

# makro

your trusted partner

Be Point of Reference for Food Safety



Strengthen Sustainable & Ethical Sourcing



Be Employer of Choice



Local Love



## Enhancing People's Lives

Make Our Customers Prosper



Reduce Environmental Impact



# VISION

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To Be Number One  
Food Solution Provider  
For Professional Customer

# MISSION

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**Multi – formats**

Expansion

**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**

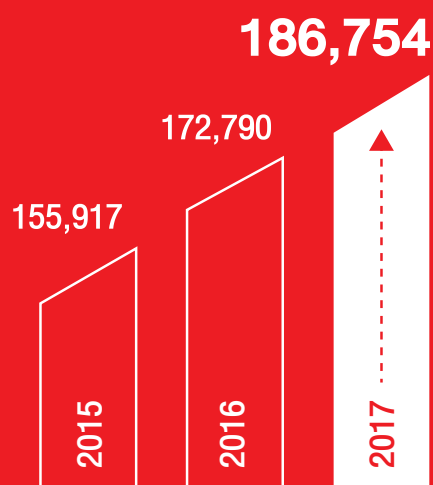
Value & solution to customers

# CONTENT

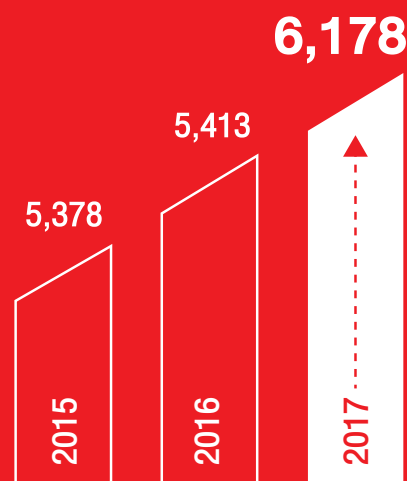
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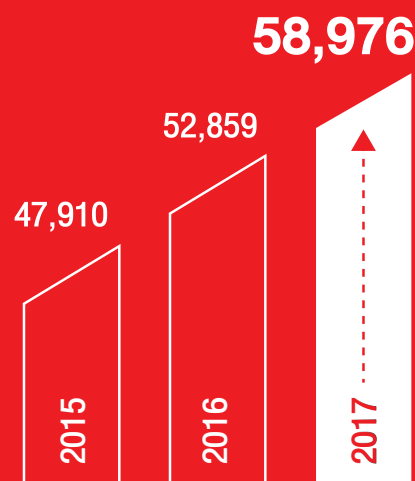
Total Revenues  
**+8.1%**  
over 2016



Net Profit  
**+14.1%**  
over 2016



Total Assets  
**+11.6%**  
over 2016





# FINANCIAL HIGHLIGHTS

As at 31 December

Siam Makro Public Company Limited and its subsidiaries

	2015	2016	2017
<b>Financial Positions (Baht Million)</b>			
Total assets	47,910	52,859	58,976
Total liabilities	33,703	37,118	40,965
Share capital	2,400	2,400	2,400
Shareholders' equity	14,207	15,741	18,011
<b>Operating Performance (Baht Million)</b>			
Sales	152,604	169,226	182,753
Total revenues	155,917	172,790	186,754
Gross profit	14,667	15,504	18,401
Net profit	5,378	5,413	6,178
Earnings per share (Baht)	1.12	1.13	1.29
<b>Financial Ratios (%)</b>			
Net profit margin	3.4	3.1	3.3
Debt to equity ** (times)	0.5	0.5	0.5
Return on equity	39.8	36.2	37.1
Return on total assets	11.7	10.7	11.0
Dividend payout ratio	75.9	75.4	74.6
<b>Stock Data (Baht)</b>			
Par value per share	0.50	0.50	0.50
Book value per share	2.96	3.28	3.66
Dividend per share	0.85	0.85	0.96*

Remark :

\* Dividend per share includes the followings :

- 1) Interim dividend of Baht 0.40 per share was fully paid on September 5, 2017
- 2) Proposed final dividend of Baht 0.56 per share for shareholders' approval on April 19, 2018 bringing total dividend for 2017 to Baht 0.96 per share

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

## MESSAGE FROM THE CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER



Mr. Arsa Sarasin  
Chairman

In 2017, Siam Makro Public Company Limited continues with our commitment to achieve stable and sustainable growth, under good corporate governance, and the pursuit of our vision, well aware of our duty and responsibility for best value creation towards shareholders, stakeholders, customers, business alliances, society and the overall economy of Thailand.

The Company's policies were crafted with fiduciary care while clear strategies and efficient implementation plans are in place, coupled with the dedication of the Company's management and staff to consistently and strictly perform with integrity, in compliance with the law, the Company's rules and regulations, and Board's and Shareholder's resolutions. These are major contributors and key drivers for our business growth as well as the realization of the targeted overseas expansion which will become strong foundation for our future success.

Amidst the slow growth of Thai economy, from both external and internal factors, the Company managed to achieve satisfactory 2017 performance, resulting from the fact that the Company's has adapted fast to cope with rapid changes and developed the organization towards the 4.0 world which brings new challenges and opportunities. The growth in the food service segment also contributed to the 2017 total revenues of Baht 186,754 million, 8.1% increase, and net profit of Baht 6,178 million, 14.1% increase over 2016.

Throughout the 28 years of our success which focuses on customer centricity, the Company has continuous progress and development, from being the only cash and carry wholesale distributor in Thailand, offering a full assortments with good service and low price to food and non - food retailers nationwide, which reinforces our mission of being retailers' alliance. With intense competition, the Company has differentiated and expanded into the food service business, catering to the needs of hotels, restaurants and catering operators, namely HoReCa customers. Multi - format developments also made Makro business unique in the outreach and response to target customers' specific needs, in different location. The "Makro Food shop" and "Makro Foodservice" have been designed to have 1,000 square meters sales area to facilitate customers' convenience in tourist or highly congested business areas. The Company opened 8 new stores in 2017 and now has total 123 stores nationwide.

After thorough feasibility studies for overseas expansion, the Company has officially launched the first Makro store in Phnom Penh, Cambodia, which was well - received and welcome by local retailers and food service professional customers, including the Cambodian people. This reflects the understanding of the general public that Makro is their trusted business partner who will take part in the development of the quality of life, the economics of the community and the overall economy of Cambodia, which shall be an important ground for further expansion in Cambodia.

In the meantime, the Company also focuses on the international expansion of food service business stream in order to fulfill the vision "to be number one food solution provider to professional customers". To this regard, Siam Food Services Limited has acquired leading overseas food service companies from Indoguna Group in parallel with the establishment of Food Service APME which would drive the food service business of the Makro Group in 6 countries, namely, Thailand, Vietnam, Hong Kong, Singapore, United Arab Emirates and Cambodia. Thus, enhancing Makro's competitive advantage of being a prominent one - stop food solution provider, who could cater to all HoReCa customers' needs and to support the future move to be a leader in the international arena, especially in Asia Pacific and the Middle East.

Online to Offline system development, a solid online presence to keep abreast with the world's business trend, has been another challenge. The optimization of Makro's sales platform to enable the online sales channel, supporting business to business (B2B) marketing, and the preparation of delivery service management and e - payment would provide convenience and alternatives to digital age entrepreneurs, in addition to the in - store shopping. Moreover, investing in Big Data Analytics to enhance the benefits from our database and to be an enabler for direct digital marketing would better serve individual professional customers in terms of time and cost savings and speed - up sales increases. This success would contribute to the long-term "Makro" brand loyalty.

With awareness of the impact from technology disruptions, the Company carried out a study and subsequently worked out a "Roadmap of Makro 4.0" under a strategic framework designed to achieve the goal for "Enhancing People's Lives". Key drivers would be innovation and new business model which will address the needs of new - generation retailers and HoReCa professionals. In parallel, recruitment and development of new generation of the Company personnel to be future leaders in the new developments and upcoming changes are challenging missions. However, "VICTORY - 7 Makro Values" and the strong company culture would be the best enablers for integration of multi-generation workforce's similarities and differences and the shape up of Makro 4.0 professional profile.

The Company continues to develop farmers and business alliances on food safety and delivery of environmental friendly products, to secure mutual and sustainable future growth. In the retailers' segment, the Company equipped the traditional retailers, community stores and Pracharath Network with knowledge, know - how, innovation and management techniques, while HoReCa professionals were provided with exposures to creativity and techniques which they could apply for their business. All in all, the purpose was to sustain and grow their business under any circumstance.

On behalf of Siam Makro Public Company Limited, the Board of Directors would like to extend our sincere gratitude to our member customers for choosing Makro as your trusted partner for the past 28 years and to our business partners, shareholders, government agencies and financial institutions for your continued support. Last but not least, we would like to thank the management and staff for the hard work and contribution to the Company. We are committed to efficiently conduct our business with integrity and transparency, in line with the principles of good corporate governance, and a fair long-term value creation for our stakeholders, together with social and environmental responsibilities and to secure the sustainable economic growth and social development of Thailand.



**Mr. Arsa Sarasin**  
Chairman



**Mrs. Suchada Ithijarukul**  
Group Chief Executive Officer



**Mrs. Suchada Ithijarukul**  
Group Chief  
Executive Officer

# CORPORATE GOVERNANCE COMMITTEE'S REPORT

Siam Makro Public Company Limited (“the Company”) has firmly placed important on conducting business under the established good corporate governance (CG) principles and practices. To ensure continuous CG development, the Board of Directors (“the Board”) assigned the Corporate Governance Committee to steer, monitor, and promote the Company’s businesses under the policy and guideline for CG and the Code of Conduct. The Committee consists of 5 members as follows: 1) Dr. Chaiyawat Wibulswasdi as Chairman 2) Mr. Thira Wipuchanin 3) Mr. Joti Bhokavanij 4) Mr. Arsa Sarasin and 5) Mr. Umroong Sanphasitvong as Committee members.

In 2017, the Corporate Governance Committee held 2 meetings as planned to completely perform its respective duties as stated in CG Charter and as assigned by the Board. The key CG activities are summarized as followed:

1. Determined Charter of the Board of Directors which has defined roles and responsibilities of the Company’s Board of Directors so as to comply with the Corporate Governance Code (CG Code) issued by the Securities and Exchange Commission (SEC).
2. Endorsed the participation of the Company in Private Sector Collective Action Coalition against Corruption (CAC) Project to get the CAC certified member. At present, the Company has submitted a self - assessment form for anti - corruption measures and reference evidence for use in applying for a membership certificate from CAC Council in the CAC certification process.
3. Endorsed a revised draft of the CG and Code of Conduct Manual, featuring criteria and guidelines conforming the prevailing CG standard, including Good Governance Code for Listed Companies - CG Code issued by SEC and assessment criteria for listed companies’ CG Report issued by IOD.



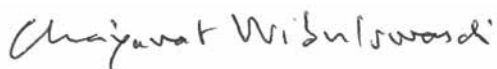
**Dr. Chaiyawat Wibulswasdi**  
Chairman of the Corporate Governance Committee  
Siam Makro Public Company Limited

4. Endorsed a revised draft of the Anti - Corruption Policy featuring CAC criteria and the announcement of Capital Market Supervisory Board.
5. Reviewed and endorsed the 2017 plan for Annual General Meeting of Shareholders (AGM) to comply with the Thai Investors Association's AGM Checklists.
6. Reviewed assessment outcomes of the Corporate Governance Report of Thai Listed Company (CGR) Project for the year 2017, and provided recommendations for the improvement and development of guidelines to ensure the alignment with CGR criteria and recommendations.

The Company's 2017 Corporate Governance performance has been achieved as planned. The Company has been rated "Very Good" for 2017 CGR assessment from IOD which is better than last year assessment which was "Good". The Company also got the full score of 100 on the AGM Checklist which improved from last year score of 98.75.

The Corporate Governance Committee is committed to promoting, developing, and governing the Company's businesses to be in line with CG practices to national and international standards so as to grow further along the sustainability path. The Company will win trust and produce benefits for all 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

The Nomination and Remuneration Committee (“NRC”) consists of at least 3 directors, most of whom are independent and none of whom is the Chairman of the Board of Directors. The members of 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 dedicate adequate time to fulfill the NRC’s duties to accomplish the specified goals. The current Committee is chaired by Mr. Thira Wipuchanin (Independent Director), with Mr. Chavalit Uttasart (Independent Director) and Mr. Korsak Chairasmisak serving as members, with the Director - Human Resources, Mrs. Sudarat Chomintra, as the Committee’s secretary.

During 2017, the NRC fully performed its duties as stated in its Charter. There are a total of 2 NRC meetings, with all its members present in all meetings. The details of NRC meeting attendance shown on Section Corporate Governance under Meeting Attendance of the Board of Directors. The summary of considerations at these meeting are summarized as follows:

1. Recruited and nominated appropriately qualified persons for the Board of Directors’ consideration before proposing their names to the shareholders meeting for approval to replace of Directors who complete their term in 2017, with due regards for experience, professional competencies, skills and proficiencies so as to ensure that the composition of the Board of Directors include directors whose qualifications are diverse and beneficial to the Company’s operations.
2. Determined the Board of Directors’ remuneration for 2017 which is commensurate with the duties and responsibilities assigned, the Company’s overall performance and its dividend payout ratio as well as compared with peer listed companies.



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

3. Endorsed the Company's reorganization to align and suitable with the Company's domestic and international strategic business direction, as well as monitored the establishment and implementation of the Company's succession plan to ensure the Company's desired goals are achieved.
4. Assesses Group CEO performance and determined Group CEO remuneration by taking into consideration that such remuneration is commensurate with the assigned duties and responsibilities, individual performance, and the Company's overall performance.
5. Encouraged the Company to allow minor shareholders to propose agenda items and nominate directors for appointment at least 3 months in advance before the 2017 Annual General Meeting of Shareholders.

On behalf of the Nomination and Remuneration Committee



**Mr. Thira Wipuchanin**

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



A photograph of a hydroponic farm. In the foreground, there are large, vibrant green leafy plants, possibly lettuce, growing in a dense cluster. Behind them, several metal racks are visible, each holding multiple trays of smaller, green seedlings. The racks are arranged in a way that creates a sense of depth. The background shows the structure of the greenhouse or indoor farm, with metal beams and translucent panels. A red rectangular box is overlaid on the upper left portion of the image, containing white text.

# Enhancing People's Lives

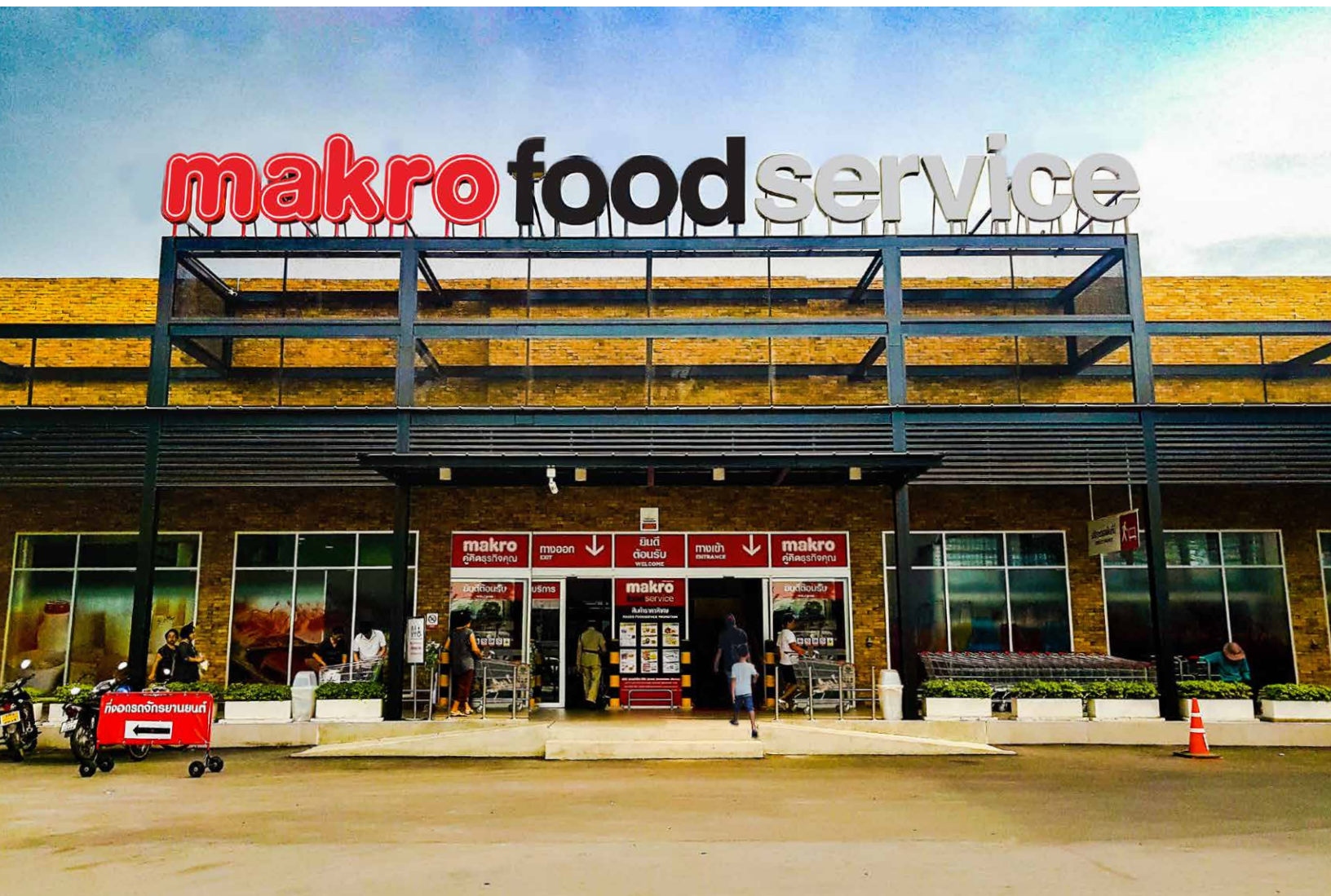


โซน C  
ผักสลัด  
ฟาร์มไม่ตัดใจ





As a result of our customer – centric approach, focusing on meeting the diverse needs and desires of over 3 million member customers, Makro Thailand has enjoyed steady yet exceptional growth. The Company have garnered trust from professional customers, as their trusted business partner for the past 28 years. Now and into the future, we do and will put an emphasis on modernizing our organization to develop products and services that best meet the rapidly changing demand of professional operators in the digital era. Our goal is to elevate the quality of life for all stakeholders regardless of where our business has expanded to.



Makro Foodservice - a format development for HoReCa

## Pave the Way to Sustainable Growth...Makro 4.0

Having been in Thailand's wholesale and retail industry for 28 years, Makro has had many remarkable moments. Our key developments can be summarized and categorized into the following stages:

## Makro 4.0

### Makro 4.0

(2017 – 2020)

In the age where businesses are driven by technology, creativity and innovation, the Company would like to ensure mutual growth of every stakeholder by operating our business and developing our organization according to the 6 strategic goals to reaffirm that "Enhancing People's Lives" is our true motive.

### Makro 3.0

(2013 – 2016)

We rapidly expanded from 57 branches to 115 within 3 years. We also developed another type of store called Makro Food shop. Due to its smaller size, Makro Food shop could better penetrate the HoReCa market.

### Makro 2.0

(2003 – 2012)

Fierce competition propelled Makro to change our business strategy, diversifying our portfolio by adding fresh and frozen food products. We also developed a new type of store called Makro Foodservice to target food business, meeting the demand of HoReCa customers.

### Makro 1.0

(1989 – 2002)

Makro began a unique business. We were Thailand's first company to open a Cash & Carry store. Operating under the concept "complete assortment, good services, at reasonable prices," we began catering to small consumer – product retailers nationwide.

## new s-curve

- Innovation
- New Generation
- Sustainability



**Makro Foodservice**

2017

2012



**Makro Distribution Center**

2010



**Siam Frozen**

2009



**1<sup>st</sup> Makro "Retail Expo"**

2008

1989



**First Makro store  
Makro Lardprao**

Technological advancements play a major role in changing the way we live and conduct business. They also have a tremendous impact on world economy. To establish a strong and sturdy foundation for our business in the age of technological disruption, the Company formulated the Makro 4.0 strategy in 2017 with an aim to improve and modernize our business components in all dimensions, including attracting new generations of customers with new business models, digitizing our human resource management and creating new leaders in our developing organization. The following are the 6 goals that the Company has established under the Makro 4.0 strategy.



Makro places a great deal of emphasis on food safety. We strive to meet the demands of our food - business - operator customers, as well as modern - day consumers who value their health and well - being and willingly spend their money on safe foods per the regulations of their country.



As Makro continues to value the ability to trace products back to their sources, we are committed to working only with lawful producers and suppliers. In addition, we always take the sustainability of our environment into consideration to make sure of mutual growth.



Because Makro is keenly aware of the value of the environment and natural resources, we are committed to expending natural resources and energy in the most efficient manner possible for the utmost benefit, including our efforts to ensure that all of our processes are environmentally friendly.



Makro hopes to be loved by the local communities that surround our stores. To this end, we strive to be beneficial to them, whether by creating jobs locally, providing retail management education to small local retailers and equipping youths with retail - management knowledge that helps them better their local stores.



Makro committedly studies potential technologies and develops them into business channels to facilitate our customers' business processes, increase their profits and foster sustainable growth in the new era of competition. These efforts will bring about satisfaction among our customers, ensuring their loyalty in the long run.



Makro strives to be one of the top 5 organizations that people, especially new graduates, want to work with. Additionally, we have begun conducting an engagement survey among our existing personnel, the results of which will be used to transform Makro into an organization for all ages.

In addition to increasing the efficiency and efficacy of Makro's operations, as well as fostering long - term customer loyalty to Makro under the concept "Enhancing People's Lives" the Makro 4.0 strategy also raises social and environmental responsibility awareness among our stakeholders.



## Keep Growing in the Thai Market

### Format Diversification Enhancing Our Competitive Edge

It has always been clear to Makro that our role is to be a trusted partner to professional customers. To this end, we have continued to develop the nature of our business. One of the most distinct developments is the diversification of our store formats. Each store type is unique and has a distinctive potential to better service and reach professional customers in each locality. Every store carries a comprehensive range of products and services that best meet the demand of its target group. We have done all of this because we truly want to be a trusted partner to our professional customers and ensure mutual sustainable growth.

In 2017, Makro continued to grow and open new stores in response to the expansion of Thailand's food business sector. The growth of this particular industry owes much to the national economic and social development plan, which focuses on the tourism sector and on the standardization of agricultural produce and food production. It can also be attributed to the behavioral change in modern - day consumers, among whom dining out has gained widespread popularity. Our expansion has also contributed to the realization of Makro's vision: "to be the number one food solution provider for professional customers". In 2017, we primarily focused on launching Makro Foodservice stores whose average retail space ranges between 1,000 - 3,000 square meters and Makro Food shop stores whose average retail space is less than 1,000 square meters. Both of these store formats are more easily accessible to HoReCa operators in tourist destinations and high - potential urban communities.

Due to the limited availability of inner city space and high start - up costs, the Company began developing a multi - storey Makro Foodservice store at Bodindecha. Should this two - storey 2,277 - square - meter store prove successful, it would allow us to expand and open new stores more rapidly. The Company hopes to employ this store format in our expansion to urban communities brimming with eateries, especially in Bangkok, one of the most visited cities in the world that welcomed over 20 million tourists in 2017 according to the Global Destination Cities Index. Meanwhile, we will continue to open Makro Classic stores in provinces where Makro has yet to establish a branch to best serve professional customers in that area.

In 2017, Makro launched a total of 8 new stores in Thailand. Among these, 3 were Makro Classic stores, 3 were Makro Foodservice stores and 2 were Makro Food shops. As a result, by the end of 2017, Makro has a total of 123 stores nationwide which consist of 79 Makro Classic stores, 19 Makro Foodservice stores, 12 Eco Plus stores, 5 Makro Food shops and 8 Siam Frozen shops. So far we have total sales space of 729,763 square meters.

### Safe Foods for New Business Trend

Makro's professional customers are impressed by the comprehensive range of reasonably priced products we offer, all of which are catered to their business demands, including fresh foods, dry foods, chilled foods, frozen foods and a range of consumer products. In addition to serving as a one - stop provider of all the products and ingredients that our member customers need, Makro also offers ideas that add value to their businesses.

