | 2015          |               |               |
|                  | Before<br>tax                 | Tax<br>income            | Net of<br>tax | Before<br>tax | Tax<br>income | Net of<br>tax |
|                  |                               | <i>(in million Baht)</i> |               |               |               |               |
| Actuarial losses | 12                            | (2)                      | 10            | 31            | (6)           | 25            |
| <b>Total</b>     | <b>12</b>                     | <b>(2)</b>               | <b>10</b>     | <b>31</b>     | <b>(6)</b>    | <b>25</b>     |

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

### *Reconciliation of effective tax rate*

|                                                   | Rate<br>(%) | Consolidated financial statements |                           |
|---------------------------------------------------|-------------|-----------------------------------|---------------------------|
|                                                   |             | 2016<br>(in million Baht)         | 2015<br>(in million Baht) |
| Profit before income tax expense                  |             | 6,745                             | 6,813                     |
| Income tax using the Thai corporation tax rate    | 20.0        | 1,349                             | 1,363                     |
| Income not subject to tax                         | (0.1)       | (4)                               | -                         |
| Expense can be deductible for tax purposes        | (0.9)       | (62)                              | -                         |
| Expense not deductible for tax purposes           | 0.9         | 62                                | 71                        |
| Over provided in prior years                      | (0.2)       | (15)                              | (3)                       |
| Recognition of previously unrecognised tax losses | 0.1         | 4                                 | 4                         |
| <b>Total</b>                                      | <b>19.8</b> | <b>1,334</b>                      | <b>1,435</b>              |

|                                                | Rate<br>(%) | Separate financial statements |                           |
|------------------------------------------------|-------------|-------------------------------|---------------------------|
|                                                |             | 2016<br>(in million Baht)     | 2015<br>(in million Baht) |
| Profit before income tax expense               |             | 6,650                         | 6,747                     |
| Income tax using the Thai corporation tax rate | 20.0        | 1,330                         | 1,349                     |
| Income not subject to tax                      | (0.2)       | (12)                          | (8)                       |
| Expense can be deductible for tax purposes     | (0.9)       | (62)                          | -                         |
| Expense not deductible for tax purposes        | 0.9         | 62                            | 71                        |
| Over provided in prior years                   | (0.2)       | (15)                          | (3)                       |
| <b>Total</b>                                   | <b>19.6</b> | <b>1,303</b>                  | <b>1,409</b>              |

### *Income tax reduction*

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

## 23 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2016 and 2015 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:



SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

|                                                                               | Consolidated<br>financial statements       |              | Separate<br>financial statements |              |
|-------------------------------------------------------------------------------|--------------------------------------------|--------------|----------------------------------|--------------|
|                                                                               | 2016                                       | 2015         | 2016                             | 2015         |
|                                                                               | <i>(in million Baht /in million share)</i> |              |                                  |              |
| <b>Profit for the year attributable to equity holders of the Company</b>      | <b>5,413</b>                               | <b>5,378</b> | <b>5,348</b>                     | <b>5,338</b> |
| <b>Weighted average number of ordinary shares outstanding during the year</b> | <b>4,800</b>                               | <b>4,800</b> | <b>4,800</b>                     | <b>4,800</b> |
| <b>Basic earnings per share (in Baht)</b>                                     | <b>1.13</b>                                | <b>1.12</b>  | <b>1.11</b>                      | <b>1.11</b>  |

### 24 Dividends

At the annual general meeting of the shareholders of the Company held on 20 April 2016, the Company's shareholders approved a resolution to pay the 2015 annual dividends of Baht 0.45 per share for 4,800 million ordinary shares, totaling Baht 2,160 million, from the profit for the year 2015. The dividends were paid to the Company's shareholders on 18 May 2016.

At the Board of Directors' meeting of the Company held on 8 August 2016, the Company's Board of Directors approved a resolution to pay the interim dividends of Baht 0.36 per share for 4,800 million ordinary shares, totaling Baht 1,728 million, from the profit for the six-month period ended 30 June 2016. The dividends were paid to the Company's shareholders on 6 September 2016.

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.

### 25 Financial instruments

#### *Financial risk management policies*

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

#### *Capital management*

The objectives of the 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.

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

### *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 interest-bearing liabilities as at 31 December 2016 and 2015 and the periods in which interest-bearing liabilities mature were as follows:

|                                                                      | Consolidated financial statements |               |                                                      |               |       |
|----------------------------------------------------------------------|-----------------------------------|---------------|------------------------------------------------------|---------------|-------|
|                                                                      | Effective interest rate (%)       | Within 1 year | After 1 year but within 5 years<br>(in million Baht) | After 5 years | Total |
| 2016                                                                 |                                   |               |                                                      |               |       |
| Current                                                              |                                   |               |                                                      |               |       |
| - Promissory notes                                                   | 1.70                              | 3,080         | -                                                    | -             | 3,080 |
| - Liabilities under trust receipts                                   | 2.07 - 2.18                       | 232           | -                                                    | -             | 232   |
| - Short-term borrowings from financial institutions                  | 2.90 - 6.65                       | 111           | -                                                    | -             | 111   |
| - Current portion of long-term borrowings from financial institution | Fixed rate                        | 2,000         | -                                                    | -             | 2,000 |
| - Current portion of finance leases liabilities                      | 9.00                              | 101           | -                                                    | -             | 101   |
| Total                                                                |                                   | 5,524         | -                                                    | -             | 5,524 |
| Non-current                                                          |                                   |               |                                                      |               |       |
| - Long-term borrowings from financial institution                    | Fixed rate                        | -             | 2,000                                                | -             | 2,000 |
| - Finance lease liabilities                                          | 9.00                              | -             | 355                                                  | 390           | 745   |
| Total                                                                |                                   | -             | 2,355                                                | 390           | 2,745 |
| 2015                                                                 |                                   |               |                                                      |               |       |
| Current                                                              |                                   |               |                                                      |               |       |
| - 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    |
| Total                                                                |                                   | 2,694         | -                                                    | -             | 2,694 |

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

| <b>Consolidated financial statements (Continued)</b>                       |                                      |                  |                                                            |                  |              |
|----------------------------------------------------------------------------|--------------------------------------|------------------|------------------------------------------------------------|------------------|--------------|
|                                                                            | Effective<br>interest<br>rate<br>(%) | Within 1<br>year | After 1 year<br>but within 5<br>years<br>(in million Baht) | After 5<br>years | Total        |
| <b>Non-current</b>                                                         |                                      |                  |                                                            |                  |              |
| - Long-term borrowings<br>from financial<br>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>Separate financial statements</b>                                       |                                      |                  |                                                            |                  |              |
|                                                                            | Effective<br>interest<br>rate<br>(%) | Within 1<br>year | After 1 year<br>but within 5<br>years<br>(in million Baht) | After 5<br>years | Total        |
| <b>2016</b>                                                                |                                      |                  |                                                            |                  |              |
| <b>Current</b>                                                             |                                      |                  |                                                            |                  |              |
| - Promissory notes                                                         | 1.70                                 | 3,080            | -                                                          | -                | 3,080        |
| - Short-term borrowing from<br>subsidiary                                  | 1.70                                 | 405              | -                                                          | -                | 405          |
| - Current portion of<br>long-term borrowings<br>from financial institution | Fixed rate                           | 2,000            | -                                                          | -                | 2,000        |
| - Current portion of finance<br>leases liabilities                         | 9.00                                 | 101              | -                                                          | -                | 101          |
| <b>Total</b>                                                               |                                      | <b>5,586</b>     | <b>-</b>                                                   | <b>-</b>         | <b>5,586</b> |
| <b>Non-current</b>                                                         |                                      |                  |                                                            |                  |              |
| - Long-term borrowings<br>from financial<br>institution                    | Fixed rate                           | -                | 2,000                                                      | -                | 2,000        |
| - Finance lease liabilities                                                | 9.00                                 | -                | 355                                                        | 390              | 745          |
| <b>Total</b>                                                               |                                      | -                | <b>2,355</b>                                               | <b>390</b>       | <b>2,745</b> |
| <b>2015</b>                                                                |                                      |                  |                                                            |                  |              |
| <b>Current</b>                                                             |                                      |                  |                                                            |                  |              |
| - Promissory notes                                                         | 1.72 - 1.87                          | 2,180            | -                                                          | -                | 2,180        |
| - Short-term borrowing<br>from subsidiary                                  | Fixed rate                           | 25               | -                                                          | -                | 25           |
| - Current portion of finance<br>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<br>from financial<br>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> |

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

### *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 of goods, denominated in foreign currencies, for the subsequent period.