Makro strives to select and develop products that meet the demand of our target groups and to answer the government's Kitchen of the World Policy. Therefore, Makro prioritizes the safety and quality of our food products. To this end, we have helped our suppliers attain and maintain the Makro basic standards, which mandate that raw ingredients, containers, labels, manufacturing process and transportation must be safe for both manufacturers and consumers, as well as comply with the law. We have worked closely with auditing and certifying agencies, as well as governmental bodies, to ensure that our products are of good quality, safe, certified with a safety standard at an international level by an agency in charge and traceable. Products under the Quality Pro mark have been developed precisely with all of this in mind. As a result of our rigorous efforts, food business operators and professionals in specialized fields, such as medical personnel and nutritionists, can trust that the fresh foods sold at Makro are fresh, clean and safe. They can also be certain that these products come from legitimate sources that do not invade forested areas or harm the environment or use illegal labor.

Because the needs of modern - day food operators are more niche, and much attention is paid to a person's health and well - being, Makro has shifted our focus to selecting fresh food items known for their health benefits, collectively known as super foods, as well as organic produce and other safe food items to better cater to growing health businesses, such as restaurants that rely

on organic produce, gluten - free products and safe and healthy products. In addition, bakery and coffee products have also seen much development this past year in response to the growth in premium coffee shop businesses that have garnered much interest and attention from young operators. Makro has developed coffee products, bakery - oriented products such as flour, and ready - to - eat products such as frozen and chilled foods to meet the demanding nature of this type of business, helping their operations run more quickly and conveniently. This has been another way for Makro to support new businesses with a strong foundation, which allows them to grow professionally.

### **Own Brand...Offering Great Value to Professional**

The Company has continuously developed products under our own brands. The “aro” brand, in particular, has been highly popular among HoReCa operators. In 2017, we began expanding niche product lines to the upper market by building brand awareness in a wider circle. These products, which include meats, seafood and dairy products, have become alternatives for chefs and HoReCa operators who would like to create value - added with premium products from a trustworthy store. As for small retailers, we prioritized snacks and fruit juices under the “M&K” brand.

In addition, consumer products under our “aro” and “Savepak” brands, including uncooked rice, refined sugar, laundry detergent and dish soap, became the first brands to receive the Thailand Estimate Mark from the Department of Internal Trade, which guarantees the accuracy of the net weight or volume displayed on the label. The mark assures our member customers that by shopping at Makro they will always get the right amount of products as indicated on the packaging. Moreover, office supplies and stationery under the “Q - BIZ” brand continue to be accepted for their quality among institutional and office customers.

### **Always - Available**

To enhance confidence among our professional customers that Makro’s products are new, fresh, of good quality, safe and available at all Makro stores, the Company has established distribution centers in potential areas. We have also used an Automated - Storage/ Retrieval System (ASRS), whose temperature ranges between - 20 to 0 degrees

Celsius, to maintain the quality of our frozen food items, imported fruits and imported meats. As for our logistics, the Company has systematically made improvements to the transportation and distribution of our products, including the installment of a tracking device on each of our transportation trucks. The devices are paired with a mobile application, allowing Makro to monitor the whereabouts of our trucks in real time. We have also regularly monitored and controlled the temperature of our stock rooms, ensuring the safety and quality of our food products throughout the supply chain before handing them off to our professional customers at the destination store.

In 2017, the Company continued to manage and maximize the potential of our 4 distribution centers, namely (1) the Dry Food and Non Food Distribution Center in Wang Noi District, Phra Nakhon Si Ayutthaya; (2) the Fresh Food, Chilled and Frozen Products Distribution Center in Wang Noi District, Phra Nakhon Si Ayutthaya; (3) the Dry Food and Non Food Distribution Center in Bang Sao Thong District, Samut Prakan; and (4) the Fresh Food, Frozen Food and Chilled Food Distribution Center in Mueang District, Samut Sakhon. Additionally, the temporary distribution center near the ones in Phra Nakhon Si Ayutthaya has been in operation since late 2016 to support Makro’s rapidly growing business, especially with our expansion into Cambodia. The processes at the distribution centers in Phra Nakhon Si Ayutthaya and Samut Sakhon have been improved to better support the distribution of fresh food, dry food and non - food items to Makro in Cambodia. A virtual warehouse system has recently been developed and installed to expediently and accurately manage the distribution of goods to our many stores.

Furthermore, because our new stores are getting smaller, the Samut Sakhon Distribution Center has allocated some of its space as a center for trimming and packing fresh food items, such as fruits, vegetables, meats and fish. The goal is to create value - added to Makro’s food business by maintaining quality, safety and standards from upstream and reducing the need for highly skilled tasks downstream at our local stores to allow our staff to pay more attention to the needs and wants of our professional customers.



### In Depth Analysis for a Better Serve

One of the mechanisms that tangibly propel Makro into the 4.0 era is the adaptation of digital technology to create value - added and foster sustainability to our business. Such adaptation is our response to changes in the behavior of consumers who are spending more and more time online. Although Makro has been in the business for nearly 3 decades, we have yet to stop developing and modernizing ourselves in order to meet the rapidly changing demand of professional customers. At the moment, Makro is focused on taking advantage of big data to analyze customers individually. This big data analysis will play an integral role in the way we manage customer relations, which need to be aligned with the lifestyle of the target group. There is also a need to connect online and offline customers.

Big data will greatly help with our customer centric approach. It will improve our interactions with customers while also increasing the efficiency of our sales and services by enhancing our stock management capabilities, ensuring that we have the right amount of goods in stock that match what our customers need. Furthermore, big data allows us to categorize customers, which not only bolsters our understanding of their needs but also facilitates our business partners' delivery and presentation of their products to us. Lastly, big data will improve the efficiency and efficacy of all parties involved in the supply chain.

### O2O...Business Connection

To integrate customers' offline and online activities and to allow them access to promotional activities regardless of the channel, the Company has implemented digital technology as a means to directly communicate with our professional customers. We have delivered discount coupons and conducted a number of activities via an electronic channel, which is the Makro application. We have also communicated to customers about specially priced products through online channels instead of delivering prints Makro Mail. This switch has contributed to much reduction in our paper use. At the end of 2017, the Makro application has been downloaded 300,000 times, an increase from the 2016's figure of 200,000 times. A special feature that was developed this past year was the ability to notify customers individually of tailored promotional activities. These promotional activities will be adjusted according to the purchase history of each member customer. They stimulate professional customers to purchase more in a single

transaction in order to make more profits later. Individualistic digital marketing has become another strategy that helps Makro increase our sales.

Taking advantage of Big Data, Makro has been able to connect purchase behaviors of our customers whether offline and online. This is best illustrated by our delivery of discount coupons via the Makro application to our retailer customers who have reached their spending targets, fostering a sense of loyalty among this group of customers to the Makro brand. Moreover, Makro has developed a campaign to encourage member customers to purchase our products online on the Makroclick.com website, promoting online shopping among our offline customers.

Makroclick.com is an online store with great potential that has enjoyed continuous growth. Toward the end of 2017, Makro overhauled the platform to improve the searchability of our products and enhance the efficiency of our back - end management. Online orders can be picked up at any Makro stores nationwide. Moreover, we have added a destination - specific delivery service, which is a major milestone for the Makroclick.com business. In doing so, we have created a new channel that professional customers may use to purchase products online for their offline business anytime and anywhere without having to pick up their order at a Makro store. Our delivery service has been piloted in Bangkok and has received wonderful feedback.

Makro has placed a greater deal of importance on social media as a channel of communication in order to reach a new potential target groups of people who spend much of their time online. This year we obtained a LINE Official Account on LINE, the most popular messenger application in Thailand. The account has amassed over 300,000 followers, meanwhile our Facebook account has gained almost 100,000 followers. In terms of our content on these social media, we have tried our best to post what we believe to be most beneficial or interesting to our customers, including footage from the Sho Huay Show Za Ta Ruay program that Makro has made to educate our customers about modern retail shop management that relies on technology to make the business life easy and efficient and to inspire the new generation to open a local retail business. As a result, the target group of customers feel closer to Makro and perceive us as their trusted partner.





# Pave the Way to Sustainable Growth





*Makro Cambodia, 1<sup>st</sup> store at Sen Sok was well - received and welcome by professionals*

Throughout the course of our operation, the Company has been committed to being a trusted partner to professional customers. This has led to continuous development of our business model with the result that the Company now has a diverse array of unique store formats designed to effectively reach and serve local entrepreneurs in all the markets we operate in. The goal is to be a “trusted partner” to our professional customers and grow alongside them in a sustainable manner.



### From a Solid Foundation to Overseas Expansion

2017 was an important year for the Company in terms of pursuing growth in a new S - Curve era. In keeping with our plans to expand our business base overseas, the Company took a historic move by opening the first Makro store in Cambodia. During the same period, we took our food service business international, getting one step closer to our vision “to be number one food solution provider for professional customers”.

In more than 28 years of operating in Thailand, we have collected a body of knowledge and experience which can readily be applied to new markets. This makes us very well prepared to pursue overseas investments and take our standards of business excellence and successfully proven key business approach to each new market, making the necessary adjustments to suit the local environment. These adjustments require not only a flexibility in choosing the right customer - centric business model for each country’s market, but also access to and understanding of the needs of local entrepreneurs, which vary from one place to the next. They also require a team of personnel with in - depth business skills and expertise as well as the ability to professionally meet the needs of various groups of customers. Our goal is to deliver better quality of life to our entrepreneur customers in every market we operate in, in keeping with our motto “Enhancing People’s Lives”.

Expanding abroad through joint ventures with local partners who have high potential and good knowledge and insight about the local market constitutes our strategy for establishing a foothold and pursuing sustainable growth in international markets. We seek to achieve this while staying committed to our 5 - faceted mission : 1) Multi - formats expansion, 2) Award team achievement and invest in people, 3) Know and respect the local differences, 4) Responsible for the society and the world, and 5) Offer the best value and solution to customers. In pursuit of this, we set up Makro ROH Company Limited to conduct comprehensive feasibility studies on doing business overseas and to gain insights into the customer behavior of our target group in each country.

### Makro Cambodia: First Foray into ASEAN Market

It did not escape our notice that the wholesale and retail markets in Cambodia have considerable potential, with the country’s GDP growth averaging 6 - 7 percent annually and its growing middle - income groups enjoying growing purchasing power. Cambodia also shares many characteristics with Thailand of a past era and furthermore, Thai products have long been popular with Cambodian consumers. Looking to export Makro’s standard of excellence, business components and key business model to Cambodia, in 2016 we entered a joint venture with local investors through the formation of a subsidiary, Makro (Cambodia) Company Limited, with the goal of opening the first Makro store outside Thailand and operating it as the first Cash & Carry membership store in Cambodia.

The first Makro store in Cambodia is a classic format store located in Sen Sok district on the northwestern side of Phnom Penh. When it opened for business on December 17, 2017, the store represented a new phenomenon in the local market, offering small retail operators, traditional retail shop owners as well as local restaurant, hotel and resort operators a place to shop for a full array of quality products at prices that help them to enhance their competitive edge. The store carries over 10,000 items including household and personal goods, fresh and dried foods, packaged foods, frozen foods and more. Some of the products available are sourced from local producers and distributors in keeping with our policy to support and promote community products from local producers who meet our standards. Imports from Thailand include meats and some seafood products, frozen foods and quality products at value prices under the Company’s own brands including aro, M&K, Savepak and Q - Biz.

With sale area of 9,700 - plus - square - meters, Makro Cambodia is designed as a one - stop service store allowing business owners to save on the cost of traveling to different stores to complete their shopping lists. In addition, Makro’s merchandise inventory management system ensures prompt and consistent delivery of orders to meet customers’ needs, enabling our professional customers to efficiently manage their inventories and working capital.



*Makro Classic format with sale area of 9,700 - plus - square - meters*

### **Makro Retailer Alliance's Cambodian Chapter**

The customer - centric approach is at the heart of Makro's business operation. In an effort to help traditional retail shops and small retailers in Cambodia become stronger and able to generate more sales and profit, we have launched the Cambodian chapter of Makro Retailer Alliance (MRA), which has enjoyed great success in Thailand. Underscoring our stance as a trusted partner to our customers' business, we set up an MRA center at Makro Cambodia and, starting before the store's opening date, introduced the various MRA programs that have helped Thailand's traditional retail shops improve their businesses over the last 10 years. These include a training seminar for 500 retail operators, full revamp of traditional retail shops and links - up with local government agencies and business partners as a means to help develop small retail businesses in Cambodia. Moreover, our team went on the road to visit local retail shops and meet face - to - face with their owners to share knowledge and advise them about the benefits and privileges Makro's registered customers are entitled to receive. As a result, local retail shop owners and small retailers are beginning to be aware of Makro and understand the purposes of our business in Cambodia. More importantly, they have come to trust the Makro brand as a contributor to better quality of life and a business partner to local entrepreneurs with a positive role in community economic development and by extension, the development of Cambodia's overall economy.

### **Hire Locals, Grow Local Professionals**

One of Makro's success factors is our human resources, who play an important role in ensuring the sustainable growth of our business. Today, we are very well prepared to ensure that our personnel recruitment and development efforts meet the requirements of Makro's overseas expansion. In keeping with the concept "Hire Locals, Grow Local Professionals", we focus on hiring local workers and helping them become professionals using our training processes, work procedures and the suite of tools provided by the Company and proven through our 28 years in business. These tools include translated versions of our work manuals for employees, training manuals for supervisors and training passport, all of which are designed to help develop the potential of staff members in each department and give staff in different geographic areas the same body of work - knowhow in keeping with the standards of the Makro brand. At the same time, we work to inculcate "VICTORY - 7 Makro Values" to ensure unity among our employees and instill a sense of pride in helping to deliver the best to our registered customers in accordance with our corporate motto, "Makro, Your Trusted Partner".

The Company is confident that the opening this year of Makro's first store in Cambodia will prove to be a solid first step in our plan to pursue sustainable overseas expansion. Our goal is to open more stores of various formats in Cambodia, including our classic format targeting small retail business owners, Makro Foodservice catering to HoReCa operators and Eco Plus serving food professionals including HoReCa and small retail operators. We are also well prepared to expand into other high - potential markets abroad which, together, constitute a large and very challenging market.



*Makro Cambodia - Grand Opening Day*



*We serve quality food from all around the world*



*Variety of products to satisfy a target customer*

### Food Service APME expands into International Markets

We seek to consolidate our food service businesses under a single regional entity, placing an emphasis on enhancing potentials and raising the competitive abilities of our business both at home and abroad. Capitalizing on the experience we have accumulated through years of food service operations in Thailand and Vietnam and the strong foundation we have built during this time, in 2017 Siam Food Services acquires from the Indoguna Group 4 leading food service companies operating in overseas markets, in the process becoming a leading food service provider in the international market. We set up a new business unit, Food Service Asia Pacific and Middle East (“Food Service APME”), to drive the business of all 6 of our food service subsidiaries encompassing markets in Thailand, Cambodia, Vietnam, Hong Kong, Singapore and United Arab Emirates. Our food service businesses in Thailand are now consolidated under the Siam Food Services brand while overseas food service operations are under the Indoguna brand with a view to further enhancing the competitive abilities and extend the reach of our food service business in line with our customer centric approach. This approach includes offering selections of healthy and highly natural products including hormones - and chemicals - free foods, which are enjoying high market demand. At the same time, we continue to make our own - brand products stronger and encourage skill improvements and knowledge exchanges between professionals in the industry with a view to delivering products and solutions that surpass the expectations of HoReCa operators. Our efforts, including recommending techniques to help chefs create better - tasting dishes, have increased our entrepreneur customers’ trust and confidence in our professionalism.

### Siam Food Services: Enhancing Business Potential through Product Diversity

Siam Food Services engages in the imports and sales of frozen and chilled food products as well as their storage and transportation delivery services at 5 locations in Bangkok, Pattaya, Ko Samui, Phuket and Chiang Mai.

Siam Food Services offers food products from around the world including premium U.S. beef, French oysters, Swiss dairy products and international foods including Mexican, Italian, Indian, Japanese and others. The diversity and high quality of its products have made Siam Food Services a trusted brand and enabled it to deliver maximum satisfaction to its target groups, especially full - service restaurants and chain restaurants that place special importance to product quality.

Siam Food Services has maintained a leadership position in the industry by emphasizing the development of new product categories in order to increase product diversity and offer entrepreneur customers more choice. To provide flexible solutions in order to better serve food professionals, it has sought to expand its business to include manufacturing as well. In addition, the company seeks to increase brand recognition and closer ties with HoReCa customers by regularly participating in food expos including THAIFEX - World of Food Asia 2017 and Makro HoReCa 2017.



A close-up photograph of a chef, an older man with a white chef's hat and a white double-breasted jacket with black buttons. He is smiling slightly and looking down at a white plate. He is using a silver spoon to drizzle a sauce over a piece of meat on the plate. The plate also contains other pieces of meat, green vegetables, and a yellow sauce. In his other hand, he holds a large, round, copper-colored pot. The background is blurred, showing a kitchen environment.

*Only  
the Best is  
Good Enough*

## **Indoguna enters New Markets in Asia Pacific and Middle East**

Following an expansion into high - potential markets in 6 Asia Pacific and Middle Eastern countries, our food service group now seeks new opportunities in sales of halal and premium food products under Indoguna's brands to HoReCa operators, becoming a one - stop food services provider in the process.

### **Indoguna Vina Food Service, Vietnam**

When we started expanding our food service business into ASEAN markets, Vietnam was the first market we chose. In 2012, we formed a company in Ho Chi Minh City to engage in the imports, exports and sales of high - quality food products to fast food, restaurant and hotel operators. In 2014, the company opened a second location in Hanoi capital city.

In keeping with the direction of our food service business's overseas expansion, headed by Food Service APME, in 2017 we changed the name of Vina Siam Food to Indoguna Vina Food Service Company Limited ("INDV"), capitalizing on the strength of Indoguna's international reputation in furtherance of our overseas expansion, partly in pursuit of our plan to increase market share and become a leader in Vietnam's food service industry. In 2017, INDV generated revenue of Baht 332 million, a 28.3 percent increase over the previous year, and profit of Baht 1.5 million, a 800.4 percent increase over 2016.

### **Indoguna (Singapore), Singapore**

Indoguna (Singapore) is a leading foods and beverages company with a strong track record in Singapore stretching back over 20 years. A leader in the imports and sales of premium food products including meats, seafood, fine wines and halal foods, it caters to restaurants, hotels and leading food services providers who want to control their production cost. This same group of customers are increasingly interested in premium products, viewing their higher value as an opportunity for building growth. The company is increasingly interested in premium products, viewing their higher value as an opportunity for building growth.

### **Indoguna Dubai LLC and MAXZI The Good Food Shop, United Arab Emirates**

In 12 - plus years of operating in Dubai, United Arab Emirates, Indoguna Dubai is known as a leading premium - foods

supplier to operators in Middle Eastern countries including UAE, Oman and Qatar. The company seeks to serve the needs of its target groups, which include HoReCa operators and leading airlines, by offering high quality products made from premium ingredients under top brands in the Indoguna stable, including Carne Meats premium sausages, Ocean Gems seafood and Masterpiece halal dim sum. It has also developed online sales channels and opened MAXZI The Good Food Shop, a specialty shop catering to modern consumers' lifestyle needs by offering high - quality food ingredients as well as excellent food experiences and inspirations.

### **Indoguna Lordly and Just Meat, Hong Kong**

By acquiring shares in Hong Kong companies Lordly Company Limited (now Indoguna Lordly) and Just Meat Company Limited, Makro has established a foothold for our food services business in Hong Kong. The goal is to grow the business further by strengthening the Just Meat brand, which is engaged in the imports and sales of high - quality meat products.

### **Indoguna (Cambodia), Cambodia**

In addition to opening a Makro store in Phnom Penh, in 2017 we joined forces with local investors to form a new subsidiary, Indoguna (Cambodia) Company Limited. With the support of Siam Food Services and Indoguna Vina Food Service, the new company successfully established a presence in the local market and set up offices in Phnom Penh and Siem Reap. It is poised to deliver premium quality imported food products with a focus on food safety to serve the needs of businesses in Cambodia's tourist sector, which possess high potential for growth.

The Company remains committed to expanding our food service business into overseas markets with high tourism growth potential, both by partnering with local companies with strong potential and by seeking merger opportunities with other business groups in our own industry. At the same time, we continue to maintain an emphasis on a seamless connection with Makro, both in terms of work systems, product sourcing, customer connections and business synergy with companies in the Charoen Pokphand Group. Our goals are to double our growth rate in order to ensure that the Makro Group continues to grow, and to realize our firmly held vision of being "to be number one food solution provider for professional customers".



# ที่ทำการกองทุน บ้านกอกชุม

หมู่ 6 ต.พระบาท อ.เมือง จ.ลำปาง





Committed to  
Creating  
Shared Value to  
Thai Society







*Co - product development with suppliers to serve customers' need*

The Company believes that sustainable development cannot be achieved single - handedly but through collaboration. Therefore, we are committed not only to the development of our own business but also the growth of our customers and our business partners. To this end, we have focused on the development of local economies and on strengthening small retail operators to enable them to advance on the path that is modern retailing, all while aligning the standards of our suppliers with international practices, which prepares them for challenges of today and tomorrow.

## Mutual Growth, Mutual Bond

For the past 28 years, professional customers have trusted in Makro's food products, whether in terms of freshness, cleanliness and safety. Makro has achieved all of this through our earnest and solemn efforts to elevate the standards of our agricultural products throughout the value chain, which enables us to manage our business sustainably. Makro's Quality Control and Assurance team places a great deal of importance on the safety of our food items according to international standards and in compliance with legal requirements. For Makro, the safety of our food is never negotiable. After all, our vision is "to be number one food solution provider for professional customers". In addition, Makro also maintains diverse selection of good quality products with responsibility for community, society and environment.

The Company's Quality Assurance team takes the lead in the collaborative effort, together with governmental agencies, a network of private companies and leading universities at home and abroad, to develop the methodologies and educate suppliers and trade partners, starting from the source, to ensure that meats, fishery products, vegetables and eggs are safe and free of chemical residue, antibiotics and pathogenic microorganisms. The Company has also developed the Makro i - Trace, an advanced technology that allows professional customers to easily trace products to their sources by scanning a QR code. As a result, HoReCa operators can be certain that they are delivering safe food items to their health - conscious customers.

The Company has established the Makro Quality Pro (MQP) project, which have received an internationally acclaimed certification through rigorous standardization of their quality. Our efforts have also improved the quality of life for farmers. By empowering them with a stable job and income, we have equipped them with the ability to stand on their own two feet and an awareness of social responsibility. By setting standards and providing a stable market environment, Makro has come to be loved by suppliers. In return, farmers are willing to be our business partners with operations under good governance, fully transparent and accountable manner. Our quality control process is comprehensive, ensuring sustainable growth from upstream to downstream.



*Makro Quality Pro - Quality products for all*

In the event that legal changes affect the products sold at Makro, we will inform our business partners of the changes and work together with them to ensure compliance in every step. The Regional Collection Centers that Makro has established are equipped with laboratories in which Makro tests for the safety and quality of the products to be sold by us. These GMP and GLP certified centers have helped us ensure the quality of our products during the upstream process on behalf of grass - root farmers. All of this ensures that the products sold by Makro are of quality, safe according to international standards and in compliance with consumer protection rules and regulations. Makro, as a downstream distributor, is also audited by external bodies, such as the Food and Drug Administration, the Office of the Consumer Protection Board and the National Bureau of Agricultural Commodity and Food Standards. Thanks to our rigorous efforts, Makro has always received the "excellent" mark. Consequently, Makro has become the very first name customers think of when it comes to food safety. We are also known as a Q - GAP certified provider of safe agricultural produce and food items under the Q Restaurant mark. More than 60% of HoReCa operators trust us to provide them with raw ingredients, a fact that allows them to gain the trust of consumers, among whom dining out is becoming more popular. The Company has also supported environmentally friendly products. We have participated in projects such as the Green Label Product Development, Carbon Footprint Label and Thai Industrial Standards Retailer project to enhance consumers' confidence in our selection of standardized, safe and environmentally friendly products. We have also been an avid supporter of using the Number 5 Efficiency Label to promote energy conservation and reduce operational costs.

## The Journey of a True Business Partner: Makro Retailer Alliance

### Embarking on the 4.0 Era

Growing alongside Thai society, Makro's role is not limited to being a wholesale center; it extends to helping Thai retailers increase their competitive advantage. In doing so, we have helped drive the Thai economy forward by contributing to the local income distribution network.

Ever since the **Makro Retailer Alliance (MRA)** was formed, Makro has been a business partner with a readiness to support and promote retailers through a number of activities. The **Lardprao Makro Retailer Alliance Center** serves as a command center that collaborates with public and private agencies and provides business consultation to our professional members and interested operators.

From 2007 onwards the Lardprao MRA Center has conducted training for retail operators and created the 8 Topics in Retail Shop Management manual, the Shop Improvement manual and the New Retailers' Handbook. These manuals are updated every year. Additionally, Makro has organized the New Generation Retailer Competition, the Charm of Small Retailer Competition - a collaborative effort in which Makro and local students make improvements to local retailers. Meanwhile, the Makro Retailer Day event rotates across Makro stores nationwide.

As for the 2017 roadmap for Thai retailer development, Makro placed a great deal of importance on improving their businesses with innovation and technology, empowering them with the capabilities to face the challenges of the 4.0 era. We held the "9<sup>th</sup> Retail Expo" under the theme "The Future of Thai Retailers: Advancements through Innovation". We also organized a seminar to enhance Thai retailers' potential, called "Thai Retailers Spread Their Wings in the 4.0 Era", in the North, the Northeast and the South of Thailand. Moreover, we further developed our training curriculum with materials on the integration of technology to help with retail management. Our MRA staff also began providing consultation on how to place an order and make an online payment via Makroclick.com, a newly developed channel for the convenience of operators, meeting their online to offline demand.

In 2017 the Makro Retailer Alliance also created business opportunities for retailers, helping them set themselves apart and generating more revenue and profits, including a coffee shop starting kit under the brand "Coffee Corner" that requires little start - up capital but yields a lot of profits quickly.

Because of the dedication and continuity of the project, the Makro Retailer Alliance has received much interest from local Thai retailers. At the end of 2017 the MRA garnered 39,000 member retailers. A large number of retailers have used the knowledge gained to develop their stores. They have been able to increase profits, strengthen their competitiveness, serve as success stories of old retailers and encourage new operators to develop their businesses sustainably.

Thanks to our performance in strengthening local retailers and driving the local economies forward, the **Makro Retailer Alliance** was awarded the **CP Sustainability Award** from the Charoen Pokphand Group in the category of outstanding campaign for job creation and solutions to poverty at community levels.

Stepping into the second decade, the Makro Retailer Alliance remains committed to its mission to empower Thai retailers with innovation while taking it up a step with the **MRA 4.0** agenda. We aim to lift Thailand's retail businesses to the 4.0 standard and to create a new generation of retailers with the Makro 4.0 strategy, which includes the development of a platform that fully integrates retail shop management with the point of sale (POS) system and the use of Big Data to improve competitiveness in the digital era.

In addition to supporting Thai small retailers, the MRA is now expanding overseas, which is in line with Makro's expansion in Cambodia. The Cambodian MRA team has been formed to provide support to Cambodian small retailers, reiterating our stance as a trusted partner of the local businesses anywhere we operate. We believe that **our customers' success is our own success.**





9<sup>th</sup> Retail Expo - to enhance retailers' competitiveness



Makroclick - new shopping experience for new generation entrepreneurs 4.0



MRA 4.0 - to innovate new business model for professionals





11<sup>th</sup> Makro HoReCa at Impact Muang Thong Thani



12<sup>th</sup> Makro HoReCa at Chiang Mai - first time in regional



Well - accepted from professionals in Chiang Mai



## Activities for Society

Because the Company desires to be well loved by society and by communities surrounding Makro stores, we have created a number of social responsibility activities that foster relations with all relevant parties and enhance a good quality of life as a way to pay back to society and local communities. These activities also strengthen the foundation of our society, allowing all of us to grow together in a sustainable manner.

### In remembrance of His Majesty the late King Bhumibol Adulyadej

To express our loyalty and our gratitude towards the graces of His Majesty the late King Bhumibol Adulyadej, Rama IX, the Company co - hosted a religious ceremony with monks delivering special prayers dedicated to the late King Bhumibol Adulyadej. The staff of the Company planted marigold flowers and donated 1,099 of them to Suan Luang District Office for use during the cremation rites.

In addition, the Company's management and employees alike participated in the making of 90,000 sandalwood flowers called Daffodil, which were donated for use in the Royal Cremation Ceremony of His Majesty the late King Bhumibol Adulyadej. We also provided food and drink to the public at the sandalwood flower offering points across the nation.

### Food Solution Provider

The Company reiterated our stance as a food solution provider by signing a Memorandum of Understanding (MOU) in the Nu Nid Bring You Taste campaign with the Department of Internal Trade of the Ministry of Commerce. Under the terms of the MOU, Marko provides quality ingredients to food vendors in the campaign at a wholesale price, which reduces their costs and lowers the people's expenses in a concrete manner. The campaign allows consumers to enjoy clean and hygienic food made with quality ingredients at an affordable price. Moreover, the Company has provided training to enhance cooking skills of operators in the campaign and to develop new menu items for them.

Every year the Company organizes the "Makro HoReCa" event. The 11<sup>th</sup> event was held under the theme "the Creation of Food Business to International Standard", to reiterate our stance as a food solution provider and



1,099 yellow marigold plants for the late King

support HoReCa business operators. The event was held during March 23 - 26, 2017, at Impact Muang Thong Thani. The event welcomed over 84,000 visitors. To spread its success to regional levels, Makro organized the "12<sup>th</sup> Makro HoReCa" event at the Chiang Mai International Exhibition and Convention Centre during July 7 - 9, 2017 under the theme "The Creativity". There were many activities that reiterated our stance as a food solution provider for HoReCa operators, including training, cooking show, discussion panel of food experts and professional chefs, food and drink innovation booths, equipment from over 200 partners and a Northern food cooking competition with certificates from the World Association of Chefs' Societies. Moreover, a workshop was held at the Makro Culinary Center (MCC) at the Tara Phatthanakan Building at the Makro Head Office to showcase dishes by famous chefs and support the growth of food business operators alongside ours.

### Makro Retailer Alliance

The Company has always focused on supporting the growth of local economies. The Makro Retailer Alliance team is the main body that provides knowledge on retail shop management at various occasions, reiterating Makro's stance as a trusted partner. With the public sector, we provided knowledge on the topic of "professional retail shop management" at the Local Economy 4.0 event organized by the Ministry of Commerce to strengthen local Thai economies. The event was held at Impact Muang Thong Thani. We have also planted the seed of knowledge on retail management in over 25,000 students, with whom we have collaboratively improved local retailers for 8 years. We have been a signatory in a Memorandum of Understanding (MOU) "to mobilize pilot Pracharath shops and





*Scholarship and school building - a toward the betterment of community*

markets for society.” We also signed another MOU to operate a demonstration center for grass root economic development (Social Enterprise - SE) at the MRA Center, allowing representatives of community retailers (marketing demonstration center) from all over the country to learn proper retail shop management, as well as use the knowledge gained to develop and improve their local stores, enabling them to grow in a robust and sustainable manner. This is how we have helped with enhancing career potential and strengthening grass - root economies according to the Pracharat guidelines in the 4.0 era.

To celebrate Makro’s 28<sup>th</sup> anniversary, we have encouraged our employees at every store to carry out an activity that would bring about benefits to the communities surrounding their stores. We invited retailers in the area to our training on the “8 Topics in Retail Shop Management” for one day. In addition to strengthening local businesses in a sustainable manner, this event also served as a continuation of the “Good Deeds of 100 Makro Stores for 100 Communities” campaign across the nation. Some of the good deeds have

included a blood donation, cleaning up temples, schools, public parks, beaches and roads, as well as dredging canals. With this campaign, we have instilled the spirit of volunteerism in the minds of our employees, which goes hand in hand with our corporate social responsibility guidelines.

#### **Sustainable Job Creation**

No matter where Makro establishes a new store, we hope to be well loved by the communities around it. In 2017 we donated Baht 1.4 million to build egg - laying hen housing for people living with disabilities and their care givers in Nakhon Ratchasima. We also built an egg - laying hen house and provided equipment and 480 hens, which are worth Baht 1.4 million, to promote sustainable farming as a career choice for discharged soldiers living with disabilities and their families, as well as conducted theoretical training for them on the topic of “raising egg - laying hens for people living with disabilities and their care givers” at the 23<sup>rd</sup> Regimen of Rangers in Si Saket. It is a way in which we could improve the quality of life for

people living with disabilities who are part of our society and fully capable of making their own contributions. Moreover, Makro joined forces with the public sector to support the Hak Mae La Shop, a local retailer in Mae La, Tak, in its endeavor to hire people living with disabilities according to the government's Pracharat policy to strengthen the local Thai economies in a sustainable manner.

### Education for Youths

Seeing the importance of education and the development of facilities, including school buildings in underprivileged communities, the Company, the Foundation of Artists' Friends and our alliances built a school building for Wat Pa Phruek School in Suphan Buri and a school building in royal honor for Mit Muanchon 2 Border Patrol Police School in Kanchanaburi. We hope that these schools will foster educational opportunities and better quality of life for Thai youths today, who will grow up to be quality citizens of tomorrow.

### 3R Sustainable Energy Management

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 saved energy consumption by 30%. Moreover, our double - door storage has reduced energy loss during a product transfer.

Furthermore, we invested in the purchase of 400 containers (45 - foot - long). They allow us to deliver more goods per trip, effectively reducing the number of trips each truck has to do. Consequently, we have reduced fuel consumption by 3,814,249 liters or 10,538 metric tons of carbon dioxide. On top of this, we have also taken advantage of solar power to heat up water to clean equipment in distribution centers.



*Makro for a community - helping flood victims*

In addition, the Company has a policy of environmental management and sustainable energy management. In 2017, the Company participated in the Emission Reduction under the T - VER Program organized by Thailand Greenhouse Gas Management Organization (TGO) to certify of emission reduction of 1,245,611 kilograms of carbon or reduced energy consumption by 2,112,279 kilowatt hours from changing 8,024 sets of high performance 20 watt LED lamp and 1,417 sets of 160 watts LED lamp. The Company also performed energy efficient management which reduced energy consumption by 6,700,388 kilowatt hours compared to 2016. Furthermore, the Company has focused on design and selection of energy efficient equipment for Makro store expansion.

Seeing the importance of Water Resources Management and Environmental Impact Reduction, the Company is committed to environmental conservation through standardized treatment of wastewater before releasing into the sewage system. In 2017, the company reduced its use of water and reduced wastewater drainage by installing a standardized wastewater treatment system which wastewater was reusable to water the plants of 6 Makro stores increasingly.



# HUMAN RESOURCES

## AND ORGANIZATIONAL DEVELOPMENT

Makro has operated in Thailand for nearly three decades. During this time, people at all levels of our organization have learned and collected valuable experiences with a view to delivering the best products and services to our professional customers. However, to achieve sustainable growth in a highly competitive of 4.0 world where rapid changes are the norm, we must prepare our organization and people for the coming challenges. In the interest of increasing age diversity in our organization, we need to simultaneously build new generations of workers, continue to grow the potential of existing ones, and work to close age gap and harmonize generational differences in our workforce.





### To Become “Employer of Choice” for All Ages

Makro is a large organization with a workforce of diverse age groups, the largest being Generation X and Generation Y. During 2017, our human resources challenge remained to ensure efficient recruitment and development of sufficient numbers of high - caliber employees with a view to accommodating the growth of our domestic business and planned expansion overseas. The solution for this challenge is to build Makro into an attractive workplace for people of all ages, especially the younger generations. This constitutes one of the major goals of building a substantial business growth in the Makro 4.0 era.

There are a number of qualifications that Makro 4.0 people should possess. One is a passion for all things related to food, as that is the direction we are taking as a business. Enthusiasm and agility to stay abreast with the ever - changing business climate are another. The third is being open to new possibilities in order to keep up in a new era of competition. Alertness to change and readiness to relocate anywhere in keeping with the expansion of our business, both in Thailand and abroad, is also important. Just as desirable, if not more so, are leadership qualities and the entrepreneurial mindset, especially the commitment to delivering good things beyond customers’ expectations and providing food professionals with a competitive advantage.

In working to become an attractive workplace for all ages, we prioritize building our corporate image as a modern organization with a clear vision and mission to be number one food solution provider for professional customers. To attract new - generation workers, the Company now accept job applications via online channels, work with top universities in every region of Thailand to organize job fairs and create jobs for local residents, and actively recruit “Young Talents” to help us create new innovations for our organization.

The Company also greatly value sustainable human resource management, aiming primarily to achieve the continuous “Employee Well - Being” and become a good organization with “Fairness in Workplace”. In 2017, the Company formulated its human rights policy, in which respect for others’ rights is observed among employees and other stakeholders without discrimination, in line with the UN Guiding Principles on Business and Human Rights. In addition, the Business and Human Rights Policy was enforced, with coverage extended to all stakeholders along the business value chain.

### Building and Developing Capabilities

To ensure sustainable success for our domestic and overseas expansion plans, the Company continues to adhere to our “Grow Our People for Growth” (G4G) human resources management strategy, whose key components include developing leadership qualities and fostering sustainable professionalism in employees of all levels.

To ensure the same operations standards at all Makro locations, we work to still the “VICTORY - 7 Makro Value” in all our staff. This is achieved in part through bonding activities for store employees, including “Makro’s Day One”, a welcome event where new employees are taught about work procedures and take part in a Bai Sri Soo Khwan welcoming ceremony (traditional welcome ceremony). Our Group Chief Executive Officer attends every one of these events, which are part of our effort to give new employees a warm welcome on starting work at a new location, and as such, form an integral part of Makro’s culture. The publication of staff’s operations manuals and supervisors’ job training manuals for each department e.g. meats, vegetables and fruits as well as bakery also helps provide effective tools for training our large number of staff to have the necessary skills, knowledge and expertise for their specialized work in a short time period, an endeavor that will be highly valuable for Makro’s future expansion.

Our focus on growing and retaining high - caliber personnel as our organization grows is reflected in our clearly articulated succession management plan. Staff at all levels are included in the plan, which comprises assessments and training programs to develop employees’ outstanding potential, enabling them to advance in their field of work and ably perform the role of food solution provider for professionals. These programs include Staff2Potential for operations staffs, Supervisor Academy Program for supervisors, Section Development & Fresh Food Development for section managers and Food Service Academy for Fresh Foods section managers. Furthermore, the Company has put in place a systematic leadership building process designed to generate a body of knowledge to enable our staff to progress to higher positions. The STAR Program is designed to help groom candidates for store manager positions while the Star Plus program is designed to train candidates for area and regional manager positions. Those in leadership positions are sent to join the leadership program at C.P.

Leadership Institute (CPLI), which specializes in training leaders with world - class potential and competitive abilities. During 2017, our employees underwent an average of 14.03 hours of training per person per year. For the employees of manager level and upwards spent an average of 34.57 training hours per person per year.

To ensure preparedness in the event of a management - level vacancy, we have crafted a succession management plan under which we identify employees with high potential, outstanding performance records and leadership skills, and groom them through a systematic, multi - faceted process. Specialized programs, project assignments and coaching by highly experience management executives are all part of the process to help these hand - picked talents become ready to step in when a vacancy opens up. Our succession management plan focuses on management - level positions with a view to ensuring business continuity. During 2017, we performed assessments of succession candidates for the positions of Group Chief Executive Officer (Group CEO), Group Chief level, Chief level (CEO - 1), and Senior Directors (CEO - 2). Assessment results helped us to identify those who were ready for immediate succession, those who would be ready for succession in the next 1 - 3 years and those who would be ready for succession in 3 years or more. A candidate's level of readiness dictates the intensity of his or her own development process as well as the form it takes and tools to be used. The company therefore needs to take this into account when designing succession development plans for individual candidates. To enable a candidate to quickly develop his or her potential to meet the company's business needs in a timely manner, the grooming process needs to comprise various components including training programs at C.P. Leadership Institute (CPLI), such as the ALP (Action Learning Program) and BLP (Business Leader Program); new project assignment; synergizing with CP Group, training seminars and workshops; rotation to different functions in the company; mentoring by capable and experienced individuals, among others. The company conducts intermittent follow - ups through the duration of the grooming process, administering another readiness assessment just before the program reaches its conclusion.

At our head office, we strive to instill Makro's DNA in employees of all levels by inculcating the CP Group's 6 Key Values, "VICTORY - 7 Makro Values" as well as the principles of corporate governance, which are greatly important in today's conduct of business. In addition, we work to ensure that staff at all levels get the appropriate help as they work to develop their potential. All executives



*The Star Program - be ready for next move for SGM*

in the Senior Manager level and above undergo general leadership training under our Corporate Induction Program and take personal growth development courses i.e. Situational Leadership including Crucial Conversations. Younger workers undergo intensive training under our Young Talent program, which is designed to identify the next generation's stars, who will provide the Company with new sources of energy. Moreover, every 2 months the Company invite outside experts to share their knowledge and experience with our staff via talks on the global business trends. The objective is to stimulate creativity leading to future development of new business models within the Company. During 2017, we also organized our first - ever Employee Engagement Surveys in a bid to determine the level of staff engagement with the company and subsequently integrate survey results in our human resources planning for the coming years.

### **Moving Towards an "Innovation Organization"**

Thailand is committed to economic restructuring with a view to becoming a value - based economy. In the same spirit, Makro has undergone a restructuring under the Makro 4.0 strategy. Key to this has been the forming of a Synergy & Innovation Department to accelerate concrete innovation creation within our organization. The goal is to achieve higher competitiveness and continued growth for the Company while ensuring sustainable quality of life for stakeholders within our organization and the Thai population at large, and contributing positively to the country's economy.

The formation of the Synergy & Innovation Department has made the internal innovation creation process more comprehensive and systematic. The challenge is to foster an "innovation culture" and make innovation an intrinsic part of our staff's DNA. In the early stages, we work to create an environment where personnel at all levels become alert to and aware of the importance of innovation.

The desired result is a conviction that innovation is not only tangible and relevant for all but can be a key tool for improving work efficiency and saving time, cost and resources as well. Moreover, good innovations help create value - added by enabling our products and services to fulfill the business needs of professional customers. To encourage employees to create new innovations, we organize activities year - round including the “One Unit, One Innovation” campaign and “Innovation Week” event. The latter, held under the concept “365 Days Innovation Around You”, seeks to communicate the concept of innovation and make it more accessible to our personnel by showcasing innovations that have brought success to the Company, either by winning awards or by generating value - added for our business. Hosting roadshows at different Makro locations has proved to foster knowledge about innovation. Internal innovation contests, meanwhile, have made clear that the majority of innovations arise out of the need to solve work problems; therefore, creating innovations that directly meet our business needs not only leads to improved work performance efficiency but helps reduce financial, time and labor costs as well. And just as importantly, in creating innovations, our employees derive a sense of pride from their work and come to value it even more. Every innovation created leads to new business opportunities and its value contributions can be measured in monetary terms.

Being a member of the CP Group, which strongly promotes innovation creation, has been beneficial to the Company. This relationship allows us to seek cooperation from within the group, combine our strengths and exchange knowledge and tools for creating innovations with the potential to generate high value - added. These advantages form the core of the engine that drives our business in the Makro 4.0 era as well as the group’s sustainable growth.

### Makro Innovations for a Better Life

We seek to create innovations to serve the needs of Makro’s business operations and ensure that Makro is truly Your Trusted Partner. Our innovation creation comprises 4 processes:

**1. Product Innovation.** Examples include our Bakery Department’s “We Produce, You Sell” frozen egg tarts, winner of the 10<sup>th</sup> President Award for Innovation Excellence from the CP All Innovation Days 2017. In choosing the product - which consists of frozen tart shells and ready - made filling - bakery owners can save time spent on preparing ingredients, simplify their work process, reduce production labor and do away with buying expensive baking equipment.

**2. Process Innovation.** Another winner of the 10<sup>th</sup> President’s Award for Innovation Excellence from the CP All Innovation Days 2017, our Quality Assurance department’s “To Make the Dreams Come True for Thai Farmer” program successfully built a network of more than 800 farmers connected via Big Data to a central database. A traceability system, “**Makro i - Trace**” was developed to allow consumers to trace products back to their sources and access their safety test results and certification. Ideal for customers who place great importance on food safety, including hospitals and hotels, the Makro i - Trace system requires only a scan of the QR Code on the product’s label to reveal its source. This system gives customers access to environmentally - friendly products and services and makes it easier to do a quality check all the way to the source. It also helps to cut down on paper certification of product quality by more than 58,200 instances a year. Another award - winning of an Honorable Mention for process innovation is the “**Full Quality & Quantity @ Makro**” jointly developed by Makro and our partners with support from the Office of the Consumer Protection Board (OCPB) for improving the standard of production and certificate of “Thailand Estimate Mark” which is a seal of endorsement for accurate package labelling and measurement of pre - packaged goods.

**3. Service Innovation**

**4. Business Model Innovation** Our commitment to business model innovation encompasses such undertakings as the development of our own Online to Offline (O2O) platforms and systems, including Makroclick.com, which offers a catalogue of select merchandise, and Makro application, a channel for direct communications and sales promotions targeting our registered customers. This is part of our strategy to ensure that our business remains strong in the years to come.



Product Innovation : We produce, You sell



# ENVIRONMENTAL, OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT

The Company has laid down environmental, occupational health and safety management guidelines in accordance with legal requirements for our internal use. These guidelines govern all of our operations, including the head office. They afford safety, good occupational health and a good workplace to all employees and contractors, as well as customers.

Ever since the Company was founded, we have been committed to the development of safety, occupational health and workplace. The Company has defined an environmental, occupational health and safety management policy as well as dedicated to doing everything in our power to ensure workplace safety and good health of all employees. Our goal is to reduce the lost time injury frequency rate to zero, whether among our full - time employees, sales promoters, contractors and customers. Our policy covers the following aspects :

- Provide a safe workplace.
- Establish safe work processes, including the use of tools, machinery and other equipment.
- Establish safety measures to assure employees of safety while working and to gain customers' confidence in our service.
- Provide training sessions and seminars to educate employees about health, hygiene and safety both at work and off work by organizing safety training course, "Big Cleaning Day" activities, sending employees to attend training courses on environment both inside and outside the company as well as promoting "Makro Safe Driving" campaign.
- Provide hygienic workplace and atmosphere, including other relevant facilities.

The Company has set up teams to manage safety, occupational health and workplace. These teams play a role in establishing a strategy to drive safety, occupational health and workplace management forward and to ensure

concrete implementation of the policy, which leads to the reduction and prevention of accidents. The following have been done to achieve our goal :

- To establish accident prevention strategies with a focus on strengthening the organization whether at stores or at the head office, a Safety, Occupational Health and Workplace Committee has been founded at every store under the provisions of the law to drive, support and promote safety, occupational health and workplace activities, including the prevention of accidents caused by unsafe work processes and conditions. These activities are meant to promote accident prevention in a tangible manner.
- It has been our policy to employ an external agency to audit our compliance with legal requirements on safety, occupational health and workplace. The audits ensure that each branch's management of the subject matter complies with relevant rules and regulations. The audit results have been used to in planning, establishing new measures and making improvements to existing measures.
- To foster a culture of safety through leadership engagement, the Company has started with the participation of each store's management. The involvement has then trickled down to other employees at lower levels. The Company has also established safety key performance indicators (KPIs) to empirically measure our success, which will lead to a sustainable awareness and culture of safety.

- The Company named 2017 the year of safety culture. Safety management was executed by strengthening the organization from the inside, being audited by an external party and taking advantage of leadership engagement. Safety, occupational health and workplace training was conducted for employees and contractors to equip them with the ability to perform their duty safely for themselves, their colleagues and customers. The Company has also provided a personal safety kit to employees, which is customized according to the needs of each job function. The Company has also required a comprehensive accident report to be submitted to store management and to the head office. Any event that affects life or asset or carries an accident risk must be reported. An investigation then takes place to establish the cause. This process allows us to come up with prevention and mitigation measures. Reporting these events helps raise safety awareness, which will lead to an organizational culture of safety.

The Company promotes the sustainability of safety, occupational health and workplace management through the Safety, Occupational Health and Workplace Committee at each store. Our management is focused on compliance with the law and alignment with the government's guidelines. In 2017, 13 Makro stores in Thailand won the model organization awards for safety, occupational health and workplace management at the national level. Meanwhile, 17 stores won the awards at the provincial level, and 6 received honorable mentions. The Company participated in the Sustainability Report Assurance assessment according to the GRI Standard to bolster on confidence in our own safety, occupational health and workplace management guidelines. Our safety index, based on the lost time injury frequency rate (LTIFR), was at 2.0 per 1 million hours of work.