At 31 December 2016 and 2015 the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

|                                                          |                    | <b>Consolidated<br/>financial statements</b> |       | <b>Separate<br/>financial statements</b> |       |
|----------------------------------------------------------|--------------------|----------------------------------------------|-------|------------------------------------------|-------|
|                                                          |                    | 2016                                         | 2015  | 2016                                     | 2015  |
|                                                          |                    | <i>(in million Baht)</i>                     |       |                                          |       |
|                                                          |                    | Foreign currency                             |       |                                          |       |
| <b>Cash and cash equivalents</b>                         |                    |                                              |       |                                          |       |
| Foreign currency                                         | U.S. Dollar        | 68                                           | -     | -                                        | -     |
|                                                          | Vietnamese Dong    | 11                                           | 5     | -                                        | -     |
| <b>Trade and other accounts receivable</b>               |                    |                                              |       |                                          |       |
| Foreign currency                                         | Vietnamese Dong    | 29                                           | 24    | -                                        | -     |
|                                                          | U.S. Dollar        | -                                            | -     | 1                                        | -     |
| <b>Other current assets</b>                              |                    |                                              |       |                                          |       |
| Foreign currency                                         | Vietnamese Dong    | 2                                            | 5     | -                                        | -     |
|                                                          | Myanmar Kyat       | 1                                            | 1     | -                                        | -     |
| <b>Short-term borrowings from financial institutions</b> |                    |                                              |       |                                          |       |
| Foreign currency                                         | U.S. Dollar        | 107                                          | 67    | -                                        | -     |
|                                                          | Vietnamese Dong    | 3                                            | -     | -                                        | -     |
| <b>Trade and other accounts payable</b>                  |                    |                                              |       |                                          |       |
| Foreign currency                                         | U.S. Dollar        | 599                                          | 526   | 511                                      | 457   |
|                                                          | Euro               | 100                                          | 63    | 68                                       | 45    |
|                                                          | Pound Sterling     | 31                                           | 13    | -                                        | -     |
|                                                          | Australian Dollar  | 27                                           | 56    | 17                                       | 15    |
|                                                          | Vietnamese Dong    | 3                                            | 4     | -                                        | -     |
|                                                          | New Zealand Dollar | -                                            | 3     | -                                        | 3     |
| Forward currency contracts                               | U.S. Dollar        | 195                                          | 1,047 | 195                                      | 1,041 |
|                                                          | Euro               | 34                                           | 4     | 32                                       | 4     |
|                                                          | Australian Dollar  | 12                                           | 4     | 5                                        | 4     |
|                                                          | Pound Sterling     | -                                            | 22    | -                                        | -     |
| <b>Other current liabilities</b>                         |                    |                                              |       |                                          |       |
| Foreign currency                                         | Vietnamese Dong    | 3                                            | 3     | -                                        | -     |
|                                                          | U.S. Dollar        | 1                                            | -     | -                                        | -     |

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

### *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.

### *Carrying amounts and fair values*

The following table shows the carrying amounts and fair values of financial assets and financial liabilities including their level in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

|                                                                                 |                    | Consolidated/ Separate<br>financial statements |         |         |       |
|---------------------------------------------------------------------------------|--------------------|------------------------------------------------|---------|---------|-------|
|                                                                                 | Carrying<br>amount | Fair value                                     |         |         |       |
|                                                                                 |                    | Level 1                                        | Level 2 | Level 3 | Total |
|                                                                                 |                    | (in million Baht)                              |         |         |       |
| <b>31 December 2016</b>                                                         |                    |                                                |         |         |       |
| <b><i>Financial assets/Financial liabilities not measured at fair value</i></b> |                    |                                                |         |         |       |
| <b><i>Current</i></b>                                                           |                    |                                                |         |         |       |
| Current portion of long-term borrowings from financial institution              | 2,000              | -                                              | 2,019   | -       | 2,019 |
| Current portion of finance lease liabilities                                    | 101                | -                                              | 162     | -       | 162   |
| <b><i>Non-current</i></b>                                                       |                    |                                                |         |         |       |
| Long-term borrowings from financial institution                                 | 2,000              | -                                              | 2,018   | -       | 2,018 |
| Finance lease liabilities                                                       | 745                | -                                              | 847     | -       | 847   |