### Environmental Management

Integral to Makro's operation are environmental protection and respect for the rights of communities and society. The Company focuses on refraining from any actions that negatively impact natural resources and the environment. The Company strictly adheres to relevant environmental laws. The Company also instills a sense of responsibility for society and the environment within our organization and among employees of all levels. Within our operations, we separate recyclables from waste to maximize our use of resources, including the proper management of waste according to the law. Wastewater from our operation is treated. Under our Zero Discharge project, treated wastewater is used for watering plants. In doing so, we do not allow

wastewater to flow into the community, conserve water and increase green spaces within the premises of our stores.

The Company is committed to energy conservation management. The Energy Management Working Team of the head office devises energy policy that improves our energy management system. The team also establishes goals and energy conservation plans that comply with legal requirements and ensure concrete implementation of these plans. In addition, the Company hires an external agency to conduct a Makro Store Safety Compliance Audit to assess compliance with safety and environmental laws. The Company also participated in the Sustainability Report Assurance assessment according to the GRI Standard to bolster our confidence in our energy, pollution, waste, health, occupational health and safety management practices. The Company regularly raises environmental awareness among our employees through activities such as campaigning for the optimization of the use of office supplies, for employees to turn off lights to meeting rooms when they are not in use, for temperature control in offices and for water conservation. We even study how to make fertilization from food waste.

### Environmental Education

It is the Company's aims to have an operation that does not negatively impact the environment, natural resources and communities. The Company strives to instill a sense of responsibility for the communities and the environment, as well as an awareness of proper use of resources, in our organization as a whole and among employees of all levels. Environmental awareness training has been provided to employees of all levels, starting from orientation at the head office. This training focuses on communication about and campaigning for environmental conservation, how to reduce our impact on the environment and use resources appropriately. In addition, the Company has provided training on and raised an awareness of energy laws for the Energy Management Working Team. The Company has also made an internal energy management audit curriculum for personnel working at the head offices. All of this is to ensure that our employees have the knowledge and an awareness of the importance of energy management and environmental protection.

The performance of these activities has been reported to management of each business unit. Such information is used as guidelines in improving and establishing plans for each business unit, as well as in the establishment of Makro's goal, to ensure efficient and sustainable implementation.





# 2017 KEY MILESTONES



*Setting up a new subsidiary :  
CP Wholesale India Private Limited*

- Signed MOU for a cooperation with the Community Development Department, Ministry of Interior together with the Rural Lives Development Foundation to operate Market - based Demonstration Centre along with the approach to bringing knowledge to develop and improve community stores for sustainable growth.
- Collaborated with the business alliances to support Thai Rotary Day 2017 by organizing the activity “Unleaded Thai Noodle - Pot without Lead components, Thais Strong, Thailand Strong” for the 7<sup>th</sup> consecutive year.



*Makro sharing its knowledge to develop and improve community stores for sustainable growth*

- Official Grand Opening Ceremony of Tara Pattanakarn Building, New Makro Head Office.
- Organized the 11<sup>th</sup> “Makro HoReCa” event under the theme of “The Creation of Food Business to International Standard” with an aim to enhance competitiveness of HoReCa operators and to offer opportunities for their business growth.

## January

- Makro ROH, 99.99% owned by the Company, formed a new wholly - owned subsidiary, CP Wholesale India Private Limited, registered in India. The primary purpose of investing is to operate wholesale and related businesses.
- Our wholly - owned subsidiary Siam Food Services increased its capital for the amount of Baht 3,138 million to be Baht 3,183 million for the purpose of its business expansion and acquisition in food service business in overseas.

## February



*MOU signing to develop and improve community stores for sustainable growth*

## March

- Received certificate from the Thai Industrial Standards Institute (TISI) for joining the Thai Industrial Standards Institute’s “Mor Or Kor Shop” and supporting the development of Green Label products.
- Received the honorable certificate for improving the standard of production and certificate of “Thailand Estimate Mark” from Bureau of Weights and Measures, the Department of Internal Trade to certify product items under Makro private brand, “aro” for development of product traceability by QR Code.
- Signed MOU for a cooperation with National Village and Urban Community Fund Office in developing community stores and Pracharath market prototype for community for sustainable growth.

- Opened a 6,904 sq.m. Makro Kalasin.
- Collaborated with Ministry of Commerce for welcoming “Back to School” with a special promotion of stationery and school supplies discounts to help parents save money.



*Supporting quality agricultural products from Cooperative and Community Enterprise*

- Opened a 640 sq.m. Baker Mart at Makro Chaengwattana, Bangkok. This is a store of all related bakery and coffee products and equipment.
- Foundation Stone Krong Pealy Laying Ceremony of the first Makro store, Sen Sok branch, in Phnom Penh, Cambodia.
- Received the honorable certificate for participating in reducing the use of plastic bags campaign with the Department of Environmental Quality Promotion, Ministry of Natural Resources and Environment.
- Organized a workshop “Differentiating and Increasing Sale with Signature Menu” for HeReCa professionals.

## April

## May

## June

- Signed Trade Standard Agreement with the Department of Internal Trade, Ministry of Commerce, and farmers for distribution of quality fruits to consumers throughout the country.
- Hold a Seminar on Raising Beef Cattle of Farmers’ Development from Producers to Consumers for enhancing knowledge on cow farming standard, cutting and processing beef to increase value as well as market demand and distribution channels.



*Makro Kalasin*



*Krong Pealy Laying Ceremony Makro Cambodia*



*Won 2 CP ALL President Awards*

- Opened a 1,974 sq.m. Makro Foodservice Udom Suk, Bangkok.
- Opened a 709 sq.m. Makro Food shop Thong Lo, Bangkok.
- Makro ROH, 99.99% owned by the Company, formed Makro (Guangzhou) Food Company Limited with a shareholding of 100%. The primary purpose of investing is to operate Retail, wholesale and other related businesses.
- Vina Siam Food Company Limited, a wholly - owned subsidiary of the

- Opened a 767 sq.m. Makro Food shop Sirimangkalajarn, Chiang Mai.
- Opened a 1,036 sq.m. Makro Foodservice Ramkhamhaeng (Sammakorn), Bangkok.
- Received the honorable certificate as the first private organization to encourage manufacturers to maintain a standard for accurately displaying their package quantities under “Thailand Estimate Mark” from Bureau of Weights and Measures, Department of Internal Trade, Ministry of Commerce.
- Received 13 national awards on “Thailand Labour Management Excellence 2017” as a model organization on occupational health, safety and environment.



*Makro Food Business Solution Workshop for HoReCa*

## July

- Company has completely changed the name to “Indoguna Vina Food Service Company Limited”.
- Won 2 CP ALL President Awards for “We Produce, You Sell by Makro” and “To Make the Dreams Come True for Thai Farmer” as well as Honorable Mention Award for “Full Quality & Quantity @ Makro.
  - Organized the 12<sup>th</sup> “Makro HoReCa” event in Chiang Mai, first time in a region, under the theme of “The Creativity” with an aim to enhance competitiveness of HoReCa operators and to offer opportunities for their business growth.
  - Held the 2<sup>nd</sup> “Makro Food Business Solution” workshop sharing experiences to HoReCa operators by Chef Jaguar and Chef Saowakit.
  - Makro Head Office, Khlong Luang Branch, Salaya Branch, Nakhon Nayok Branch and Nakhon In Branch joined the Project of Energy Management System ISO 50001 organized by the Department of Alternative Energy Development and Efficiency.

## August



*Makro Ramkhamhaeng (Sammakorn)*

## September

- Jointly planted 1,099 Marigold trees with Suan Luang District Office to display loyalty and in remembrance of His Majesty the late King Bhumibol Adulyadej.
- Organized the 3<sup>rd</sup> “Makro Food Business Solution” workshop sharing experiences by Chef Willment Leong, Chairman of World Chefs without Borders Organization to HoReCa operators for their business growth.
- Held a training seminar on “System for the Quality Control of Halal Food” with the Halal Standard Institute of Thailand, the Central Islamic Council of Thailand and the Halal Science Center of Chulalongkorn University.





9<sup>th</sup> Retail Expo

- Opened a 5,283 sq.m. Makro Phichit
- Siam Food Services, a 99.99% owned by the Company, formed a joint venture with Singaporean investors to set up Maxzi The Good Food Restaurant & Cafe L.L.C in United Arab Emirates with a shareholding of 80%. The primary purpose of restaurant and minimart business operation.
- Received an honorary plaque from Ministry of Social Development and Human Security for being a private organization with CSR excellence.
- Awarded 2017 Outstanding Seller of Q Mark Products (Modern Trade) by the National Bureau of Agricultural Commodity and Food Standards for the 2<sup>nd</sup> year.

- Opened a 6,830 sq.m. Makro Pathum Thani.
- Received an honorable certificate from CP ALL as a model organization on occupational health, safety and environment.

- Opened a 9,796 sq.m. the 1<sup>st</sup> Makro Store in Sen Sok, Phnom Penh, Cambodia
- Opened a 2,277 sq.m. Makro Foodservice Bodindecha, Bangkok, a prototype of 2 - storey store format.
- Siam Food Services, 99.99% owned by the Company, formed a joint venture with local investors in Cambodia to set up Indoguna (Cambodia) Company Limited with a shareholding of 70%. The primary purpose of investing is to operate food service business and related businesses.
- Jointly organized “2017 Royal Project Products Festival” with the Royal Project Foundation to promote quality agricultural products from hill tribe farmers in the area of the Royal Project.

## October

## November

## December

- Won a Gold Award at the CP ALL Process Excellence Award 2016 - 2017 for our project of “Sustainable Business with Pracharat”, 2 Silver Awards for projects of “Reduce Price and Process, Increasing the Accuracy” and “Withholding Tax Submission on Behalf of Business Partners”, 2 Site Visit Awards for “Safe Agricultural Products for Sustainable Development of Thailand” and “Upgrading Safe Products Shop to Meet Mor Or Kor (TISI) Standard”.
- Held the 9<sup>th</sup> “Retail Expo” under the theme “Innovation for a Brighter Future” to develop knowledge for traditional retailers.



Makro Phichit



Expanding to ASEAN with first Makro Cambodia

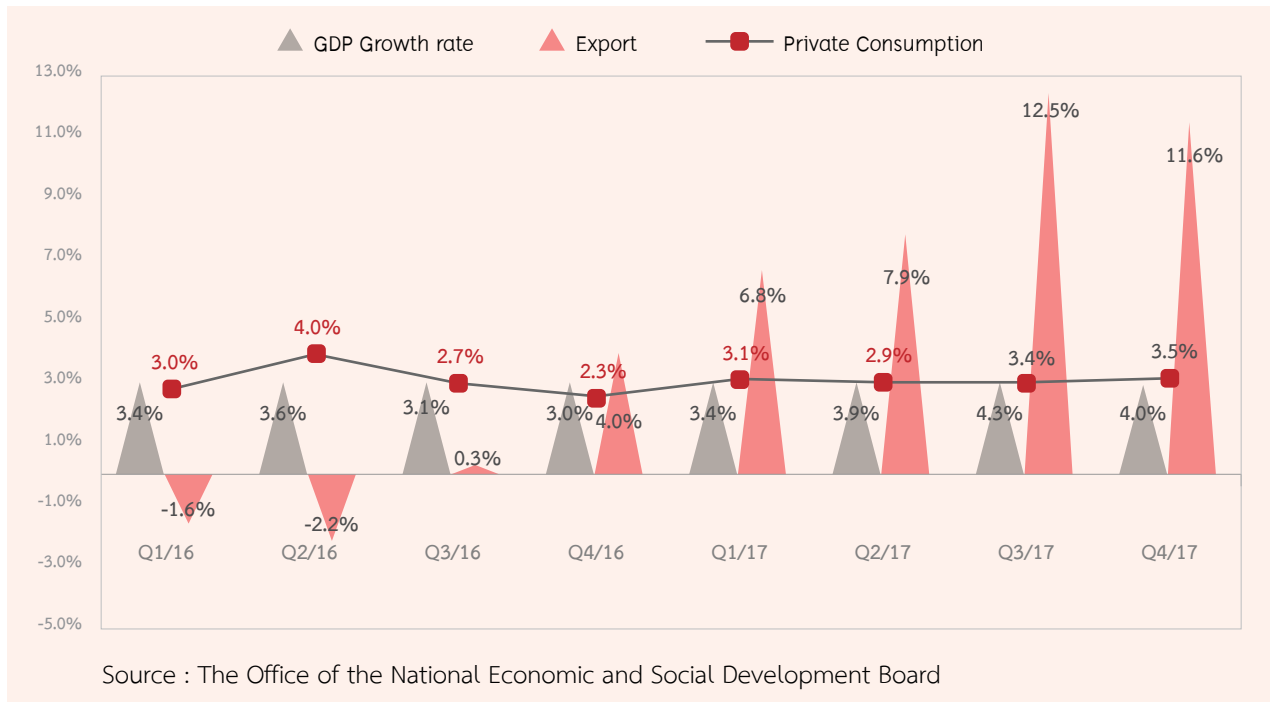


# MARKET OVERVIEW

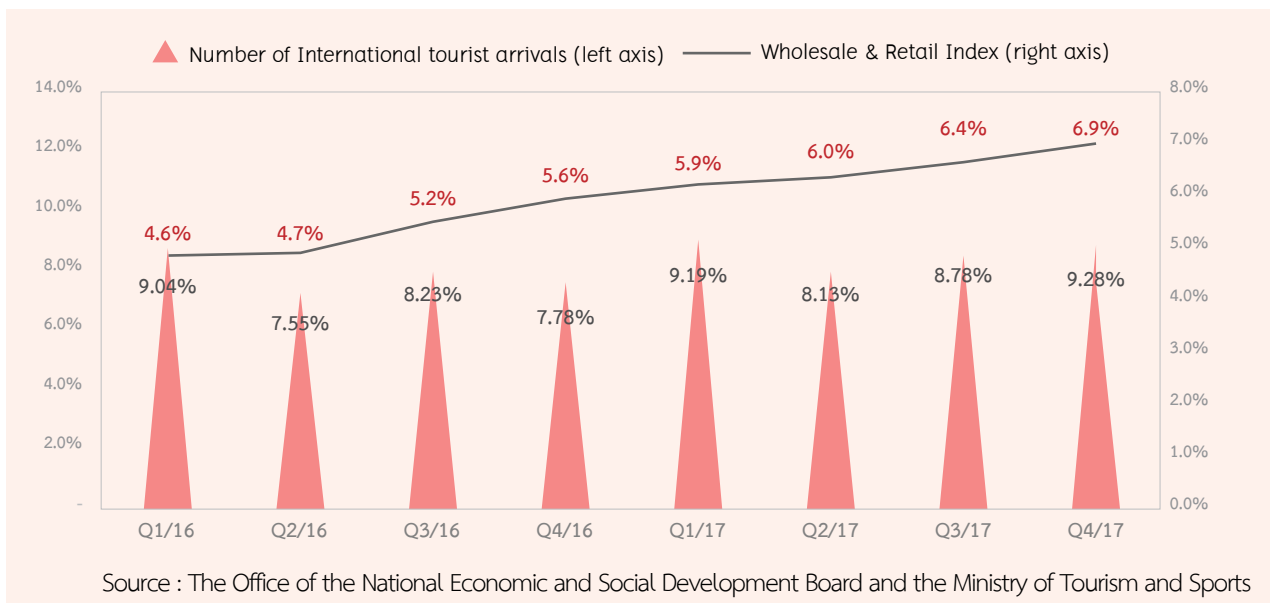
## AND INDUSTRY OUTLOOK

The Thai economy in 2017 continued its growth from the year before, achieving a 3.9% growth in comparison with a 3.3% growth obtained in the previous year. This was a result of significant rises in the country's export sector, private consumption, government spending and the bustling tourism sector enjoying increases in both the number of international tourist arrivals and their spending.

GDP Growth Rate, Export and Private Consumption



International Tourist Arrivals and Wholesale & Retail Index

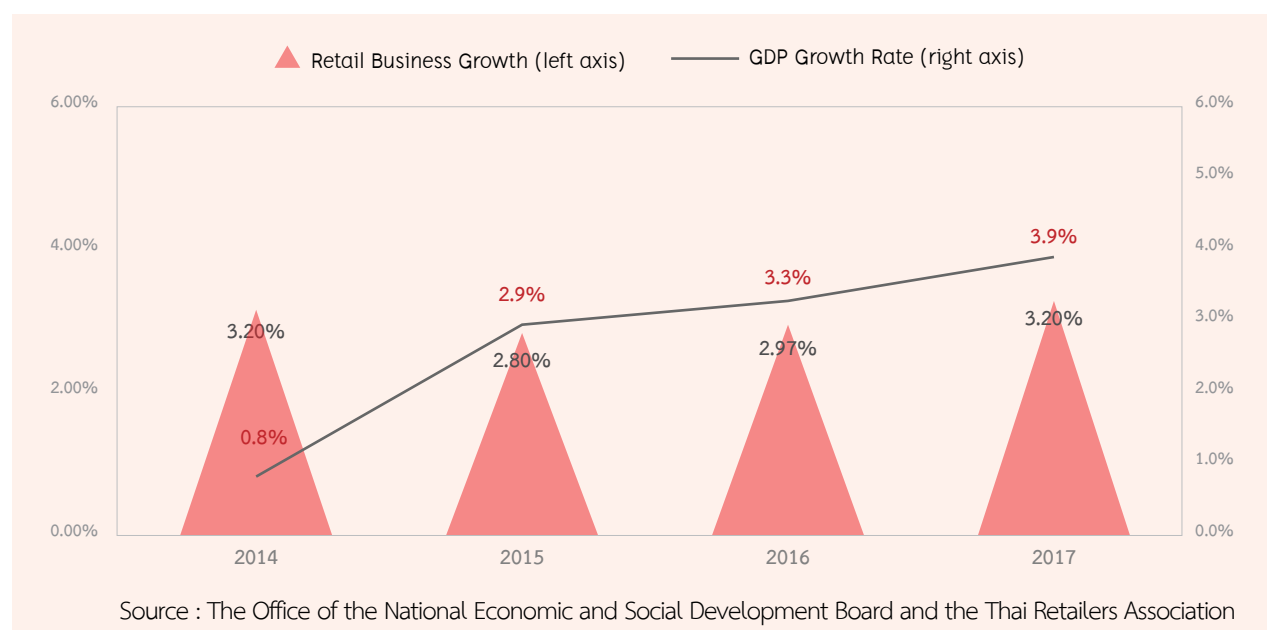









The Thai wholesale and retail sector also experienced a continuous growth of 6.9% year - on - year, thanks to the increases in private spending and international visitors to the country.

Due to the above, the Thai retail business in 2017 grew by 3.0% - 3.2%, an increase from 2.97% obtained the year before. It is also important to note that such growths were driven by the Royal Thai Government's economic stimulus measures which were announced in the later part of the year such as the tax decreases through domestic travels and the "Shop for the Nation" shopping incentive campaign.

#### GDP Growth Rate and Retail Business Growth



However, 2017 saw not only growth in the Thai retail sector but also even more intense competition in the industry. The sector became even more competitive through both competitors from the same and different industries such as hypermarkets. New players are constantly vying for market shares prompting all key operators to be even more aggressive with their marketing efforts to retain and win their shares of the retail market. Some chose to expand more branches while others opted for pricing strategies and developing new distribution channels like e - commerce.

Operators	2017 Branch Expansion
	<ul style="list-style-type: none"> <li>• 9 new branches of Big C Hypermarket</li> <li>• 4 new branches of Big C Market</li> <li>• 140 new branches of Mini Big C</li> </ul>
	<ul style="list-style-type: none"> <li>• 726 new branches</li> </ul>
	<ul style="list-style-type: none"> <li>• 100 new branches</li> </ul>
	<ul style="list-style-type: none"> <li>• 9 new branches (including one store in overseas)</li> </ul>
	<ul style="list-style-type: none"> <li>• 40 new branches of Tesco Lotus Express</li> <li>• Renovations of 10 existing Hypermarket branches</li> <li>• Expanding into e - commerce with more diversified products now available</li> </ul>

Source : GSB Research Center and Euromonitor

# FUTURE PROJECTS

Amid increasing competition and changing consumer behavior, the Company has put in place strategic plans based on a customer centric approach to drive fast and stable growth in Thailand even as we continue to pursue overseas investment opportunities in keeping with our vision “to be number one food solution provider to professional customers”. In pursuing these plans, we focus on realizing our potentials in order to achieve our goals of “Enhancing People’s Lives”. Through the synergy of knowledge, expertise and experience with the Charoen Pokphand Group serving as a driving force behind us, we believe that our business is well positioned to continue achieving strong and sustainable growth in the future.

## Domestic Expansion Plans

In consideration of factors such as the rapid growth trends in e - commerce, our own focus on Makro’s food service business which has enjoyed consistently high growth rates; and, legal restrictions on new store openings, we have continued to put the opening of large - format stores on hold, focusing instead on further refining our smaller Foodservice format and opening more small - format stores in high - potential tourist areas and urban communities. As a result, our position as HoReCa operators’ business partner has been further reinforced. Given the new stores’ smaller footprints, this approach has increased our nimbleness in expanding our reach to our food professional customers. Even so, Makro has continued to work on new store formats in order to better meet the differing needs of our target groups while eliminating expansion limitations related to store sizes.

The operations of our food service business in Asia Pacific and Middle East, each focused on the relevant customer groups and markets, are consolidated under the Siam Food Services brand. This customer and market - centric approach informs all facets of the business, from brand - building to the creation of value - added for our products and services. This also encompasses the launches of new products at the right volume, cost and time requirements for our customers with Thailand

serving as the hub for distributing quality products to our food service customers around Asia Pacific and the Middle East, as well as the creation of new innovations to fulfill customers’ needs.

## Human Resources Development Program

As we forge ahead with Makro’s store expansion plans, the Company face the challenge of recruiting and developing our people to ensure staff adequacy in terms of both quantity and quality. We plan to incorporate staff Engagement Survey results to make Makro and all its business functions attractive to people from across generations. Our emphasis is on providing our people with the opportunity to progress in their career by building food service business skills and expertise, as well as on creating and maintaining succession plans and a systematic, multi - faceted succession management program consisting of specialized curricula, project assignments and mentoring by highly experienced executives to ensure that those attended the program are prepared to immediately step in when a vacancy occurs. Aimed at maintaining business continuity, the succession management program is focused on executive and Chief - level positions. In addition, we have continued working on strengthening the Makro brand’s appeal in the high - caliber labor market and further increasing our ability to attract talents, especially those from the younger generations. Another

priority is local recruitment and human resources development to accommodate our overseas expansion into high - potential markets. Regardless of where they work, employees at all levels are instilled with our core values “VICTORY - Makro 7 Values” so that they will be able to contribute to the growth objectives expressed in our operational plans.

### **E – Commerce: A New Business Channel**

In 2018, we expect to see rapid digital business growth in line with the government’s Thailand 4.0 policy, with e - commerce projected to show especially strong growth. In preparation for the coming changes and the next - phase growth of our business, we have crafted an e - commerce development plan. This comprises the creation of a new platform to handle all automatic processes, allocation of in - store spaces for stock handling operations and additional service planning including delivery and e - payment services to fit the consumption habits of new generations of consumers and the needs of both professional and consumer customers. To maximize our e - commerce capabilities and better serve the needs of individual food professionals, we have adopted e - commerce development tools including the Central Ordering program for efficient demand forecasting and order fulfillment along with Online to Offline (O2O) system development and effective Big Data Analytics. We believe that integrating these programs will help to increase our overall competitiveness and ensure that our business expansion continues in a stable manner both in Thailand and abroad. An encouraging example of this was Makro Cambodia’s successful adoption of our Enterprise Resources Planning (ERP) system.

### **Overseas Expansion Drive**

Following the success of our first overseas foray, which resulted in the opening of the first Makro store in Cambodia on December 17, 2017, we are fully prepared to expand into other countries such as India. Having studied the various facets of prospective overseas operations, including investments laws and consumption cultures in the target countries, we remain focused on seeking local business partners, as such partnerships are advantageous not only in the development of a fast - growing, stable business but also in recruiting and training local staff to be able to immediately assume duties as required.

We have established a new business unit, Food Service APME, to oversee the business operations of all 6 of Makro’s food service subsidiaries in Thailand, Cambodia, Vietnam, Hong Kong, Singapore and United Arab Emirates. Our food service business in Thailand is now consolidated under the Siam Food Service brand while overseas food service business are under Indoguna brand, a well - established firm whose strong own - brand products are internationally recognized as premium products. Food Service APME also plans to reach out directly to consumers through MAXZI The Good Food Shop, a chain of self - service outlets offering made - to - order meals and dine - in options, with the first outlet will open in Dubai, UAE. The chain is operated by MAXZI The Good Food Restaurant & Cafe Limited Liability Company, a UAE company 80 percent - owned by Siam Food Services and registered for business on October 18, 2017.

The challenge in becoming a regional player lies in understanding consumer behavior, which differs from one country to another. Regardless of the differences we face in overseas markets, we are committed to upholding Makro’s standards and business philosophy while being flexible and able to adapt to different market realities.

### **Innovation Drive**

Another of our priorities is the drive to become an Innovation Organization. All members of our staff are part of the driving mechanism behind the creation of new innovations to further raise Makro’s business competitiveness and help us keep pace with business growth and fast changing technology. In keeping with our plan to implement organization innovation, we have set up an internal innovation division under the Synergy & Innovation Department. The goal is to simultaneously accelerate organizational awareness of innovation, inculcate in our staff the belief that innovations are tangible and relevant and can also be important tools both for improving work efficiency and for time - , cost - and resource - saving, and to encourage employee contributions to innovation creation. This is expected to result in practical innovations that create value - added for our organization as well as increase the value of our products and services in terms of their ability to serve the business needs of professional customers.



# 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, 2017, 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, 2017, 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 TH-EQ2-P	16,882,000	0.35
4. Mr. Prinya Tieworn	13,340,000	0.28
5. Mr. Surachai Boonyaprateeprat	9,705,000	0.20
6. AIA TH-EQ1-P	8,177,000	0.17
7. SCB SET INDEX FUND	2,374,500	0.05
8. HSBC (SINGAPORE) NOMINEES PTE LTD	2,267,300	0.05
9. Social Security Office	2,028,300	0.04
10. Mr. ALFRED RUSSELL JENTES	2,000,000	0.04
<b>Total</b>	<b>4,754,923,600</b>	<b>99.06</b>

**Remark :** \* Siam Makro Holdings (Thailand) Limited and CP ALL Public Company Limited are subsidiaries of CP ALL Group, in which holds the combined shareholding of 97.88% 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 2012 - 2016)

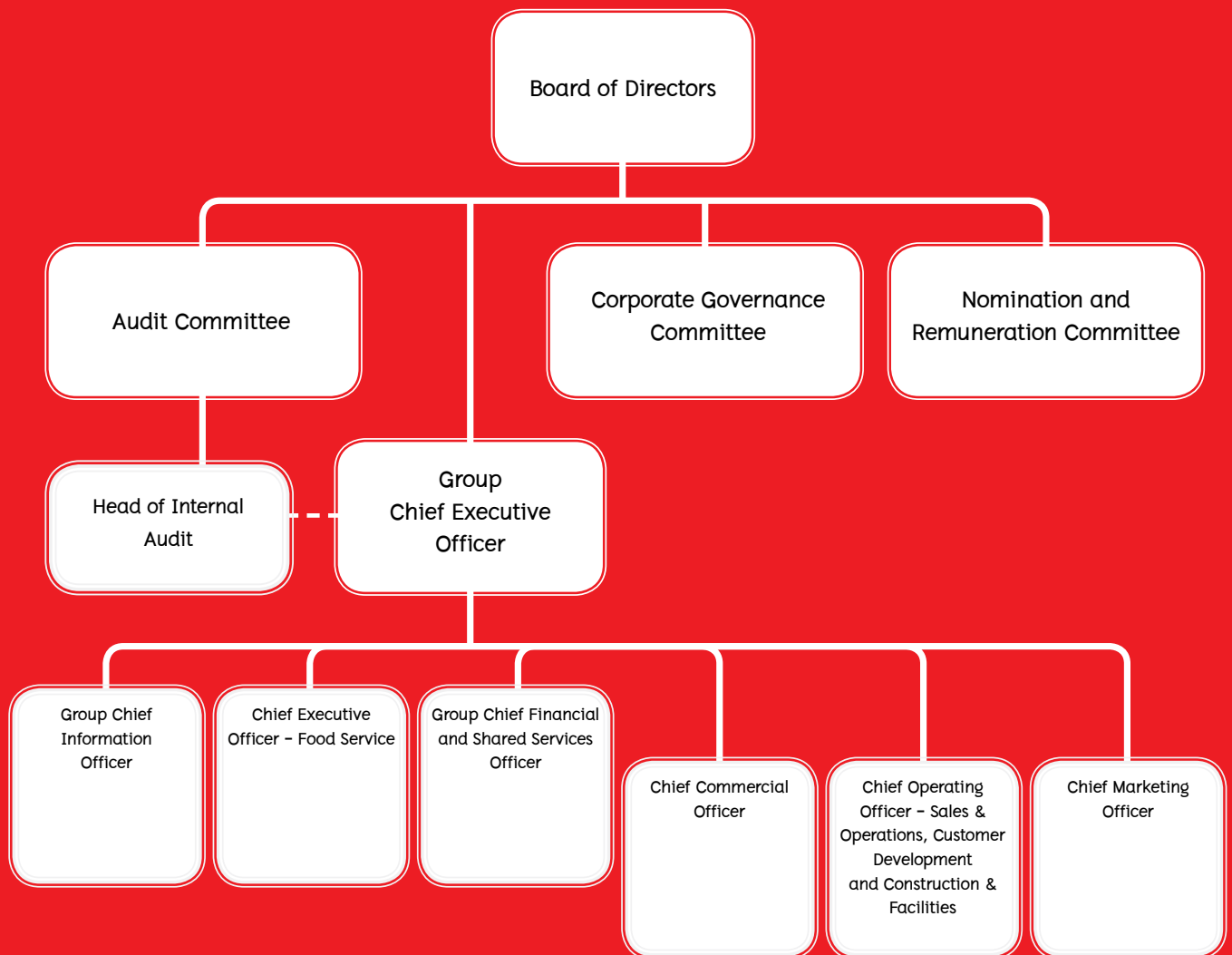
	2012	2013**	2014**	2015	2016
Earnings per share (Baht per share)*	0.74	0.90	1.03	1.12	1.13
Dividend per share (Baht per share)*	0.63	0.80	0.77	0.85	0.85
Dividend payout ratio (%)	84.9	89.1	75.1	75.9	75.4

**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 2017





## 2. Management

### 2.1 Management Structure

The management structure of Siam Makro Public Company Limited comprises of

- The Board of Directors
- The 3 Board - Committee supporting the consideration of important issues as assigned by the Board of Directors: the Audit Committee, the Nomination and Remuneration Committee and the Corporate Governance Committee.
- The managements with the Group Chief Executive Officer as the highest executive of the Company

#### The Board of Directors

As at 31 December 2017, the Board of Directors is comprised of 15 directors as follows :

- 7 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 of December 31, 2017 comprised of :

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

Shareholding Report of the Board of Directors and Executives in 2017 and 2016 (including Spouse and Minor)

Name - Surname	No. of Shares (shares) as at 31 December		No. of Shares Addition/ (Reduction)
	2017	2016	
1. Mr. Arsa Sarasin	-	-	-
2. Mr. Athaporn Khaimarn	-	-	-
3. Mr. Thira Wipuchanin	-	-	-
4. Dr. Chaiyawat Wibulswasdi	-	-	-
5. Mr. Joti Bhokavanij	-	-	-
6. Mr. Chavalit Uttasart	-	-	-
7. Mr. Korsak Chairasmisak	-	-	-
8. Mrs. Suchada Ithijarakul	-	-	-
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. Paul Stephen Howe	-	-	-
18. Mr. Jean Pierre Bienfait <sup>(1)</sup>	-	-	-
19. Mr. Thomas Leslie Hammer <sup>(2)</sup>	-	N/A	-
20. Mrs. Siriporn Dechsingha <sup>(2)</sup>	-	N/A	-
21. Mr. Ricardo Augusto Amaro De Oliveira Boarotto <sup>(2)</sup>	-	N/A	-

**Remark :** (1) Mr. Jean Pierre Bienfait has resigned from the Company with effective on 25 September 2017  
(2) Has been appointed on 26 September 2017

#### Authorized Directors

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

#### 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 fifteen (15) Directors, where by 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 and at least one non - executive Director having prior working experience in the major industry the company is operating in. A Director needs not be a shareholder of the Company.

### **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 7 days ahead of each meeting so that the directors may have adequate time to study, review, and make proper decisions.
- 2) Jointly with the Group 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, the code of business conduct, social and environmental awareness as well as the relevant standards in both domestic and international.
- 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 Board of Directors has the duty of conducting the annual performance appraisal and determining the annual compensation for the Group Chief Executive Officer.



- 11) 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.
- 12) The Company's Board of Directors shall arrange for an assessment on compliance with the Company's Corporate Governance and Code of Conduct at least once a year.
- 13) The Company's Board of Directors has the duty to oversee and promote the creation of innovation as well as the implementation of such innovation and associated technology, so as to achieve the overall capabilities and competitiveness of the Company in a sustainable manner and based on its positive corporate responsibilities towards society and the environment.
- 14) The Company's Board of Directors has the duty to determine the Corporate Governance Policy for its subsidiary companies, as well as to appoint to such subsidiaries various persons to be directors, management members or persons having a controlling authority, and to establish the appropriate internal controls system.
- 15) The Company's Board of Directors has the duty to encourage ongoing development of directors on a regular basis - such as, through attending training programs and seminars, or making overseas business visits.
- 16) The Company's Board of Directors oversees that there are succession plans in place, so as to be prepared for persons to succeed to director positions together with the Group Chief Executive Officer/ Managing Director and other senior management positions, as well as that the Group Chief Executive Officer/ Managing Director reports on the progress of this issue according to agreed succession plans to the Board of Directors at least once a year.
- 17) The Company's Board of Directors should oversee to ensure that the management group reviews and develop measures in overseeing the use of various resources to be effective and efficient - such as: financial resources, production resources, intellectual property resources, human resources, social resources and associated relationships, and natural resources - through keeping in mind the ever - changing internal and external business factors.
- 18) The Company's Board of Directors has the duty to determine the Anti - Corruption Policy and associated operating guidelines, as well as to promote and instill into all the Company personnel the need for full compliance with all relevant applicable laws and associated rules and regulations.
- 19) The Company's Board of Directors should oversee and ensure that the disclosure of information, including company financial reports and statements, Annual Report and Form 56 - 1, accurately reflects the financial status and operating performance results of the Company discloses a Management Discussion and Analysis (MD&A) report as part of disclosing its financial statements every quarter. Furthermore, in the event that a disclosure is to be made specifically concerning any one director in particular, then the director in question should ensure that such a disclosure should be fully comprehensive and accurate.
- 20) The Company's Board of Directors has the duty to oversee that the management group monitors and assesses the financial status of the business so as to report to the Board of Directors on a regular basis. In the event that the Company faces or has the potential to face any associated financial issue or problem, then the Board of Directors has the duty to ensure that the Company determines a plan for overcoming and surviving the financial problem in question and/ or for looking after the interest of all stakeholder groups.
- 21) The Company's Board of Directors has duties and responsibilities towards the shareholders and for conducting the business of the Company for the benefit of its shareholders, as well as for holding a Shareholders Meeting in accordance with the law and applicable regulatory requirements so as to facilitate shareholders to be able to exercise their respective rights.

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

The Group Chief Executive Officer (Group CEO) is assigned by the Board of Directors to conduct the Company's business under the approved business plans and budget with stringency, integrity, and maintaining Corporate Governance with fairness.

This is in order to achieve maximum benefits for all stakeholders and includes controlling the disclosure of the Company's general and financial information in accordance with best practices, while protecting the best interests of the Company and its shareholders. The Group CEO must not be engaged in any conflicts of interest with the Company and its subsidiaries, and must not hold the Board positions in other firms except Board positions of a company related to the Company with the approval of the Board of Directors.

### Company Secretary

The Board of Directors has appointed Miss Siriporn Withannititam as the Company Secretary with effective date from September 1, 2017, 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 Siriporn Withannititam

Age	42
Shareholding	None
Relationship with Executives	None

### Education

- Bachelor of Business Administration (International Business Management)  
Assumption University, Bangkok, Thailand
- Master of Business Administration (Finance/Marketing)  
RMIT University, Melbourne, Australia

### Company Secretary Training

Thai Institute of Directors (IOD)

- Company Secretary Program (CSP 82/ 2017)
- Company Reporting Program (CRP 19/ 2017)
- Board Reporting Program (BRP 24/ 2017)
- Anti - Corruption: The Practical Guide (ACPG)
- Successful Formulation & Execution of Strategy (SFE)

Thai Listed Companies Association (TLCA)

- Fundamentals Practice for Corporate Secretaries
- Advances for Corporate Secretaries
- TLCA Executive Development Program (EDP11)

### Experiences

2004 - 2008	Business Strategic Planner - Supervisor, Thai Oil PCL
2008 - 2013	Investor Relations Manager, Thai Oil PCL
2013 - 2014	Liability & Financial Risk Management Manager, Thai Oil PCL
2014 - present	Senior Manager - Compliance & Investor Relations, Siam Makro PCL
1 Sep. 2017 - present	Company Secretary, Siam Makro PCL

## 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, 2017 are as follows :

### 1) Audit Committee

As at December 31, 2017, Members of the Audit Committee consists of 5 independent directors as follows:

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

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

### Roles and Responsibilities of the Audit Committee

1. To review the Company's financial reporting process in order to ensure that it is accurate and adequate;
2. To review the Company's internal controls system and internal audit functions ensuring that they are suitable and efficient, to determine the degree of independence of the internal audit group, as well as to approve the appointment, transfer and dismissal of the head of an internal audit group or any other group responsible for internal audit functions within the Company;
3. To review the Company's compliance with the law on Securities and Exchange, the SET's regulations, and any other laws relating to the Company's business;
4. To consider the qualifications, independence, performance and audit fee of the external auditor, in order to exercise final approval on the appointment or termination of the auditors;
5. To meet separately with the external auditor at least once a year without members of the Management group being present;
6. 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;
7. 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 risk management and internal controls systems,
  - 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;
8. To review the Company's self - evaluation tool of anti - corruption program in order to get certified by the Private Sector Collective Action Coalition Against Corruption (CAC).
9. To perform any other activities as assigned by the Company's Board of Directors and concurred to by the Audit Committee.

In 2017, the Audit Committee performed duties under the aforementioned roles. The summary of activities is shown in the "Audit Committee Report".



## 2) Nomination and Remuneration Committee

As at December 31, 2017, 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, genders, 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 Group Chief Executive Officer for proposing to the Company's Board of Directors for consideration and approval.
3. Conduct performance appraisal and decide on the compensation for the Group Chief Executive Officer; and then the Committee will propose any appropriate revisions to the Board for consideration and approval.
4. Support the Company in giving an opportunity to minority Shareholders to propose names of qualified persons to be considered for possible nomination and appointment as a Board of Director of the Company.
5. Perform other activities as assigned by the Board of Directors.

In 2017, the Nomination and Remuneration Committee performed duties under the aforementioned roles. The summary of activities is shown in the "Nomination and Remuneration Committee Report".

## 3) Corporate Governance Committee

As at December 31, 2017, Members of the Corporate Governance Committee consists of 5 directors as follows :

1. Dr. Chaipayat 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 corporate governance 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.

In 2017, the Corporate Governance Committee performed duties under the aforementioned roles. The summary of activities is shown in the "Corporate Governance Committee Report".

## 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, 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, same - level subsidiary companies, major shareholder or of the controlling person of the Company, unless the foregoing status has ended not less than 2 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, 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, major shareholder or controlling person of the Company, unless the foregoing relationship has ended not less than 2 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 3% or more of the net tangible assets of the Company or Baht 20 million 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 1 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 2 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 Baht 2 million per year from the Company, its parent company, subsidiary 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 2 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 0.5% 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, 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, 2017

Company Name Name - Surname	SML	Subsidiaries													
		SFS	INDV	INDS	INDD	LL	JM	MAXZI	INDC	PRO	MROH	ARO	MAC	CPWI	MGZ
Mr. Arsa Sarasin	■														
Mr. Athaporn Khaimarn	▲														
Mr. Thira Wipuchanin	▲														
Dr. Chaiyawat Wibulswasdi	▲														
Mr. Joti Bhokavanij	▲														
Mr. Chavalit Uttasart	▲														
Mr. Korsak Chairasmisak	○														
Mrs. Suchada Ithijarakul	○★	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Dr. Prasert Jarupanich	○														
Mr. Pittaya Jearavisitkul	○														
Mr. Piyawat Titasattavorakul	○														
Mr. Narong Chearavanont	○														
Mr. Adirek Sripratak	○														
Mr. Umroong Sanphasitvong	○														
Mrs. Saowaluck Thithapant	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○



Details of the Board of Directors and Executives in the Company and its Subsidiaries and/ or Related Company as at December 31, 2017

Company Name Name - Surname	SML	Subsidiaries													
		SFS	INDV	INDS	INDD	LL	JM	MAXZI	INDC	PRO	MROH	ARO	MAC	CPWI	MGZ
Mr. Lin, Chi - Lung	★	○	○	○	○	○	○	○	○	○	○	○			○
Mr. Paul Stephen Howe	★														
Mr. Thomas Leslie Hammer	★														
Mrs. Siriporn Dechsingha	★														
Mr. Ricardo Baorotto	★														
Ms. Thanyamas Vorachart		○								○	○		○		
Mrs. Rattaya Ngembumroong											○				
Mrs. Sudarat Chomintra		○								○					
Mr. Montri Khongkruephan		○								○					
Mr. Leong Siew Pong		○		○	○	○	○	○	○	○					
Mr. Tanit Chearavanont														○	
Mr. Saksit Panurach														○	○
Mr. Gwyn Sundhagul <sup>(1)</sup>													○		○
Mr. Noppachai Meetam													○		
Mr. Sameer Singh														○	
Ms. Dy Sopheak Pagna									○				○		
Oknha Seng Nhak									○				○		
Mr. Gauthier Bouillot									○						
Ms. Raudaschl Helene				○	○			○							
Ms. Wong Helene							○								
Ms. Wong, Oi Lin Irene						○	○								
Mr. Yiu, Chung Sing						○									

Remark : Positions

■ = Chairman    ○ = Director    ▲ = Independent Director    ★ = Group Chief Executive Officer  
 \* = Executives as per SEC definition

<sup>(1)</sup>Mr. Gwyn Sundhagul has resigned from the Company with effective on 5 December 2017

Company's Name

SML	Siam Makro Public Company Limited	INDC	Indoguna (Cambodia) Company Limited
SFS	Siam Food Services Limited	PRO	ProMart Company Limited
INDV	Indoguna Vina Food Service Company Limited	MROH	Makro ROH Company Limited
INDS	Indoguna (Singapore) Pte Ltd	ARO	ARO Company Limited
INDD	Indoguna Dubai LLC	MAC	Makro (Cambodia) Company Limited
LL	Indoguna Lordly Company Limited	CPWI	CP Wholesale India Private Limited
JM	Just Meat Company Limited	MGZ	Makro (Guangzhou) Food Company Limited
MAXZI	MAXZI The Good Food Restaurant & Cafe L.L.C		

## 2.2 Nomination, Appointment and Termination of Directors

### Nomination Criteria

- 1) The Directors must have qualifications consistent with the Public Company Limited Act and the Company's regulations.
- 2) The Directors must have specific skills, experiences, capabilities as well as genders and ages that are beneficial to the Company.
- 3) The Directors must perform their duties with a fully integrity and ethical manner as well as can devote sufficient time and effort to performing duties.
- 4) The nomination and appointment of Independent Directors must take into account the number of Independent Directors on the Board. There should be at least one - third Independent Directors of all Directors with the qualifications as specified by SEC and the number must not be less than 3. The composition of the Board must have a proportional number of Independent Directors for checks and balances of the Board and the management to protect the best interests of shareholders.
- 5) The Company considers potential conflicts of interest that the directors may have with it.

### Nomination and Appointment 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 2018 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 General Meeting of Shareholders, one - third of the Directors, or, if the number of Directors cannot be divided exactly into 3 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 2 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 2017

### 1) Financial Remuneration

#### a. Board of Directors

In 2017, the remuneration of 15 Board of Directors (Including the directors who resigned during the year) as of 31 December 2017 was Baht 30.76 million which was conformed to the 2017 Annual General of Shareholders' Meeting held on 21 April 2017. 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 2017 are as follows :

Individual Director's remuneration rate for the year 2017 are as follows :

Name - Surname	Remuneration Rate (Baht/ Month)
1. Mr. Arsa Sarasin	160,000
2. Mr. Athaporn Khaimarn	140,000
3. Mr. Thira Wipuchanin	135,000
4. Dr. Chaiyawat Wibulswasdi	130,000
5. Mr. Joti Bhokavanij	120,000
6. Mr. Chavalit Uttasart	120,000
7. Mr. Korsak Chairasmisak	105,000
8. Mrs. Suchada Ithijarukul	100,000
9. Dr. Prasert Jarupanich	100,000
10. Mr. Pittaya Jearavisitkul	100,000
11. Mr. Piyawat Titasattavorakul	100,000
12. Mr. Narong Chearavanont	100,000
13. Mr. Adirek Sripratak	100,000
14. Mr. Umroong Sanphasitvong	105,000
15. Mrs. Saowaluck Thithapant	100,000
Bonus	Baht 10.2 million

#### b. 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.

#### c. 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.

#### d. 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.

#### e. Executives

The 9 Executives (Including the executives who resigned and rotated during the year) received remuneration in the form of salaries and bonus totaling Baht 174.24 million.

### 2) Other Remuneration

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

Bonus totaling Baht 10.2 million

#### b. Executives

In 2016, the Company paid 9 Executives (Including the executives who resigned and rotated during the year) other remuneration totaling Baht 40.52 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. 2000.



## 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 appointed a Risk Management Committee to oversee risk assessment framework including risk management system. 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 and ensure that impacts from risks are limited to acceptable levels. In addition, the Risk Management Committee must report to the Audit Committee at least once a year.