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

|                                                                          |                    | Consolidated/ Separate<br>financial statements |         |         |       |
|--------------------------------------------------------------------------|--------------------|------------------------------------------------|---------|---------|-------|
|                                                                          | Carrying<br>amount | Fair value                                     |         |         |       |
|                                                                          |                    | Level 1                                        | Level 2 | Level 3 | Total |
|                                                                          |                    | (in million Baht)                              |         |         |       |
| 31 December 2015                                                         |                    |                                                |         |         |       |
| <i>Financial assets/Financial liabilities not measured at fair value</i> |                    |                                                |         |         |       |
| <i>Current</i>                                                           |                    |                                                |         |         |       |
| Current portion of finance lease liabilities                             | 80                 | -                                              | 128     | -       | 128   |
| <i>Non-current</i>                                                       |                    |                                                |         |         |       |
| Long-term borrowings from financial institution                          | 4,000              | -                                              | 4,056   | -       | 4,056 |
| Finance lease liabilities                                                | 525                | -                                              | 607     | -       | 607   |

As at 31 December 2016 and 2015 the Group had total forward currency contracts - to buy as follows:

|                                     | Foreign currency | Consolidated<br>financial statements |      | Separate<br>financial statements |      |
|-------------------------------------|------------------|--------------------------------------|------|----------------------------------|------|
|                                     |                  | 2016                                 | 2015 | 2016                             | 2015 |
|                                     |                  | <i>(in million)</i>                  |      |                                  |      |
| Forward currency contracts - to buy | U.S. Dollar      | 5                                    | 29   | 5                                | 29   |
|                                     | Euro             | 1                                    | -    | 1                                | -    |

As at 31 December 2016 the fair value of buying forward currency contracts - to buy amounting to Baht 241 million (2015: Baht 1,077 million) in consolidated financial statements and Baht 232 million (2015: Baht 1,049 million) in separate financial statements respectively.

### **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

FOR THE YEAR ENDED 31 DECEMBER 2016

### 26 Supplemental disclosures of cash flows information

Property, plant and equipment and other intangible assets paid by cash during the years ended 31 December 2016 and 2015 were detailed as follows:

#### *Property, plant and equipment*

|                                  |      | Consolidated<br>financial statements |              | Separate<br>financial statements |              |
|----------------------------------|------|--------------------------------------|--------------|----------------------------------|--------------|
|                                  | Note | 2016                                 | 2015         | 2016                             | 2015         |
|                                  |      | (in million Baht)                    |              |                                  |              |
| Increases during the year        | 10   | 5,146                                | 5,124        | 5,134                            | 5,119        |
| Add (less) - changes in payables |      | 74                                   | 479          | 74                               | 479          |
| - finance lease liabilities      |      | (327)                                | (131)        | (327)                            | (131)        |
| <b>Paid by cash</b>              |      | <b>4,893</b>                         | <b>5,472</b> | <b>4,881</b>                     | <b>5,467</b> |

#### *Other intangible assets*

|                                  |      | Consolidated<br>financial statements |            | Separate<br>financial statements |            |
|----------------------------------|------|--------------------------------------|------------|----------------------------------|------------|
|                                  | Note | 2016                                 | 2015       | 2016                             | 2015       |
|                                  |      | (in million Baht)                    |            |                                  |            |
| Increases during the year        | 12   | 203                                  | 488        | 202                              | 487        |
| Add (less) - changes in payables |      | 188                                  | (175)      | 187                              | (173)      |
| <b>Paid by cash</b>              |      | <b>391</b>                           | <b>313</b> | <b>389</b>                       | <b>314</b> |

### 27 Commitments with non-related parties

#### *Capital commitments*

|                               | Consolidated<br>financial statements |              | Separate<br>financial statements |              |
|-------------------------------|--------------------------------------|--------------|----------------------------------|--------------|
|                               | 2016                                 | 2015         | 2016                             | 2015         |
|                               | (in million Baht)                    |              |                                  |              |
| Property, plant and equipment | 294                                  | 1,299        | 294                              | 1,299        |
| Computer software             | 33                                   | 221          | 33                               | 220          |
| <b>Total</b>                  | <b>327</b>                           | <b>1,520</b> | <b>327</b>                       | <b>1,519</b> |

#### *Future minimum lease payments under non-cancellable operating leases*

|                                      | Consolidated<br>financial statements |              | Separate<br>financial statements |              |
|--------------------------------------|--------------------------------------|--------------|----------------------------------|--------------|
|                                      | 2016                                 | 2015         | 2016                             | 2015         |
|                                      | (in million Baht)                    |              |                                  |              |
| Within one year                      | 477                                  | 311          | 464                              | 297          |
| After one year but within five years | 1,661                                | 1,111        | 1,637                            | 1,061        |
| After five years                     | 4,433                                | 3,877        | 4,413                            | 3,852        |
| <b>Total</b>                         | <b>6,571</b>                         | <b>5,299</b> | <b>6,514</b>                     | <b>5,210</b> |

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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 2017 to 2046.

### *Foreign currencies exchange forward contracts*

Forward exchange contracts for foreign currencies on importing goods from foreign countries are as follows:

|              | <b>Consolidated<br/>financial statements</b> |           | <b>Separate<br/>financial statements</b> |           |
|--------------|----------------------------------------------|-----------|------------------------------------------|-----------|
|              | 2016                                         | 2015      | 2016                                     | 2015      |
|              | (in million)                                 |           |                                          |           |
| U.S. Dollar  | 5                                            | 29        | 5                                        | 29        |
| Euro         | 1                                            | -         | 1                                        | -         |
| <b>Total</b> | <b>6</b>                                     | <b>29</b> | <b>6</b>                                 | <b>29</b> |

### *Letters of guarantee*

|                                                                                                                                                           | <b>Consolidated<br/>financial statements</b> |            | <b>Separate<br/>financial statements</b> |            |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|------------|------------------------------------------|------------|
|                                                                                                                                                           | 2016                                         | 2015       | 2016                                     | 2015       |
|                                                                                                                                                           | (in million Baht)                            |            |                                          |            |
| Letters of guarantee issued by<br>financial institutions (mainly<br>for guarantees of electricity,<br>rental and service agreements<br>and sale of goods) | 167                                          | 173        | 166                                      | 172        |
| <b>Total</b>                                                                                                                                              | <b>167</b>                                   | <b>173</b> | <b>166</b>                               | <b>172</b> |

### *Other commitments*

|                                                                 | <b>Consolidated<br/>financial statements</b> |           | <b>Separate<br/>financial statements</b> |           |
|-----------------------------------------------------------------|----------------------------------------------|-----------|------------------------------------------|-----------|
|                                                                 | 2016                                         | 2015      | 2016                                     | 2015      |
|                                                                 | (in million Baht)                            |           |                                          |           |
| Unused letters of credit for purchases<br>of goods and supplies | 19                                           | 21        | 18                                       | 21        |
| <b>Total</b>                                                    | <b>19</b>                                    | <b>21</b> | <b>18</b>                                | <b>21</b> |

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

### 28 Events after the reporting period

- 28.1 On 8 August 2016 the Company's Board of Directors approved Siam Food Services Limited, a wholly-owned subsidiary of the Company,
- to enter into a sale and purchase agreement dated 31 October 2016 with the sellers who are not related persons of the Company (the "Agreement") for an acquisition of a 80% interest in certain companies engaged in food services business, namely Indoguna (Singapore) Pte Ltd (a company incorporated in Singapore), Indoguna Dubai LLC (a company incorporated in the United Arab Emirates), Lordly Company Limited (a company incorporated in Hong Kong), and Just Meat Company Limited (a company incorporated in Hong Kong), with a total transaction value of approximately SGD 110.58 million (One Hundred Ten point Fifty Eight Million Singapore Dollar) which is equivalent to Baht 2,743.44 million (Two Thousand Seven Hundred Forty Three point Forty Four Million Baht) (Currency Rate of Baht 24.81: SGD 1). The subsidiary has accomplished the terms according to the sale and purchase agreement and the share transfer has been completed on 26 January 2017. However, within 90 days from transaction date, it may be subject to increase or decrease in the value of the transaction based on the terms of sale and purchase agreement.
  - to increase the subsidiary's authorised share capital of Baht 3,138 million (increase from Baht 45 million to Baht 3,183 million) by issue 31,380,000 new ordinary shares with the par value of Baht 100 per share and to call for paid-up share capital at 90% of Baht 2,824 million. In this regard, the Company has a 99.99% investment in the subsidiary's paid-up share capital. The registration of the increase authorised share capital with the Ministry of Commerce was completed on 1 February 2017.
- 28.2 On 8 November 2016, the Company's Board of Director approved to set up a foreign subsidiary, CP Wholesale India Private Limited (registered in India), which is owned 99.99% by Makro ROH Co., Ltd. (99.99% owned subsidiary). The main business of this subsidiary is wholesale and related businesses. The subsidiary would have the authorised share capital of Rupee 100 million. The incorporation was completed in January 2017.
- 28.3 At the Board of Directors' meeting of the Company held on 21 February 2017, 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 2016 of Baht 0.49 per share for 4,800 million ordinary shares, totaling Baht 2,352 million. Such declaration of final dividend payment must be approved by the shareholders' meeting.