#### 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 employees 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 2017 : 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 2017

### Audit fees

The Company and its Subsidiaries paid to the Audit Firm the following fees during in the fiscal year 2017 :

Company	Audit Firm	Audit Fee (Baht)
Siam Makro	KPMG Phoomchai Audit Limited	5,960,000
Siam Food Services	KPMG Phoomchai Audit Limited	1,150,000
Makro ROH	KPMG Phoomchai Audit Limited	200,000
Indoguna Vina Food Service Company Limited	KPMG (Vietnam) Limited	315,000 <sup>(2)</sup>
ProMart	KPMG Phoomchai Audit Limited	50,000
ARO <sup>(1)</sup>	Khin Su Htay & Associates Limited	33,938 <sup>(3)</sup>
CP Wholesale India Private Limited	KPMG India	312,780 <sup>(4)</sup>
Makro (Cambodia) Company Limited	KPMG Cambodia	369,245 <sup>(5)</sup>
Makro (Guangzhou) Food Company Limited <sup>(1)</sup>	Guang dong chuangxin audit firm Ltd.	27,656 <sup>(6)</sup>
Indoguna (Singapore) Pte Ltd <sup>(1)</sup>	Chong, Lim & Partners LLP	1,548,357 <sup>(7)</sup>
Indoguna Dubai LLC <sup>(1)</sup>	FRG Chartered Accountants	101,640 <sup>(8)</sup>
Indoguna Lordly Company Limited <sup>(1)</sup>	PLC (CAP) Limited	392,031 <sup>(9)</sup>
Just Meat Company Limited <sup>(1)</sup>	PLC (CAP) Limited	174,236 <sup>(10)</sup>
MAXZI The Good Food Restaurant & Cafe L.L.C <sup>(1)</sup>	FRG Chartered Accountants	46,200 <sup>(11)</sup>
Indoguna (Cambodia) Company Limited <sup>(12)</sup>	N/A	-

Remark :

<sup>(1)</sup> Auditor is not the same audit company as the Company's auditor

<sup>(2)</sup> Equivalent to 210,000,000 VND (1 VND = Baht 0.0015)

<sup>(3)</sup> Equivalent to 1,000 USD (1 USD = Baht 33.9380)

<sup>(4)</sup> Equivalent to 600,000 INR (1 INR = Baht 0.5213)

<sup>(5)</sup> Equivalent to 10,880 USD (1 USD = Baht 33.9380)

<sup>(6)</sup> Equivalent to 5,500 RMB (1 RMB = Baht 5.0283)

<sup>(7)</sup> Equivalent to 63,000 SGD (1 SGD = Baht 24.5771)

<sup>(8)</sup> Equivalent to 11,000 AED (1 AED = Baht 9.24)

<sup>(9)</sup> Equivalent to 90,000 HKD (1 HKD = Baht 4.3559)

<sup>(10)</sup> Equivalent to 40,000 HKD (1 HKD = Baht 4.3559)

<sup>(11)</sup> Equivalent to 5,000 AED (1 AED = Baht 9.24)

<sup>(12)</sup> No Auditor needed because the first financial year of the company began on 29 November 2017 to 31 December 2018

### Non - audit fees

The Company and its Subsidiaries also paid to the Audit Firm during fiscal year 2017 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) <sup>(9)</sup>
Siam Makro	Engagement to review and observe specifically agreed procedures and activities <sup>(1)</sup>	KPMG Phoomchai Audit Limited	-	20,000
Siam Food Services	Engagement to review and observe specifically agreed procedures and activities <sup>(1)</sup>	KPMG Phoomchai Audit Limited	30,000	7,500
Siam Makro	Tax & Legal Consulting Services <sup>(2)</sup>	KPMG Phoomchai Tax Limited	-	970,000
Siam Makro	Tax & Legal Consulting Services <sup>(3)</sup>	KPMG Phoomchai Tax Limited	-	1,100,000
Siam Makro	Business Advisory Services <sup>(4)</sup>	KPMG Phoomchai Business Advisory Limited	-	2,000,000
Indoguna Vina Food Service	Tax & Legal Consulting Services <sup>(5)</sup>	KPMG (Vietnam) Limited	162,000	-
Indoguna Dubai	Accounting Advisory Services <sup>(6)</sup>	FRG Chartered Accountants	609,840	-
Indoguna Lordly	Accounting Advisory Services <sup>(7)</sup>	PLC (CAP) Limited	23,326	-
Just Meat	Accounting Advisory Services <sup>(8)</sup>	PLC (CAP) Limited	80,109	-
<b>Total</b>			<b>905,275</b>	<b>4,097,500</b>

#### Remark :

<sup>(1)</sup> Attendance to observe inventory destruction

<sup>(2)</sup> IHQ and transfer pricing advisory services

<sup>(3)</sup> Transfer pricing advisory services on BEPS Action Plan 13

<sup>(4)</sup> Accounting structure review and assessment to assess the Accounting Function and come up with recommendation for improve accounting efficiency to support its expansion

<sup>(5)</sup> These service providers are in the same Group as with the Audit firm. The paid amount for the year 2017 is 108,000,000 VND (1 VND = Baht 0.0015)

<sup>(6)</sup> These service providers are in the same Group as with the Audit firm. The paid amount for the year 2017 is 66,000 AED (1 AED = Baht 9.24)

<sup>(7)</sup> These service providers are in the same Group as with the Audit firm. The paid amount for the year 2017 is 5,355 HKD (1 HKD = Baht 4.3559)

<sup>(8)</sup> These service providers are in the same Group as with the Audit firm. The paid amount for the year 2017 is 18,391 HKD (1 HKD = Baht 4.3559)

<sup>(9)</sup> Contingent expenses as at 31 December 2017 and 31 December 2016

# BOARD OF DIRECTORS AND EXECUTIVES





# Mr. Arsa Sarasin

Age 81 Years

Nationality Thai

**makro**  
your trusted partner

**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

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

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

### Shareholding in the Company

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



# Mr. Athaporn Khaimarn

Age 73 Years

Nationality Thai

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

Date of Appointment 16 November 1999

Relationship with Executives None

## Education

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

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

2009 Director Certification Program (DCP)

2004 Director Accreditation Program (DAP)

## Working Experiences

### Working Experiences in Listed Company

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

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



### Working Experiences in Non Listed Company

1992 - 1996 Managing Director  
Price Waterhouse, Bangkok

### Shareholding in the Company

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

# Mr. Thira Wipuchanin

Age 68 Years

Nationality Thai

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**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

August 2016 - Present	Member of the Corporate Governance Committee Siam Makro Public Company Limited
2010 - Present	Chairman of the Nomination and Remuneration Committee Siam Makro Public Company Limited
2005 - 2017	Chairman of the Audit Committee/ Independent Director Bangkok First Investment & Trust Public Company Limited
2003 - Present	Member of the Audit Committee/ Independent Director Siam Makro Public Company Limited
2000 - Present	Chairman/ Independent Director Precious Shipping Public Company Limited
1995 - Present	Chairman/ Chairman of the Audit Committee/ Independent Director United Palm Oil Industry Public Company Limited
2008 - 2009	Member of the Nomination and Remuneration Committee Siam Makro Public Company Limited
2005 - 2016	Chairman/ Independent Director Interhides Public Company Limited



### Working Experiences in Non Listed Company

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

### Shareholding in the Company

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



# Dr. Chaiyawat Wibulswasdi

Age 71 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

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

2006 Director Certification Program (DCP)

2004 Director Accreditation Program (DAP)

## Working Experiences

### Working Experiences in Listed Company

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



### Working Experiences in Non Listed Company

-

### Present positions in other organizations/ institutions

2015 - Present	Chairman The Stock Exchange of Thailand
2015 - Present	Economic Advisor to Deputy Prime Minister

### Shareholding in the Company

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

# Mr. Joti Bhokavanij

Age 75 Years

Nationality Thai

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**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 2012 - Moving Corporate Governance Forward : Challenge for Thai Directors

2012 Monitoring the Quality of Financial Reporting (MFR)

2012 Successful Formulation & Execution of Strategy (SFE)

2012 How to Measure the Success of Corporate Strategy (HMS)

2012 Monitoring Fraud Risk Management (MFM)

2012 Monitoring the Internal Audit Function (MIA)

2012 Monitoring the System of Internal Control and Risk Management (MIR)

2009 Director Certification Program (DCP)

2003 Director Accreditation Program (DAP)

2000 Chairman 2000



## Working Experiences

### Working Experiences in Listed Company

September 2017 - Present	Chairman of the Audit Committee/ Independent Director True Corporation Public Company Limited
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
1999 - September 2017	Member of Audit Committee/ Independent Director True Corporation Public Company Limited

### Working Experiences in Non Listed Company

2009 - Present	Director Thai Smart Card Company Limited
2002 - 2017	Director Bangkok Inter Teletech Public Company Limited
2002 - 2017	Director True Move Company Limited
1999 - 2017	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. Chavalit Uttasart

Age 69 Years

Nationality Thai

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

**Date of Appointment** 16 November 1999

**Relationship with Executives** None

## Education

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

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

2009 Director Certification Program (DCP)

2005 Director Accreditation Program (DAP)



## Working Experiences

### Working Experiences in Listed Company

2015 - Present	Member of the Nomination and Remuneration Committee Siam Makro Public Company Limited
1999 - Present	Member of the Audit Committee/ Independent Director Siam Makro Public Company Limited
2009 - 2013	Member of the Audit Committee/ Independent Director Internet Thailand Public Company Limited

### Working Experiences in Non Listed Company

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

### Shareholding in the Company

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



# Mr. Korsak Chairasmisak

Age 65 Years

Nationality Thai

**Position** First Vice Chairman 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

November 2016 - Present	Member of the Nomination and Remuneration Committee Siam Makro Public Company Limited
2013 - Present	First Vice Chairman Siam Makro Public Company Limited
1990 - Present	Vice Chairman/ Chairman of Executive Committee CP ALL Public Company Limited

### Working Experiences in Non Listed Company

1990 - Present	Vice Chairman Charoen Pokphand Group Company Limited
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### Present positions in other organizations / institutions

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

### Shareholding in the Company

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

# Mrs. Suchada Ithjarukul

Age 65 Years

Nationality Thai

**Position** Second Vice Chairman and Group 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

March 2017 - Present	Group Chief Executive Officer Siam Makro Public Company Limited
2013 - Present	Second Vice Chairman Siam Makro Public Company Limited
2010 - February 2017	Chief Executive Officer Siam Makro Public Company Limited
2001 - 2013	Vice Chairman Siam Makro Public Company Limited
1996 - 2001	Director Siam Makro Public Company Limited

### Working Experiences in Non Listed Company

Present	Director Indoguna (Cambodia) Company Limited
Present	Director MAXZI The Good Food Restaurant & Cafe L.L.C
Present	Director Indoguna (Singapore) Pte Ltd
Present	Director Indoguna Dubai LLC
Present	Director Indoguna Lordly Company Limited
Present	Director Just Meat Company Limited



Present	Director Makro (Guangzhou) Food Company Limited
Present	Director CP Wholesale India Private Limited
2016 - Present	Director Makro (Cambodia) Company Limited
2015 - Present	Director ProMart Company Limited
2014 - Present	Director ARO Company Limited
2014 - Present	Director Makro ROH Company Limited
2012 - Present	Director Indoguna Vina Food Service Company Limited
2005 - Present	Director Siam Food Services Company Limited

### Shareholding in the Company

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

# Dr. Prasert Jarupanich

Age 69 Years

Nationality Thai

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Position 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 (FND)

## Working Experiences

### Working Experiences in Listed Company

2010 - Present	Director Siam Makro Public Company Limited
2010 - November 2016	Member of the Nomination and Remuneration Committee Siam Makro Public Company Limited
2008 - 2009	Chairman of the Nomination and Remuneration Committee Siam Makro Public Company Limited
2007 - 2010	Independent Director Siam Makro Public Company Limited
1988 - Present	Director CP ALL Public Company Limited
1988 - 2007	Director Siam Makro Public Company Limited



### Working Experiences in Non Listed Company

-

### Shareholding in the Company

Director/ Executive (Shares)	200
Spouse (Shares)	-
Minor (Shares)	-

# Mr. Pittaya Jearavisitkul

Age 62 Years

Nationality Thai

Position 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

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

### Working Experiences in Non Listed Company

Present	Council Committee Panyapiwat Institute of Management
Present	Director All Corporation Limited
Present	Director All Training Company Limited
Present	Director Panyatara Company Limited
Present	Director Suksapiwat Company Limited
Present	Director Dynamic Management Company Limited



Present	Director 24 Shopping Company Limited
Present	Director MAM Heart Company Limited
Present	Director OHT Company Limited
Present	Director Siam Makro Holding (Thailand) Limited
Present	Director Gosoft (Thailand) Company Limited
Present	Director CP Retailink Company Limited
Present	Director Counter Service Company Limited
Present	Director CPRAM Company Limited

### Shareholding in the Company

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



# Mr. Piyawat Titasattavorakul

อายุ 64 Years

Nationality Thai

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Position 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  
CP ALL Public Company Limited

2013 - Present Director  
Siam Makro Public Company Limited

1999 - 2014 Managing Director  
CP ALL Public Company Limited

### Working Experiences in Non Listed Company

Present Director  
Panyapiwat Institute of Management

Present Director  
Panyapiwat Technological College

Present Director  
MAM Heart Company Limited



Present Director  
Counter Service Company Limited

Present Director  
CPRAM Company Limited

Present Director  
CP Retailink Company Limited

## Shareholding in the Company

Director/ Executive (Shares) -

Spouse (Shares) -

Minor (Shares) -

# Mr. Adirek Sripratak

Age 71 Years

Nationality Thai

Position Director

Date of Appointment 5 July 2013

Relationship with Executives None

## Education

- Honorary Doctorate in Agriculture, Nakhon Sawan Rajabhat University
- 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

March 2017 - Present	Chairman of the Executive Committee Charoen Pokphand Foods Public Company Limited
2013 - Present	Director Siam Makro Public Company Limited
2005 - Present	Director CP ALL Public Company Limited
2003 - 2017	President & Chief Executive Officer Charoen Pokphand Foods Public Company Limited

### Working Experiences in Non Listed Company

January 2017 - Present	Senior Vice Chairman Charoen Pokphand Group Company Limited
2005 - 2017	Vice Chairman Charoen Pokphand Group Company Limited

### Shareholding in the Company

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

# Mr. Narong Chearavanont

Age 52 Years

Nationality Thai

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Position 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

2013 - Present	Director Siam Makro Public Company Limited
2008 - Present	Director True Corporation Public Company Limited
1999 - Present	Director CP ALL Public Company Limited

### Working Experiences in Non Listed Company

2017 - Present	Senior Vice Chairman Charoen Pokphand Group Company Limited
2016 - 2017	Vice Chairman Charoen Pokphand Group Company Limited
2014 - Present	Director True Visions Group Company Limited
2012 - Present	President Shanghai Litai Logistics Company Limited
2011 - Present	Director SM True Company Limited
2011 - Present	Director The IconSiam Superlux Residences Corporation Limited
2011 - Present	Director The ICONSIAM Residences Corporation Company Limited

2011 - Present	Director ICONSIAM Company Limited
2010 - Present	Vice Chairman Panther Entertainment Company Limited
2010 - Present	Vice Chairman Marketing and Distribution Business (Thailand)
2010 - Present	Vice Chairman Marketing and Distribution Business (China)
2010 - Present	Vice Chairman Real Estate & Land Development Business (China)
2010 - Present	Vice Chairman Shanghai Kinghill Company Limited
2008 - Present	Director CPPC Company Limited
2007 - Present	Executive Vice Chairman Chia Tai (China) Investment Company Limited
2007 - Present	Executive Vice Chairman CP Lotus Corporation Company Limited

## Shareholding in the Company

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

# Mr. Umroong Sanphasitvong

Age 65 Years

Nationality Thai

**Position** 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

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

August 2016 - Member of the Remuneration  
November 2017 and Nomination Committee  
CP ALL Public Company Limited

February 2016 - Member of the Corporate Governance  
Present Committee  
CP ALL Public Company Limited

2013 - Present Director  
Siam Makro Public Company Limited

2001 - Present Director  
True Corporation Public Company  
Limited

1999 - Present Director  
CP ALL Public Company Limited

### Working Experiences in Non Listed Company

Present Deputy Group CFO  
Charoen Pokphand Group  
Company Limited

2005 - Present Director  
C.P. Lotus Corporation

2004 - Present Director  
CPPC Public Company Limited

2003 - 2016 Director  
Vina Siam Bank (Vietnam)

1999 - 2016 Director  
Allianz C.P. Insurance  
Public Company Limited

### Shareholding in the Company

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



# Mrs. Saowaluck Thithapant

Age 62 Years

Nationality Thai

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**Position** Director and Group 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

March 2017 - Present	Group Chief Financial and Shared Services Officer Siam Makro Public Company Limited
2010 - February 2017	Chief Financial and Shared Services Officer Siam Makro Public Company Limited
2004 - Present	Director Siam Makro Public Company Limited

### Working Experiences in Non Listed Company

Present	Director Indoguna (Cambodia) Company Limited
Present	Director MAXZI The Good Food Restaurant & Cafe L.L.C
Present	Director Indoguna (Singapore) Pte Ltd
Present	Director Indoguna Dubai LLC
Present	Director Indoguna Lordly Company Limited
Present	Director Just Meat Company Limited
Present	Director Makro (Guangzhou) Food Company Limited



Present	Director CP Wholesale India Private Limited
2016 - Present	Director Makro (Cambodia) Company Limited
2015 - Present	Director ProMart Company Limited
2015 - Present	Director Charoen Pokphand Capital Company Limited
2014 - Present	Director ARO Company Limited
2014 - Present	Director Makro ROH Company Limited
2012 - Present	Director Indoguna Vina Food Service Company Limited
2005 - Present	Director Siam Food Services Company Limited

### Shareholding in the Company

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

# Mr. Lin, Chi – Lung

Age 53 Years

Nationality Chinese Taipei

Position Chief Executive Officer - Food Service

Date of Appointment 15 May 2003

Relationship with Executives None

## Education

- Master of Business Administration,  
National Taipei University of Technology, Taiwan

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

2010 Director Certification Program (DCP)

## Working Experiences

### Working Experiences in Listed Company

March 2017 - Present	Chief Executive Officer - Food Service Siam Makro Public Company Limited
2015 - February 2017	Chief Operation Officer - Commercial, Marketing and Supply Chain Siam Makro Public Company Limited
2014 - 2015	Chief Operation Officer - Thailand Siam Makro Public Company Limited
2010 - 2014	Chief Executive Officer - Food Service Business Siam Makro Public Company Limited

### Working Experiences in Non Listed Company

Present	Director Indoguna (Cambodia) Company Limited
Present	Director MAXZI The Good Food Restaurant & Cafe L.L.C
Present	Director Indoguna (Singapore) Pte Ltd
Present	Director Indoguna Dubai LLC
Present	Director Indoguna Lordly Company Limited
Present	Director Just Meat Company Limited



Present	Director Makro (Guangzhou) Food Company Limited
2015 - Present	Director ProMart Company Limited
2015 - Present	Director ARO Company Limited
2014 - Present	Director Makro ROH Company Limited
2012 - Present	Director Indoguna Vina Food Service Company Limited
2007 - Present	Director/ Executive Director Siam Food Services Company Limited

### Shareholding in the Company

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

# Mr. Paul Stephen Howe

Age 52 Years

Nationality British

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Position Group Chief Information Officer

Date of Appointment 2 September 2013

Relationship with Executives None

## Education

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

Training with Thai Institute of Directors (Thai IOD)

-

## Working Experiences

### Working Experiences in Listed Company

March 2017 -	Group Chief Information Officer
Present	Siam Makro Public Company Limited
2014 -	Chief Business and Information
February 2017	Technology Officer
	Siam Makro Public Company Limited
2013 - 2014	Chief Information Officer (CIO)
	Siam Makro Public Company Limited



### Working Experiences in Non Listed Company

1999 - 2013	Oracle Enterprise Architect
	Oracle Corporation

### Shareholding in the Company

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

# Mr. Thomas Leslie Hammer

Age 63 years

Nationality American

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

Date of Appointment 26 September 2017

Relationship with Executives None

## Education

- Business Administration, San Diego College, U.S.A.

Training with Thai Institute of Directors (Thai IOD)

-

## Working Experiences

### Working Experiences in Listed Company

June 2017 - present	Chief Operating Officer - Sales & Operations, Customer Development and Construction & Facilities Siam Makro Public Company Limited
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July 2009 -	Chief Operation Officer
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May 2015	Siam Makro Public Company Limited
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### Working Experiences in Non Listed Company

August 2015 -	Chief Executive Officer - Retail
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April 2016	The Sultan Center, Kuwait
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October 2014 -	Director
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May 2015	Makro ROH Company Limited
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### Shareholding in the Company

Director/ Executive (Shares)	-
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Spouse (Shares)	-
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Minor (Shares)	-
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# Mr. Ricardo Augusto Amaro De Oliveira Boarotto

Age 46 Years

Nationality Portuguese

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**Position** Chief Commercial Officer

Date of Appointment 26 September 2017

Relationship with Executives None

## Education

- Bachelor Degree Agricultural Engineering,  
Institute Politecnico De Castelo Branco

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

Director Certification Program (DCP), Class 241/ 2017

## Working Experiences

### Working Experiences in Listed Company

January 2017 -	Chief Commercial Officer
present	<u>Siam Makro Public Company Limited</u>
June 2014 -	Senior Director Commercial Food Service
December 2017	<u>Siam Makro Public Company Limited</u>
August 2012 -	Director Commercial Fresh Food
June 2014	<u>Siam Makro Public Company Limited</u>



### Working Experiences in Non Listed Company

June 2010 -	Head of Buying Food Fresh & Ultra Fresh
July 2012	<u>Metro Cash &amp; Carry Bulgaria, Bulgaria</u>
December 2009 -	Head of Food Ultra Fresh
May 2010	<u>Metro AG – New Format labs, Germany</u>

### Shareholding in the Company

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

# Mrs. Siriporn Dechsingha

Age 49 Years

Nationality Thai

Position Chief Marketing Officer

Date of Appointment 26 September 2017

Relationship with Executives None

## Education

- Master of Science Program in Human Resource and Organization Development, National Institute of Development Administration

Training with Thai Institute of Directors (Thai IOD)

-

## Working Experiences

### Working Experiences in Listed Company

January 2017 -	Chief Marketing Officer
Present	Siam Makro Public Company Limited
June 2014 -	Food Service Sr. Director - Marketing/
December 2017	OB & FS Dev
	Siam Makro Public Company Limited
May 2013 -	Own Brand Director - Own Brand
May 2014	Siam Makro Public Company Limited
May 2009 -	Associate Director - Own Brand
May 2012	Siam Makro Public Company Limited



### Working Experiences in Non Listed Company

2001 - 2009	Sr. Manager Boots Brand
	Merchandising & Sourcing
	Boots Retail (Thailand) Ltd.

### Shareholding in the Company

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

# CORPORATE RISK FACTORS AND RISK MANAGEMENT

Effective risk management is an important means for achieving the Company's strategic business goals. In view of this, the Company appointed a Risk Management Committee to oversee the development of a risk management policy and risk assessment framework in accordance with international standards as well as to ensure effective risk management throughout our organization. During 2017, the Company implemented measures in keeping with our risk management framework to identify risk factors that could affect our company's key activities, determine risk priority for monitoring and evaluation purposes. Quarterly status meetings were held to determine corporate risk management plans to ensure that impacts from risks are limited to acceptable levels. In addition, the Company crafted a 2018 risk management framework to be adopted by subsidiary companies. Each company can make the necessary adjustments to the framework to suit their own contexts.

Our rapid expansion and changing business model coupled with a more complex external environment has led to new risks that could impact our business directly and indirectly. We have adopted a variety of assessment and analytical tools to help ensure the effectiveness and success of our corporate risk management. Work in this area includes the mapping of risks that could impact our business and investment goals, creation of a mitigation plan and identification of new risks that could emerge during the coming year for the purpose of developing appropriate proactive risk management measures. In addition, we engaged a risk management consultant to act as an advisor to our Risk Management Committee.

## Economic Conditions, Political Uncertainties and Natural Disasters

Economic Conditions, Political Uncertainties and Natural Disasters that could impact our Cash & Carry and food service businesses. During the past several years, the Company operated in a climate where the Thai economy was adversely affected by a number of factors. These included political unrests, global economic slowdown and domestic weather events such as droughts and flooding. However, these risks were mitigated by the fact that the majority of goods we offer are basic necessities items and fresh foods.

To ensure that key business functions could continue during crisis events, the Company developed a Business Continuity Management Framework, actively monitored events and issued advance warning reports. During major flooding in Sakon Nakhon province in July 2017, we implemented many measures under our Business Continuity Management Framework, effectively minimizing impacts on Makro Sakon Nakhon's operations and enabling the store to quickly reopen for business. In the aftermath of this, the Company made further improvements to our business continuity measures to ensure effective management of crises from new factors. Droughts, for example, could affect the operations of our stores and distribution centers, which need adequate supplies of good quality water to ensure the hygiene and safety standards of our food products. The Company conducted additional studies and subsequently developed an operation plan for use in the event of droughts. The plan encompasses the treatment of wastewater and appropriate reuse of the treated water, water sourcing from local sources and the opening of a new fresh and frozen foods distribution center in Muang District, Samut Sakhon. The new facility serves to reduce risks in the event that one of Makro's other distribution centers have to temporarily halt operations for any reason, as well as to improve our logistics and distribution capabilities and prepare the way for Makro's future location expansion.

Economic, political and natural factors can also affect our location expansion plan, either by delaying expansion or keeping the plan from being realized, creating adverse impacts on the growth of our business, our financial standing as well as our corporate performance. In consideration of this, we have carefully studied and analyzed our expansion plan to ensure its smooth rollout and minimize impacts from potential risk factors.

### Consumer Behavior

Rapid advances in communications technology has led to changes in consumer behavior, including more information consumption from online sources than from traditional media and the growing popularity of online shopping. Recognizing the impact of these changes on traditional retail, we have sought to better cater to the behavior of digital age consumers by developing Makroclick.com along with an Offline - to - Online (O2O) system to handle the growing volume of online orders. These efforts included

the development of a delivery service and an electronic payment system to provide an alternative option for our customers in addition to the original Cash & Carry model which requires customers to come to our physical stores. Given how technology's world - changing impacts have altered our competitive environment, our expansion plan needs to take into account the appropriate store format and sales area for each new store in order to maximize returns on investment.

### Human Resources Management

Human resources are very important to our business operations. The current dearth of skilled labor and high - caliber personnel poses a risk for every business organization. Rapid expansion by retail operators has led to intense competition for high - caliber people. Personnel who has been trained by Makro tend to attract offers of higher compensation in order to lure them away. In order to reduce personnel risks and retain high-caliber people, the Company works to ensure that our employees receive appropriate compensation as well as opportunities to grow their potential and develop the appropriate competencies for each level of position. Those in manager - level and higher positions receive training to enhance their leadership competencies, enabling them to recognize their own strengths and shortcomings and allowing them to understand their own roles and the impact they have on the Company's business plan.