### 29 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 2017, are set out below.

| TFRS                  | Topic                                                           |
|-----------------------|-----------------------------------------------------------------|
| TAS 1 (revised 2016)  | Presentation of Financial Statements                            |
| TAS 2 (revised 2016)  | Inventories                                                     |
| TAS 7 (revised 2016)  | Statement of Cash Flows                                         |
| TAS 8 (revised 2016)  | Accounting Policies, Changes in Accounting Estimates and Errors |
| TAS 10 (revised 2016) | Events after the Reporting Period                               |

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

| TFRS                        | Topic                                                                               |
|-----------------------------|-------------------------------------------------------------------------------------|
| TAS 12 (revised 2016)       | Income Taxes                                                                        |
| TAS 16 (revised 2016)       | Property, Plant and Equipment                                                       |
| TAS 17 (revised 2016)       | Leases                                                                              |
| TAS 18 (revised 2016)       | Revenue                                                                             |
| TAS 19 (revised 2016)       | Employee Benefits                                                                   |
| TAS 21 (revised 2016)       | The Effects of Changes in Foreign Exchange Rates                                    |
| TAS 23 (revised 2016)       | Borrowing Costs                                                                     |
| TAS 24 (revised 2016)       | Related Party Disclosures                                                           |
| TAS 27 (revised 2016)       | Separate Financial Statements                                                       |
| TAS 33 (revised 2016)       | Earnings per Share                                                                  |
| TAS 34 (revised 2016)       | Interim Financial Reporting                                                         |
| TAS 36 (revised 2016)       | Impairment of Assets                                                                |
| TAS 37 (revised 2016)       | Provisions, Contingent Liabilities and Contingent Assets                            |
| TAS 38 (revised 2016)       | Intangible Assets                                                                   |
| TAS 40 (revised 2016)       | Investment Property                                                                 |
| TAS 107 (revised 2016)      | Financial Instruments: Disclosure and Presentation                                  |
| TFRS 3 (revised 2016)       | Business Combinations                                                               |
| TFRS 8 (revised 2016)       | Operating Segments                                                                  |
| TFRS 10 (revised 2016)      | Consolidated Financial Statements                                                   |
| TFRS 12 (revised 2016)      | Disclosure of Interests in Other Entities                                           |
| TFRS 13 (revised 2016)      | Fair Value Measurement                                                              |
| TSIC 15 (revised 2016)      | Operating Leases - Incentives                                                       |
| TSIC 25 (revised 2016)      | Income Taxes - Changes in the Tax Status of an Entity or its Shareholders           |
| TSIC 27 (revised 2016)      | Evaluating the Substance of Transactions involving the Legal Form of a Lease        |
| TSIC 31 (revised 2016)      | Revenue - Barter Transactions involving Advertising Services                        |
| TFRIC 1 (revised 2016)      | Changes in Existing Decommissioning, Restoration and Similar Liabilities            |
| TFRIC 4 (revised 2016)      | Determining whether an Arrangement contains a Lease                                 |
| TFRIC 10 (revised 2016)     | Interim Financial Reporting and Impairment                                          |
| TFRIC 13 (revised 2016)     | Customer Loyalty Programmes                                                         |
| TFRIC 21 (revised 2016)     | Levies                                                                              |
| FAP Announcement no. 5/2559 | Accounting guidance for derecognition of financial assets and financial liabilities |

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**

1468, Phatthanakan Road, Suan Luang Subdistrict,  
Suan Luang District, Bangkok 10250

Tel: 0 2067 8999

Fax: 0 2067 9888

---

## 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 Road, 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 Road, T. Naimueang,  
A. Mueang Nakhon Ratchasima,  
Nakhon Ratchasima 30000

Tel: 0 4423 0477 - 90

Fax: 0 4423 0471

**8 Makro Rangsit Branch**

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

Tel: 0 2992 1011 - 21

Fax: 0 2992 2213

**9 Makro Hat Yai Branch**

414 Kanchanavanich Road, T. Kho - Hong,  
A. Hat Yai, Songkhla 90110

Tel: 0 7489 2151 - 66

Fax: 0 7429 8775

**10 Makro Udon Thani Branch**

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

Tel: 0 4232 2922

Fax: 0 4232 2944

**11 Makro Phitsanulok Branch**

1199 Boromtriokkanart 2 Road, T. Naimueang,  
A. Mueang Phitsanulok, Phitsanulok 65000  
Tel: 0 5500 7051 - 54 Fax: 0 5521 8764

**12 Makro Khon Kaen Branch**

195 Moo 12, Mittraphap Road, 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 Road, 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 3368 0970 Fax: 0 3368 0950

**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 Narathiwasratchanakarin 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 Road, T. Naimueang,  
A. Mueang Surin, Surin 32000  
Tel: 0 4453 1759 - 66 Fax: 0 4453 1777

**21 Makro Samsen Branch**

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

**22 Makro Nakhon Si Thammarat Branch**

614 Moo 2, Karom Road, 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, 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 Road,  
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 - 80 Fax: 0 7624 9801

**28 Makro Roi Et Branch**

32/ 1 Taewapiban Road, T. Naimueang,  
A. Mueang Roi Et, Roi Et 45000  
Tel: 0 4303 1585 Fax: 0 4303 1584

**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 Road, 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 Road, T. Mae Sot,  
A. Mae Sot, Tak 63110  
Tel: 0 5503 2155 Fax: 0 5503 2156

**66 Makro Sukhothai Branch**

236 Moo 4, T. Ban Lum,  
A. Mueang Sukhothai, Sukhothai 64000  
Tel: 0 5501 3130 Fax: 0 5501 3131

**67 Makro Pak Chong Branch**

889 Moo 8 T. Nong Nam Daeng,  
A. Pak Chong, Nakhon Ratchasima 30130  
Tel: 0 4400 8498 Fax: 0 4400 8497

**68 Makro Thalang Branch**

365 Moo 1, T. Thep Krasattri,  
A. Thalang, Phuket 83110  
Tel: 0 7668 8300 Fax: 0 7666 8310

**69 Makro Ranong Branch**

86/ 9 Moo 2, T. Bang Rin,  
A. Mueang Ranong, Ranong 85000  
Tel: 0 7798 2580 Fax: 0 7798 2590

**70 Makro Yasothon Branch**

324 Moo 2, T. Tat Thong,  
A. Mueang Yasothon, 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,  
Nakhorn 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

**79 Makro Nan Branch**

183, 186 Moo 5, T. Dutai,  
A. Mueang, Nan 55000  
Tel: 0 5405 1155 Fax: 0 5406 2628

**80 Makro Nakhon Ratchasima 2 Branch**

587 Moo 10, T. Nong Bua Sala,  
A. Mueang, Nakhon Ratchasima 30000  
Tel: 0 4407 1270 Fax: 0 4407 1271

**81 Makro Warin Chamrap Branch**

106 Moo 20, T. Saen Suk,  
A. Warin Chamrap, Ubonratchathani 34190  
Tel: 0 4595 8145 Fax: 0 4595 8155

**82 Makro Nong Bua Lam Phu Branch**

150 Moo 3, T. Lam Phu,  
A. Mueng, Nong Bua Lam Phu 39000  
Tel: 0 4200 7900 Fax: 0 4200 7897

**83 Makro Nong Chok Branch**

80 Liap Wari Road, Krathum Rai,  
Nong Chok, Bangkok 10530  
Tel: 0 2017 0000 Fax: 0 2048 3048

**84 Makro Prachuap Khiri Khan Branch**

5/ 1 Phetkasem Road, T. Prachuap Khiri Khan,  
A. Mueang, Prachuap Khiri Khan 77000  
Tel: 0 3290 7990 Fax: 0 3280 2276

**85 Makro Phetkasem Branch**

1759/ 4 Phetkasem Road, Lak Song,  
Bang Khae, Bangkok 10220  
Tel: 0 2033 0050 Fax: 0 2064 7206