In the area of occupational safety risks, the Company organized intensive safety training for our staff with the goal of reducing work accidents to zero both at our head office and at our stores.

At the same time, the Company worked to encourage employee creativity, provide opportunities for our staff to implement new initiatives in the performance of their work, and foster a family - like teamwork environment. During 2017, the Company conducted an Employee Engagement Survey involving all of our employees and management executives. To assess our people's engagement with our organization, the survey covered such areas as openness to comments and suggestions, creation of work plans and continuous result monitoring. The ultimate goal of the undertaking is to guarantee that improvements are made in accordance with survey results and the human rights principles in order to ensure employees' happiness at work



In addition, we developed a succession planning program for the Top 50 executive positions and store manager positions with clearly articulated execution plans and timelines. These include Identifying Person & Readiness process, with two names, or one at a minimum, identified for each key position, Individual Development Plan (IDP), Development and Monitoring as well as recruitment of new generations of employees and their development under the Young Talent program to help them grow their leadership abilities and ensure that we have sufficient number of qualified people who can immediately step in when vacancies open up, especially in important business units or positions. Furthermore, to develop young talents for future leadership positions, we put in place a talent development scheme consisting of performance evaluation, duty assignment and appointment to a suitable position. All of these plans have clear timelines. The Company also worked to recruit high - caliber people to staff our stores in accordance with our nationwide expansion plan, which presents us with a good opportunity both to encourage our staff to move back to their hometowns and to help local workers find employment without leaving their native soil. These efforts are conducive to reducing personnel risks and help ensure that we will not only have a sufficient talent pool to sustainably support our strategic expansion plan but also achieve our goal of becoming employer of choice for all generations and fields of work.

### Supply Risk

Sourcing goods and products to ensure total customer satisfaction needs to take into account the diversity of categories and types of goods as well as adequate volumes to meet consumer demand. This is vital for achieving our vision “to be number one food solution provider for professional customers” and the main goal of the Makro 4.0 strategy in “Enhancing People’s Lives”. As our strategy emphasizes more involvement in the food business, our demand for fresh foods has risen from year to year. To meet customer expectations, the Company also need quality assurance and international standard certification both by our own Quality Assurance Department and by external agencies. Other important issues include the use of legal labor at the product’s origin, animal welfare and environmental responsibility. Failure to adequately and efficiently meet consumer needs could adversely impact not only our business but our financial standing and corporate performance as well.

Currently, the Company sources from a number of producers and distributors, signing contracts with each of them to secure the terms of trade. In this way, we are able to reduce risks from reliance on any one partner as well as from having inadequate quantities of goods to meet consumer demand. In addition, to ensure that our product quality meet international standards, the Company has developed control processes encompassing raw material sourcing, partner selection, distribution and in - store stock availability. Makro collaborates with farmers and producers on product development, perform quality checks once products arrive from producers and distributors, and handle their storage and transportation under expert supervision and standardized processes. By so doing, Makro ensures the sustainability of our value chain and guarantee the quality and consumer safety of the products we sell. Moreover, given the good relationships we have with a large number of producers and distributors, our strong corporate reputation and ever increasing sales, we are well positioned to ensure product sourcing at the right prices and volumes for consumers’ needs.

### Cyber Security

Our operations rely on an IT system to connect data across our enterprise. Cyber security is therefore an important issue, especially given the ever - growing severity of cyber - attacks and the fact that cyber threats can take many different forms and change rapidly with emerging technologies. Given that being the target of a cyber - attack would affect both our business and our trustworthiness, the Company has developed proactive measures to reduce the chance of cyber security breaches. These include putting in place a cyber - threat monitoring system and apparatus, testing and evaluating said system on a regular basis to ensure their efficiency, carrying out penetration testing as part of our counter - threat plan, and regular execution of system recovery drills to ensure our ability to promptly handle threats and reduce potential damage to our corporate system and data. In addition, the Company continues to work to instill cyber security awareness in our employees by keeping them up to date on the latest threats, threat prevention methods and relevant IT laws through internal communications channels and training events.

### Compliance with Rules, Regulations and Laws

Government policy changes and the passing of new laws and regulations could impact our business operations, given that the Company operates in the retail and wholesale trade sector and therefore need to comply with a variety of legal and regulatory requirements and standards. Looking ahead, we expect to see stricter new laws and regulations as well as potentially stricter interpretations and enforcement of existing laws. Important laws that could impact our business include the new Trade Competition Act which, if strictly enforced, could adversely affect our expansion. There are also a number of bills now in the pipeline which, once put into effect, could impact the success of our expansion plan, including the draft zoning bill regarding the development of large - scale commercial buildings and large - scale retail developments, and the draft bill on the retail and wholesale trade businesses. Should the areas included in our location expansion plan come under these laws, we could be precluded from establishing new stores or suffer delays in launching operations in those areas.

As our business comes under the Product Liability Act and related regulations, the Company has a liability risk in the event that consumers or our customers suffer damage from an unsafe product or service provided by the Company. In such cases, we could be liable to pay compensation to those affected or ordered by relevant agencies to recall sold products from consumers, remove all unsold products from the shelves and even stop selling those items altogether. To reduce the above risks, the Company established at our distribution centers and stores a testing and certification processes for food products based on international food hygiene and safety standards, studied the new bills and worked with our partners to ensure strict compliance with relevant laws and regulations, including those on food - package labelling, frozen - food HACCP, “premium” labelling on packaged, ready - to - eat cut fruit and vegetables, and the Animal Epidemic Act. The Company sources our products from trustworthy suppliers who practice food safety standards and work with them to produce quality products under the “Quality Pro” mark. In addition, we hold suppliers liable for any damage arising from unsafe products provided by them and, in the interest of reducing such risk, require that they obtain insurance coverage against potential damage.

In managing our legal risks, the Company instructs our Legal Department to monitor news and information related to government decisions that could impact our business, keep management and relevant internal divisions informed about such developments and maintain an education program to keep relevant units up to date on legal and regulatory changes. We have also retained the services of local and international legal consultants to help us closely monitor legal and regulatory changes and provide advice regarding the laws of countries we operate in. In addition, the Company declared its intention to join the Thai Private Sector Collective Action Coalition Against Corruption (CAC) and has entered into the certification process. The Company also regularly assess the corruption risks that could arise out of our contact and interactions with government agencies. In expanding our business abroad, the Company make sure to study in - depth the local laws that could impact our business, retain local experts to help analyze our risks and provide advice to keep us in strict compliance with the law of each country, and explore ways to ensure equitable benefits to the target countries, local communities and the Company.

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

As of August 24, 2017, CP All Public Company Limited and related companies, which together form the single largest group of shareholders in our company, held a total of 97.88 percent of outstanding shares. With more than 75 percent of shares in the hand of a single group, risks to minority shareholders could arise whereby the majority shareholder control all the votes, including the special votes, of the shareholders’ meetings, precluding minority shareholders from gathering enough votes to ensure the proper checks and balances on issues proposed by the majority shareholder.

To safeguard the principles of good corporate governance, the Board of Directors allows minority shareholders to propose agenda items for annual general meetings of shareholders and nominate candidates for directors in advance of the meeting dates. Furthermore, the 5 Independent Directors appointed by the Company, all of whom serve on the Audit Committee, are individuals with widely recognized abilities and expertise. Charged with providing assistance to the Board of Directors in fulfilling

its responsibilities, the Audit Committee helps to enhance the effectiveness of the checks - and - balances mechanisms and ensure management transparency. All transactions related to the majority shareholder that could pose a conflict of interest for the Company must be executed in strict accordance with the related - parties transactions rules under the framework of the law. On the other side of the coin, our relationship with CP Group and related companies has allowed us to draw on their strengths in improving our business components with a view to fulfilling our strategic plans for domestic and international expansion.

### Transportation and Distribution

The Company is the operator of a nationwide network of stores including Makro Classic, Makro Food Service, Eco Plus, Makro Food shop and Siam Frozen. Efficient transportation and distribution is vitally important to ensuring that we have high quality products in stock to serve our entrepreneur customers. As of year - end 2017, the Company has 4 distribution centers : 1) Dry foods and nonfood distribution center in Wang Noi District, Pha Nakhon Si Ayutthaya 2) Fresh, refrigerated and frozen foods distribution center in Wang Noi District, Pha Nakhon Si Ayutthaya 3) Dry foods and nonfood distribution center in Bang Sao Thong District, Samut Prakan and 4) Fresh, frozen and refrigerated foods distribution center and frozen foods warehouse in Muang District, Samut Sakhon. The existence of these facilities helps to ensure that our business can continue in the event of a crisis. In addition, to reduce fuel use in our logistics system and thus reduce impacts on the environment, the Company now use 45 foot containers instead of 40 - foot ones.

# CORPORATE

# GOVERNANCE REPORT

The Company is committed to basing business on good corporate governance and business ethics with transparency, fairness and integrity. This is a key to create greater enhancement of both the managerial and operational processes within the Company. With the conviction that the Company's good corporate governance and code of conduct will ensure fairness, transparency, and long – term economic value for shareholders whilst creating confidence among all stakeholders and enhancing the Company's competitiveness to achieve sustainable growth.

The Company's Board of Directors always values the Corporate Governance Policy and Code of Conduct Manual ("Manual") and conformance to it by assigning the Corporate Governance Committee (CG Committee) to govern, monitor, and promote the Company's operations to comply with this Manual. The Company has devised its corporate governance development plan on a par with international standards and in line with business strategies and directions. By doing this, the Company can maintain its standards and conformance to criteria as stipulated by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). Throughout 2017, the Company's CG performance has successfully been achieved as planned. The Company's CGR assessment has been rated from IOD with a continuous improvement in scores. For issues that have yet been covered or implemented, the Management is to report to the CG Committee for review on an annual basis.

## Corporate Governance Policy

The Board formulated the Corporate Governance Policy in written form in 2012, and the most updated version was issued in this year 2017 by incorporating the Code of Conduct in and named it as the Corporate Governance Policy and Code of Conduct Manual. All Directors, executives and employees are responsible for acknowledging and abiding by this manual.

The Company regularly reviews the policy, principles and guidelines related to corporate governance principles. In 2017, it studied the approach of corporate governance and guidelines for listed companies under the SEC ("CG Code") together with assessment principles and criteria of other institutions. This includes the Company's business strategies and direction. The Company disseminated its manual via its website at [www.siammakro.co.th](http://www.siammakro.co.th), allowing interested persons to examine and download.



## Code of Conduct

The Company establishes the business code of conduct as guidelines for business conduct for the Board, executives, and employees to comply with. Focusing on the key essences of corporate governance under equitable treatment, fairness, transparency, and respect of the rights of all stakeholders, the Company always values the development of its employee ethics as well as cultivating perseverance, patience, and responsibilities. The Board and executives are required to be the ethical leaders and the role models in performing their duties with integrity, honesty, fairness, and transparency in accordance with the Company's corporate governance and code of conduct. The detail of the Company's code of conduct could be read from its website.

## Communication and Promotion of Corporate Governance

In 2017, the Company communicated and encouraged all personnel and subsidiaries' employees as well as stakeholders to acquire knowledge and understanding on the importance of Corporate Governance and Code of Conduct manual; thus promoted the policy and practices into concrete actions as follows:

- **Corporate Governance and Code of Conduct manual**

The Company issued the Corporate Governance and Code of Conduct Manual and distributed to all directors, executives, and employees of the Company and its subsidiaries. Upon receiving, they are required to study the contents, sign the Acknowledgment and Confirmation for Compliance form, and return the form to the Human Resources Department for record - keeping. The Company also periodically review the guidelines to ensure their alignment with business operations and corporate governance practices at national and international levels. The current version of this manual is the second revision with approval from the Board, the Company distributed the manual to all directors, executives, and employees of the Company. In addition, the Company has sent a notification to inform its business partners and customers of the manual and whistle - blowing process for their acknowledgment through its website.

- **Communication of the Manual and Compliance with Corporate Governance to Stakeholders**

Apart from the publication of the Manual, Anti - Corruption Policy, and the Business Partners Code of Conduct on the Company's website, it also publishes these policies and practices together with whistle - blowing channels through various events, for instance, the analyst meeting and Supplier Conference. The Company also distributes a conforming letter to all stakeholders, for instance, business partners for their cooperation to refrain from offering gifts to the Company's and its subsidiaries' employees during the New Year season.

- **New Employee Orientation and Training**

The Company and its subsidiaries communicate the Corporate Governance and Code of Conduct Manual, and the Anti - Corruption Policy to all new employees to foster the conscience on the first day they become employees. To continuously create awareness, the Company hosted an activity to promote the manual and anti - corruption practices, for example, newsletter - Roo Thun Corruption.

In 2018, the Company plans to initiate CG e - learning so that the employees at all levels can learn the principle of the manual which covers CG, code of conduct, and anti - corruption. Such learning provided edutainment, which educated the employees by using fun and interactive media.

- **Measures on “Whistle - Blowing” and in Submitting Complaints**

The Company has put in place complaint - making and whistle - blowing communication channels, covering complaint filing, verification, and summary of findings, together with protection of the informants or complainants and any related parties. The purpose is to handle complaints, comments, or suggestions from stakeholders affected or potentially affected by the Company’s business conduct or by the conduct of the Company personnel, resulting from law - breaking or violation of the Code of Conduct as well as any alleged acts of corruption. The scope of complaint and whistle - blowing are any breaches of as well as acts of non - compliance with the applicable laws or official regulations, and the Principles of Corporate Governance together with the Company’s Code of Conduct and rules and regulations, and alleged acts of corruption – all of which have the primary objective of acquiring personal gains or various benefits for others in an unlawful manner; such as acts of fraudulence or embezzlement. Such details have been clearly stated in the Company’s Corporate Governance and Code of Conduct Manual, Anti - Corruption Policy as well as on the Company’s website.

- **Complaint - Making and Whistle Blowing Channels of Communication**

✉ Chairman of the Board/ Chairman of the Audit Committee/ Group Chief Executive Officer/ Board of Directors/ Head of the Internal Audit Department :  
Siam Makro Public Company Limited  
1468 Phatthanakan Road, Suan Luang Sub District,  
Suan Luang District, Bangkok 10250

📧 [cgooffice@siammakro.co.th](mailto:cgooffice@siammakro.co.th)

📞 0 2067 9300

📠 0 2067 9119

- **Protection of Complainants, Whistle - Blowers, and Related Parties**

Complainants or whistle - blowers are to be suitably and fairly protected by the Company, which implies no change in job titles, job nature, workplace, job relief, threats, job harassment, dismissal, or unfair acts. The Company will keep their complaints confidential and not disclose them to unrelated parties unless required to do so by law.

Those parties who receive the relevant report or complaint and confidential information are required to maintain total confidentiality of the incident as well as to not disclose any such facts to others unless specifically required to do so by law. If any relevant information is intentionally disclosed/ leaked to others, then the Company will take full disciplinary action in accordance with the Company’s rules and regulations, as well as take further legal proceedings as applicable and required.

## **Compliance with the Principles of Good Corporate Governance**

### **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 2017, the Company held 1 shareholders’ meeting - the Annual General Shareholders’ Meeting on April 21, 2017 at Wassana Room, Golden Tulip Sovereign Hotel, 92, Rama 9 Road, Bangkok Subdistrict, Huay Kwang District, Bangkok. For the year 2017, the Company provided minority Shareholders the opportunity to propose any additional agenda items in advance before the 2018 Annual General Shareholders’ Meeting (2018 AGM) as well as to nominate, in advance between November 9, 2017 through to January 31, 2018, 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 31 days in advance, invitation notices for the 2017 Annual General Shareholders' Meeting (2017 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 2017 AGM on the Company's website (www.siammakro.co.th) 37 days prior to the 2017 AGM date; and again notified through the online news system of the Stock Exchange of Thailand about the 2017 AGM notice that appeared on the Company's website. Minutes of the 2017 AGM was also published on this website within 12 days after the 2017 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 2017 AGM was attended by the Company's 14 Directors including members of the Audit Committee, the Company's external Auditor and legal counselor. At the start of the 2017 AGM, the Chairman announced to the meeting the number and proportion of Shareholders, their proxies attending the 2017 AGM, the voting and votes counting procedures for each of the proposed agenda items in the order as announced in the 2017 AGM notice. There was no "other agenda item" tabled during the 2017 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 2017 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.
  - (10) The Company Provide quality assessment of the AGM for further improvement of the meeting to ensure effectiveness, transparency, and benefit to shareholders.
- 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 full score of 100 points on the quality assessment of the 2017 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 2017, 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, 2017

through to January 31, 2018, 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 2017 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 2017 AGM notice. And for the 2017 AGM a total of 68 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 2017 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 2017, 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 2017, the Company did not conduct transactions which provided financial assistance to companies which were not subsidiaries of the Company.
- (7) The Company has a direct channel for all shareholders and investors to request information, feedback, make comments through email at [ir@siammakro.co.th](mailto:ir@siammakro.co.th) or by direct telephone at 0 2067 8260. SET & IR section is in charge of this channel and is responsible for providing information to shareholders and investors.
- (8) 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.

In addition, Customer Development team regularly visits customers to forge good relationship and receive comments to address areas of improvement. They also explore customers' satisfaction and engagement by applying outcomes of the customer satisfaction survey to brainstorm ideas with relevant sections on increasing customers' satisfaction. In this year, the customer satisfaction score is at 84.2%.

### Employees

- 1) 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.
- 2) 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.
- 3) With the objective of studying factors that may affect employees' satisfaction and engagement with the Company, in 2017, the Company adopts the "Employee Engagement Survey" as a tool to analyze factors that will increase employees' satisfaction and engagement.
  - 4) 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 and considers salary adjustment for the executives and employees once a year 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.

To ensure that procurement process is systematic, efficient, and in compliance with corporate governance principles, the procurement and selection process must comply with the regulations and criteria of the Company, obtain an efficient assessment of potential partners, and execute with clear selection methods.

In 2017, the Company sets additional policies, namely, the “Business Partner - Code of Conduct” to ensure that the Company’s human rights implementation covers communities and vendors in its value chain. To ensure their acknowledgment, the Company hosted a seminar to continuously educate its business partners in order to helping each other to cope with the rapid change of market situation, to build our competitive advantage, and maintain healthy and sustainable business relationships.

### 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” and “Environmental, Occupational Health & Safety Management”. 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 has put in place whistle - blowing channels covering the scope of complaint and whistle - blowing, complainants details, complaint - making and whistle - blowing process, false reporting process, and protection of complainants, whistle - blowers, and related parties to monitor the performance of directors, executives, and employees of the Company and its subsidiaries, in accordance to the law, rules and regulations, the Manual, and unlawful acts implying corrupt practices. Such details have been clearly stated in the Company’s Manual as well as on its website.

The Company encourages directors, employees, stakeholders whether internal or external parties that come across or are aware of clues, as well as those effected by Makro and/or by the job performance of directors, executives, and employees to file a complaint or whistle - blowing via Complaint - Making and Whistle - Blowing Channels in the areas as follows:

- Violation of laws and regulations, the Corporate Governance Policy or principles, the Code of Conduct, and Makro's regulations ;
- Unlawful acts implying corrupt practices for undue benefits, either for personal or other's gains, including embezzlement, corruption, and fraud.

For any complaints/ whistle - blowers :

E - mail                      cgooffice@siammakro.co.th  
 Normal mail              Chairman of the Board/ Chairman of the Audit Committee/  
    Group Chief Executive Officer/  
    Board of Directors/ Head of the Internal Audit Department  
    Siam Makro Public Company Limited  
    1468 Pattanakarn Road, Suan Luang Sub District, Suan Luang District, Bangkok 10250  
 Telephone :              0 2067 9300

For Guidelines queries :

E - mail                      ir@siammakro.co.th  
 Normal mail              SET and Investor Relations  
    Siam Makro Public Company Limited  
    1468 Pattanakarn Road, Suan Luang Sub District, Suan Luang District, Bangkok 10250  
 Telephone :              0 2067 8260 and 0 2067 8261

If any person comes across violations as stated in the scope of complaint and whistle - blowing, he or she can file a complaint through Complaint - Making and Whistle - Blowing Channels. Once the complaint has been received, the recipient will decide suitable further action or forward the matter to relevant parties and track progress. This is to ensure that Makro's action fits the complaints. Below is the key complaint - making and whistle - blowing process.

- The complainant can file their cases through Complaint - Making and Whistle - Blowing Channels.
- The recipient receives the complaint and performs the preliminary analysis of the received information, and contacts with the complainant. If unable to contact the complainant or receive more information, no further action will be taken.
- If the case has fact and in scope, the recipients consider to appoint an investigation committee for the case or forward the case to the head of relevant department.
- The investigation committee and/or the head of relevant department will report the results to the recipients and Internal Audit Department. The Internal Audit Department is responsible to report the case to the Audit Committee on a quarterly basis.

If the reported information is proved to be false due to deliberate distortion or false accusation, those reporting it have violated the Company's code of conduct, for which punishment is to follow Company's regulations or letters of the law, or both.

Complaints or whistle - blowers are suitably and fairly protected by the Company, which implies no change in job titles, job nature, workplaces, job relief, threats, job harassment, dismissal, or unfair acts. The Company will keep their complaints confidential and not disclose them to unrelated parties unless required by law.

These persons who receive the relevant report or complaint and confidential information are required to maintain total confidentiality of the incident as well as to not disclose any such facts to other unless specifically required to do so by law. If any relevant information is intentionally disclosed/leaked to any others, the Company will take full disciplinary action in accordance with the Company's rules and regulations as well as take further legal proceeding - as applicable and required.

In 2017, a total of 3 cases have been filed and in scope of complaint and whistle - blowing ; by which the cases have already been performed the preliminary investigation and settled. No case was recorded as regards non - conformance to Anti - corruption Policy.

The Company has a punishment policy for wrongdoers in accordance with the Company's rules and regulations. The Company stresses the importance of compliance and punishment by communicating and building awareness among its employees regarding the Code of Conduct as well as used complaints to implement future preventive measures.

### (3) Anti - corruption

The Company gives great importance towards and are determined in conducting business in an honest, transparent and equitable manner. We are also committed to being responsible to society as a whole and to all stakeholder groups in accordance with the Company's Corporate Governance and Code of Conduct Manual as well as according to international principles and practices. The Board with a review from CG Committee is aware that corruption is a major obstacle to objective achievement and is also a problem to national economic and social development. So in 2012, the Board established an explicit "Anti - Corruption Policy", later reviewed and revised in this year to serve as clear operating guidelines for use and adherence as a framework by the Company's Board of Directors, management and all staff ("the Company personnel") in carrying out their responsibilities. This "Anti - Corruption Policy" is also intended to make all involved stakeholders aware of the Company's firm intent and full commitment in being anti - corruption

and against all form of corrupt practices. The Company encourages everyone to apply and fully comply with this established Anti - Corruption Policy, through incorporating them as an integral part of the working rules and regulations ; and request that all the Company personnel study them so as to fully understand and to then strictly comply with the established guidelines contained within this Company's Anti - Corruption Policy. Those who breach or do not act in compliance with these policies will be subject to disciplinary action according to the Company's rules and regulations, whereby they may be subject to the most serious punishment possible in being discharged from the Company or having their employment agreement or contract of hire with the Company terminated. However, at the same time, the Company has a policy to not punish and demote staff's grade or position, or to not impose any negative treatment on those personnel who refuse to commit any acts of corruption, even if such refusal may result in the Company losing some business opportunities. Further, in the event that those who breach or do not comply with this Anti - Corruption Policy also involve breaking any laws, they may be subject to additional legal prosecution accordingly.

The Company is obliged to adopt the Anti - Corruption Policy, its implementation and measures, and to perform its business under the following framework :

- To promote the Anti - Corruption Policy and practice them both inside and outside, the Company has communicated the policy to the Board, executives and employees via internal circular, e - mail, internal intranet system, the Company's board, employees' orientation, and training. When the festive season approached, the Company promoted the "No - Gift Policy" among employees via internal and external communication channels such as signage at different locations in Head Office and Makro stores to promote business transparency and comply with the Corporate Governance and Code of Conduct manual. In addition, the Company also communicated to customers and business partners via a conforming letter for their cooperation to refrain from offering gifts to the Company's and its subsidiaries' employees



during the New Year festival. Moreover, the Company encourages its employees working related to anti - corruption to join external workshops and seminars relating to anti - corruption to gain knowledge and understanding on anti - corruption practices.