**86 Makro Sing Buri Branch**

190 Moo 7, T. Bang nga,  
A. Tha Wung, Lop Buri 15150  
Tel: 0 3669 4690 Fax: 0 3669 4089

**87 Makro Bang Bua Thong Branch**

47 Moo 2, T. Bang Bua Thong,  
A. Bang Bua Thong, Nonthaburi 11110  
Tel: 0 2003 8790 Fax: 0 2081 5646

---

## 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 Mooban 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/ 30, 140/ 35 Nanai Road, 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: 03961 1939      Fax: 0 3961 1938

**13 Makro Foodservice Ao Nang Branch**

793 Moo 2, T. Ao Nang,  
A. Mueang, Krabi 81180  
Tel: 0 7581 4901      Fax: 0 7581 4902

**14 Makro Foodservice Karon Branch**

199/ 1 Patak Road, T. Karon,  
A. Mueang, Phuket 83100  
Tel: 0 7663 0300      Fax: 0 7663 0303

**15 Makro Foodservice Laem Chabang Branch**

1/ 1 Moo 10, T. Thung Suk La,  
A. Si Racha, Chonburi 20230  
Tel: 0 3308 5400 Fax: 0 3313 3396

**17 Makro Foodservice Wang Hin Branch**

758, 760 Lat Phrao Wang Hin Road,  
Khwaeng Lat Phrao, Khet Lat Phrao, Bangkok 10230  
Tel: 0 2017 0050 Fax: 0 2068 0816

**16 Makro Foodservice Bang Pu Branch**

858/ 21 Moo 1, T. Bang Pu Mai,  
A. Mueang Samut Prakan, Samut Prakan 10280  
Tel: 0 2017 0040 Fax: 0 2068 0820



---

## MAKRO FOOD SHOP

---

**1 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

**2 Makro Food shop Wongsakorn Market Branch**  
80/ 3 - 8 Sai Mai Road, Sai mai,  
Sai Mai, Bangkok 10220  
Tel: 0 2017 0470      Fax: 0 2068 0828

**3 Makro Food shop Rama IV Branch**  
3654/ 1 Rama IV Road, Khlong Tan,  
Khlong Tan, Bangkok 10110  
Tel: 0 2017 0490      Fax: 0 2068 0833

---

## SIAM FROZEN

---

**1 Siam Frozen, Talad Mueang Mai Branch**  
1 Soi 3, Mueang Samut Road, 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 Road, 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 Road, 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 Road, 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 Road, 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

**8 Siam Frozen, Na Kluea Branch**  
298/ 65 Moo 5, T. Na Kluea,  
A. Bang Lamung, Chonburi 20150

---

## SIAM FOOD SERVICES

---

**1 Siam Food Services Limited, Head Office**  
2439 Old Paknam Railway Road,  
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

**5 Siam Food Services, Chiang Mai Branch**  
204/ 27 Moo 6, T. Fa Ham,  
A. Mueang Chiang Mai, Chiang Mai 50000  
Tel: 0 5324 1447-8 Fax: 0 5324 1500

---

## VINA SIAM FOOD

---

**Vina Siam Food Company Limited**  
44B 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

---

## MAKRO ROH

---

**Makro ROH Company Limited**  
1468, Phatthanakan Road, Suan Luang Subdistrict,  
Suan Luang District, Bangkok 10250  
Tel: 0 2067 8999 Fax: 0 2067 9888

---

## ARO

---

### **ARO COMPANY LIMITED**

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

---

## PROMART

---

### **ProMart Company Limited**

1468, Phatthanakan Road, Suan Luang Subdistrict,  
Suan Luang District, Bangkok 10250  
Tel: 0 2067 8999                      Fax: 0 2067 9888

---























## Makro (Cambodia) Company Limited

---

### **Makro (Cambodia) Company Limited**

344, Mao Tse Toung Blvd., Sangkat Toul, Svay Prey 1,  
Khan Chamkarmon, Phnom Penh, Cambodia.

**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
-  Nong Chok
-  Phetkasem
-  Bang Bua Thong
-  Bang Pu
-  Wang Hin
-  Wongsakorn Market
-  Rama IV



**Makro Operations  
in Thailand**



**Siam Makro Public Company Limited**

1468, Phatthanakan Road,  
Suan Luang Subdistrict, Suan Luang District,  
Bangkok 10250

Tel : 0 2067 8999 Fax : 0 2067 9888