- The Company designated Risk Committee to be in charge of managing risks by initiating a plan on managing risks, procedures, internal and external risk assessment and analysis, and mitigation plan for each risk were put in place to manage risks at an acceptable level. This plan covers the process of forming corporate strategies, investments, other business operations as well as anti - corruption. For high corruption - risk activities, the Company has procedures to closely monitor such practices, as stated in the Anti - Corruption Policy, Guidelines of Practices on giving Sponsorships, giving/accepting of Gifts, Souvenirs, Entertainment and Charitable Contributions, and Hiring Consultant Policy. These activities include political contribution, charitable contribution and sponsorship, and gifts, hospitality, and expenses.

In addition, the Company has put in place an internal control system to prevent corruption risks such as the Corporate Authorization Procedures in considering the scope, duties, and responsibilities of each position as criteria in the authorization process, add flexibility to business operations, and exercise an appropriate internal control system. The internal Audit Department is in charge of monitoring operations in various sections to ensure that the performance of each section is in accordance with this procedure.

The Company committed to countering corruption in conjunction with external agencies. In this year, the Company joined the Private Sector Collective Action Coalition against Corruption (CAC). The coalition was initiated by the IOD, Thai Chamber of Commerce, Joint Foreign Chambers of Commerce in Thailand, Thai Listed Companies Association, Thai Bankers Association, and Federation of Thai Industries. The project was also supported by the government and the Office of National Anti - Corruption Commission. The Company also developed

a self - assessment form for anti - corruption measures, which accompanies supporting evidence related to business policy, measures and procedures, and its internal control system. All documents were submitted to the CAC panel as part of the Company's application for CAC membership in December 2017.

- (4) The Company has policies in regard to non - infringement of intellectual property (IP) as follows:
  - (1) 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;
  - (2) 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, in Thai and English version, dissemination will be undertaken through various communications channels, such as announcements via SEC and SET's Community Portal systems, the Company's website, and public channels such as newspapers, magazines, press conferences, interviews, and press releases. 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.

In 2017, the Company organized various activities in support of the shareholders, analysts, and investors as followed :

- Company Visit  
33 times
- Conference Call  
31 times
- Analyst Meeting  
4 times
- Information provided via telephone  
2 times per day (on a average)
- Store Visit  
10 times

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 9044
- E - mail : ir@siammakro.co.th
- Address : SET & Investor Relations  
Siam Makro Public Company  
Limited  
Office of Group Chief Financial  
Officer  
1468 Pattanakarn Road,  
Suan Luang Sub District,  
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 2017, 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                             | 2 persons |
| (who is not an Audit Committee member) |           |
| • Independent Directors                | 5 persons |
| (who are also Audit Committee)         |           |

It is the opinion of the Board of Directors that the 5 Independent Directors, accounting for 33.33% 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 Siriporn Withannititam 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 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 ; namely, Mr. Athaporn Khaimarn, Chairman of the Audit Committee ; Mr. Chavalit Uttasart ; Mr. Thira Wipuchanin, Dr. Chaipayat Wibulswasdi and Mr. Joti Bhokavanij as members 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, comprising of 3 Directors; namely, Mr. Thira

Wipuchanin (Independent Director), Chairman of the Nomination and Remuneration Committee; Mr. Chavalit Uttasart (Independent Director) and Mr. Korsak Chairasmisak as members together with Director - Human Resources as the Nomination and Remuneration Committee Secretary. Additional details are shown in the section on “Nomination and Remuneration Committee”.

- (2.3) Corporate Governance Committee, comprising of 5 Directors; namely, Dr. Chaipayat Wibulswasdi, Chairman of the Corporate Governance Committee; Mr. Arsa Sarasin, Mr. Chavalit Uttasart, Mr. Joti Bhokavanij and Mr. Umroong Sanphasitvong as members together with the Company Secretary as the Corporate Governance Committee Secretary. Additional details are shown 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 and one more meeting to discuss about the Company's business strategy direction and business plan. 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) Group CEO, Group 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 2017, there was a total of 5 Board of Directors' Meetings, 2 Nomination and Remuneration Committee's Meeting, 2 Corporate Governance Committee's Meeting and 1 shareholders' meeting, 2017 Annual General Meeting.
- At the end of Board of Directors' Meeting No. 4/2017, 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 2017

Name	Position	Period	Meeting				
			Board of Directors	Audit Committee	Nomination and Remuneration Committee	Corporate Governance Committee	Annual General Shareholders
			(5 times)	(5 times)	(2 times)	(2 times)	(1 time)
1. Mr. Arsa Sarasin	Chairman/ Member of the Corporate Governance Committee	Apr 2017 - Apr 2020	5/5		-	0/2	1/1
2. Mr. Athaporn Khaimarn	Independent Director/ Chairman of the Audit Committee	Apr 2015 - Apr 2018	5/5	5/5	-	-	1/1
3. Mr. Chavalit Uttasart	Independent Director/ Member of the Audit Committee/ Member of the Nomination and Remuneration Committee	Apr 2015 - Apr 2018	4/5	4/5	2/2	-	1/1
4. Mr. Thira Wipuchanin	Independent Director/ Chairman of the Nomination and Remuneration Committee/ Member of the Audit Committee/ Member of the Corporate Governance Committee	Apr 2015 - Apr 2018	5/5	5/5	2/2	2/2	1/1
5. Mr. Chaipayat Wibulwasdi	Independent Director/ Chairman of the Corporate Governance Committee/ Member of the Audit Committee	Apr 2015 - Apr 2019	4/5	4/5	-	2/2	1/1
6. Mr. Joti Bhokavanij	Independent Director/ Member of the Audit Committee/ Member of the Corporate Governance Committee	Apr 2015 - Apr 2018	5/5	5/5	-	2/2	1/1
7. Mr. Korsak Chairasmisak	First Vice Chairman/ Member of the Nomination and Remuneration Committee	Apr 2015 - Apr 2019	4/5	-	2/2	-	1/1
8. Mrs. Suchada Ithijarakul	Second Vice Chairman	Apr 2017 - Apr 2020	5/5	-	-	-	1/1
9. Mr. Prasert Jarupanich	Director	Apr 2017 - Apr 2020	5/5	-	-	-	1/1
10. Mr. Pittaya Jearavisitkul	Director	Apr 2017 - Apr 2020	5/5	-	-	-	1/1
11. Mr. Piyawat Titasattavorakul	Director	Apr 2014 - Apr 2018	4/5	-	-	-	1/1

Name	Position	Period	Meeting				
			Board of Directors (5 times)	Audit Committee (5 times)	Nomination and Remuneration Committee (2 times)	Corporate Governance Committee (2 times)	Annual General Shareholders (1 time)
12. Mr. Narong Chearavanont	Director	Apr 2016 - Apr 2019	4/5	-	-	-	1/1
13. Mr. Adirek Sripratak	Director	Apr 2016 - Apr 2019	4/5	-	-	-	0/1
14. Mr. Umroong Sanphasitvong	Director/ Member of the Corporate Governance Committee	Apr 2016 - Apr 2019	5/5	-	-	2/2	1/1
15. Mrs. Saowaluck Thithapant	Director	Apr 2017 - Apr 2020	5/5	-	-	-	1/1

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

(4.6) In 2017, 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. There are 10 major criteria for the scope of whole assessment as follows ;

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

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 75%	=	Very Good
Over 65%	=	Good
Over 50%	=	Satisfactory
Under 50%	=	Poor

The 2017 Performance Assessment of the Board of Directors can be summarized as follows :

Comparison of the Performance Assessment of the Board of Directors	2017 (%)	Rating
Form 1 : Individual Director Assessment Self - Assessment	91.3	Excellent
Form 2 : Board and Board - Committees Assessment	89.3	Excellent

The overall result of the 2017 Board Assessment indicates an average rating of “Excellent” at the score of 90.3%. 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.

(6) The Group 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 Group Chief Executive Officer, must forward the assessment outcome to the Board for endorsement. Therefore, the performance assessment of the Group Chief Executive Officer is considered as confidential information and cannot be disclosed. The performance assessment for the Group 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 performance appraisal outcome, dictating the pay rise for the Group 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 Group Chief Executive Officer

It is the Company’s policy to compensate the Group 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 Group 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 2017

Details are given in the section on “Director and Executive Remuneration in 2017”



(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 with a criteria to identify a successor with readiness test; Psychological Test, Ability Test, Leadership Assessment, Career Discussion, Career Road Map. After testing, Human Resources Department will process and analyze to be a plan to each successor. Later, HR will initiate various programs such as the Leadership Development Program, Advanced Leadership Program, Beginning Leadership Program, New job assignment and so on 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 2017, the Company's directors attended training and seminars as follow :

Director Name	Position	Course/ Seminar
Mrs. Saowaluck Thithapant	Director and Group Chief Financial and Shared Services Officer	Disclosure and Transparency, Charoen Pokphand Leadership Institute (CPLI)

# 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 Sub District,  
Suan Luang District,  
Bangkok 10250

Tel. : 0 2067 8999

Fax : 0 2067 9888

Website : [www.siammakro.co.th](http://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](http://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 31,830,000 shares

Registered capital :

Baht 3,183,000,000 with 31,830,000 shares at a par value of Baht 100 each

Issued and paid - up capital :

Baht 3,183,000,000 with 31,830,000 shares at value of Baht 100 each

**(2) Indoguna (Singapore) Pte Ltd (INDS)**

Company registration No. : 199302834E

Date of incorporation : 8 May 1993

 Head office : 36 Senoko Drive,  
 Senoko Industrial Estate,  
 Singapore  
 758221

Tel. : (65) 6755 0330

Fax : (65) 6755 9522

Website : www.indoguna.com

**Type of business :**

Produce sausages, bacon, ham, salami, cut meats and processed meats under the brand Carne Meats. Import and distribution of fresh, temperature controlled, frozen, high quality food products with delivery service i.e. meat, seafood, bakery products as well as seasonal and culinary delicacies prepared from both local and international, to meet the demand of food service professionals in Singapore i.e. hotels, restaurants, airlines, caterers, institutions, manufacturers, and food traders

**Registered capital :**

SGD 1,600,000

**Paid - up capital :**

SGD 1,600,000

**(4) Indoguna Lordly Company Limited (LL)**

Formerly known as Lordly Company Limited

Company registration No. : 0196081

Date of incorporation : 14 August 1987

 Head office : 14F Chung Fung  
 Commercial Building,  
 10 - 12 Canton Road,  
 Tsim Sha Tsui, Kowloon,  
 Hong Kong

Tel. : (852) 2730 2025

Fax : (852) 2730 2024

Website : www.lordly.com.hk

**Type of business :**

Import and distribution of fresh, temperature controlled, frozen, high quality food products with delivery service i.e. meat, seafood, bakery products, fried egg soup as well as seasonal and culinary delicacies prepared from both local and international, to meet the demand of food service professionals in Hong Kong i.e. hotels, restaurants, airlines, caterers, institutions, manufacturers, and food traders

**Registered capital :**

HKD 10,000

**Paid - up capital :**

HKD 10,000

**(3) Indoguna Dubai LLC (INDD)**

Company registration No. : 78993

Date of incorporation : 15 February 2006

 Head office : Al Waha Street, Exit 46,  
 Al Quoz 1 P.O. Box 123125,  
 Dubai, United Arab Emirates

Tel. : (971) 4 338 6304

Fax : (971) 4 338 6305

 Website : www.indoguna.com/  
 indoguna-dubai-llc/

**Type of business :**

Import and distribution of fresh, temperature controlled, frozen, high quality food products with delivery service i.e. meat, seafood, bakery products as well as seasonal and culinary delicacies prepared from both local and international, to meet the demand of food service professionals in the United Arab Emirates i.e. hotels, restaurants, airlines, caterers, institutions, manufacturers, and food traders

**Registered capital :**

AED 300,000

**Paid - up capital :**

AED 300,000

**(5) Just Meat Company Limited (JM)**

Company registration No. : 0972827

Date of incorporation : 25 May 2005

 Head office : G/F 45B Hau Wong Road,  
 Kowloon City, Kowloon,  
 Hong Kong

Tel. : (852) 2382 2026

Fax : (852) 3003 1331

Website : www.justmeat.com.hk

**Type of business :**

Import and distribution of fresh, high quality food products of meats and poultry in Hong Kong

**Registered capital :**

HKD 1,000,000

**Paid - up capital :**

HKD 1,000,000

(6) MAXZI The Good Food Restaurant & Cafe  
L.L.C (MAXZI)

Company registration No. : 1309929  
Date of incorporation : 18 October 2017  
Head office : Al Shafar Investment  
Building, Shop No 20,  
P.O. Box 126113  
Al Quoz 1, Dubai,  
United Arab Emirates  
Tel. : (971) 4 395 3988  
Website : <https://maxzi.ae/>  
Type of business :  
Restaurant and Minimart in the United Arab Emirates  
Registered capital :  
AED 4,000,000

(7) Indoguna (Cambodia) Company Limited (INDC)

Company registration No. : 00029158  
Date of incorporation : 29 November 2017  
Head office : No 423, National Road 3,  
Phum Sre Nhor, Sangkat  
Pong Teuk, Khan Dangkor,  
12407, Phnom Penh,  
Kingdom of Cambodia  
Tel. : (855) 70 958 388  
Type of business :  
Food Services Business and related businesses in Cambodia  
Registered capital :  
USD 2,000,000  
Paid - up capital :  
USD 2,000,000

(8) Indoguna Vina Food Service Company Limited (INDV)

Formerly known as Vina Siam Food Company Limited

Company registration No. : 0312016132  
Date of incorporation : 15 October 2012  
Head office : 44B Phan Xich Long Street,  
Ward 3, Phu Nhuan District,  
Ho Chi Minh City, Vietnam  
Tel. : (84) 907 091 188  
Fax : (84) 28 3995 6756  
Website : [www.indogunavina.com](http://www.indogunavina.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 in Vietnam i.e. hotels,  
restaurants (both full service and quick service), caterers  
Registered capital :  
USD 5,000,000  
Paid - up capital :  
USD 5,000,000

(9) ProMart Company Limited (PRO)

Company registration No. : 0105558034130  
Date of incorporation : 23 February 2015  
Head office : 1468 Phatthanakan Road,  
Suan Luang Sub District,  
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



(10) Makro ROH Company Limited (MROH)

Company registration No. : 010557153364

Date of incorporation : 14 October 2014

Head office : 1468 Phatthanakan Road,  
Suan Luang Sub District,  
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 1,745,000,000 with 17,450,000 shares at value of Baht 100 each

(12) CP Wholesale India Private Limited (CPWI)

Company registration No. : U51909DL2017FTC310809

Date of incorporation : 19 January 2017

Head office : 6<sup>th</sup> Floor, M3M Cosmopolitan,  
Sector 66 Off Golf Course  
Extension Road, Gurugram  
122002, Haryana, India

Tel. : (91) 124 4479000

Fax : (91) 124 4479199

Type of Business :

Wholesale Operator and related businesses in India

Registered capital :

INR 300,000,000

Issued and paid - up capital :

INR 160,714,270

(11) ARO Company Limited (ARO)

Company registration No. : 889 FC/2014 - 2015

Date of incorporation : 28 November 2014

Head office : Unit 02, 04, 06, Level 11,  
Myanmar Centre Tower 1,  
No.192, Kabar Aye Pagoda  
Road, Bahan Township,  
Yangon, Myanmar

Tel. : (959) 450 494 662

Type of Business :

Providing marketing and business consultancy services in Myanmar

Registered capital :

USD 500,000

Issued and paid - up capital :

USD 165,000

(13) Makro (Guangzhou) Food Company Limited (MGZ)

Company registration No. : 440103400002490

Date of incorporation : 3 July 2017

Head office : Room 440 (zibian), Room 401,  
4/F, No. 17 Fangxin Road,  
Liwan District, Guangzhou,  
China

Type of Business :

Wholesale and Retail Operator and related businesses in the People's Republic of China

Registered capital :

CNY 50,000,000

Issued and paid - up capital :

CNY 25,000,000

(14) Makro (Cambodia) Company Limited (MAC)

Company registration No. : 00019245

Date of incorporation : 16 September 2016

Head office : No. 5734, Street 1003,  
Bayab Village, Sangkat  
Phnom Penh Thmey,  
Khan Sen Sok, Phnom Penh,  
Kingdom of Cambodia

Tel. : (855) 23 977 377

Website : www.makrocambodia.com

Type of Business :

Wholesale and Retail Operator and related businesses  
in Cambodia

Registered capital :

USD 68,000,000

Issued and paid - up capital :

USD 30,200,000

Associate Company

- None -

Reference persons

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

Tel. : 0 2009 9000, 0 2009 9999

Fax : 0 2009 9991

External Auditors : Mr. Charoen Phosamritlert  
C.P.A. Reg. No. 4068  
Mrs. Munchupa Singsuksawat  
C.P.A. Reg. No. 6112  
Mr. Veerachai Ratanajaratkul  
C.P.A. Reg. No. 4323  
Ms. Sujitra Masena  
C.P.A. Reg. No. 8645

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

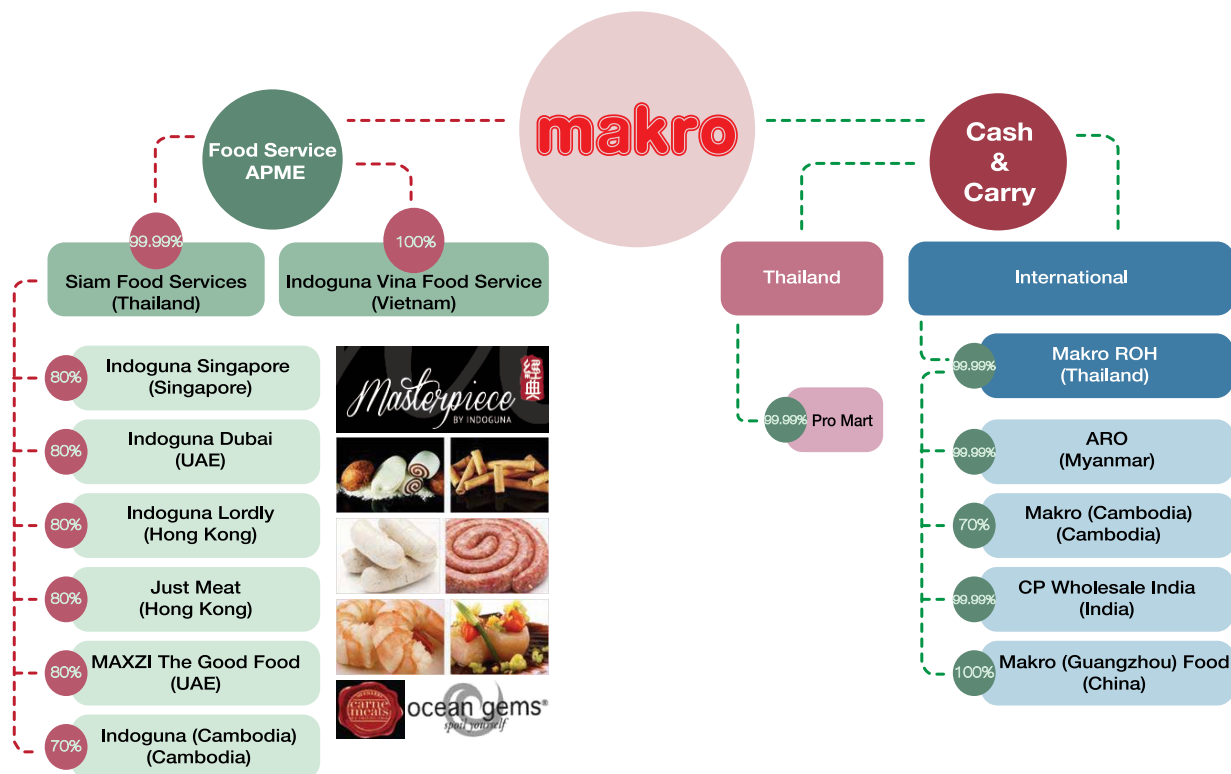
Fax : 0 2676 6188 - 9

## 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 2017, Makro has a total of 123 stores nationwide which consist of 79 Makro Classic stores, 19 Makro Foodservice stores, 12 Eco Plus

stores, 5 Makro Food shops and 8 Siam Frozen shops as well as took a historic move by opening the first Makro Classic store in Cambodia. 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 2017, the Company’s business structure can be shown as below :

Makro Group Business Structure



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
Indoguna (Singapore) Pte Ltd	Produce sausages, bacon, ham, salami, cut meats and processed meats under the brand Carne Meats. Import and distribution of fresh, temperature controlled, frozen, high quality food products with delivery service i.e. meat, seafood, bakery products as well as seasonal and culinary delicacies prepared from both local and international, to meet the demand of food service professionals in Singapore i.e. hotels, restaurants, airlines, caterers, institutions, manufacturers, and food traders
Indoguna Dubai LLC	Import and distribution of fresh, temperature controlled, frozen, high quality food products with delivery service i.e. meat, seafood, bakery products as well as seasonal and culinary delicacies prepared from both local and international, to meet the demand of food service professionals in the United Arab Emirates i.e. hotels, restaurants, airlines, caterers, institutions, manufacturers, and food traders
Indoguna Lordly Company Limited Formerly known as Lordly Company Limited	Import and distribution of fresh, temperature controlled, frozen, high quality food products with delivery service i.e. meat, seafood, bakery products, fried egg soup as well as seasonal and culinary delicacies prepared from both local and international, to meet the demand of food service professionals in Hong Kong i.e. hotels, restaurants, airlines, caterers, institutions, manufacturers, and food traders
Just Meat Company Limited	Import and distribution of fresh, high quality food products of meats and poultry in Hong Kong
MAXZI The Good Food Restaurant & Cafe LLC	Restaurant and Minimart in the United Arab Emirates
Indoguna (Cambodia) Company Limited	Food Services Business and related businesses in Cambodia
Indoguna Vina Food Service Company Limited (INDV) Formerly known as 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
ProMart Company Limited	Selling non - food products
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
CP Wholesale India Private Limited	Wholesale Operator and related businesses in India
Makro (Guangzhou) Food Company Limited	Wholesale and Retail Operator and related businesses in the People's Republic of China
Makro (Cambodia) Company Limited	Wholesale and Retail 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					
			2015		2016		2017	
			Amount	%	Amount	%	Amount	%
<b>1. Makro Cash and Carry in Thailand and overseas</b> Sales of consumer goods and other income*	Siam Makro	-	153,799	98.6	170,373	98.6	181,611	97.2
	CPWI**	99.99	-	-	-	-	2	0.0
	MAC	70.00	-	-	-	-	92	0.1
	MGZ**	99.99	-	-	-	-	-	-
<b>2. Providing management, technical consultancy and support services</b> Sales of goods and services and other income*	MROH	99.99	-	-	-	-	-	-
	ARO**	99.99	-	-	-	-	-	-
	PRO**	99.99	-	-	-	-	-	-
<b>3. Importing and trading of frozen and chilled foods</b> Sales of goods and services and other income*	SFS	99.99	1,870	1.2	2,158	1.2	2,356	1.3
	INDV	100.00	248	0.2	259	0.2	332	0.2
	INDS	80.00	-	-	-	-	1,566	0.8
	INDD	80.00	-	-	-	-	457	0.2
	JM	80.00	-	-	-	-	8	0.0
	LL	80.00	-	-	-	-	330	0.2
	INDC**	70.00	-	-	-	-	-	-
<b>4. Restaurant and minimart</b> Sales of goods and services and other income*	MAXZI**	80.00	-	-	-	-	-	-
	Grand Total		155,917	100.0	172,790	100.0	186,754	100.0

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 appointed by the Board of Directors consists of 5 independent directors who are knowledgeable and have experience in various sectors, such as legal affairs, organization management, finance, accounting, and risk management, including independence in compliance with the Stock Exchange of Thailand's requirements. The members of the Audit Committee are Mr. Athaporn Khaimarn, as the Chairman of the Audit Committee, Mr. Chavalit Uttasart, Mr. Thira Wipuchanin, Dr. Chaiyawat Wibulswasdi, and Mr. Joti Bhokavanij as members of the Committee.

The Audit Committee had performed the duties by rendering of independent opinion according to roles and responsibilities specified in Corporate Governance Policy, with the good cooperation from the Company's management and internal auditors.

During the year 2017, the Audit Committee had totaling 5 meetings. A summary of the attendance of each member of the Audit Committee was as follows :

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

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

1. Review the Company's financial report - The Audit Committee reviewed the quarterly and annual financial statements and consolidated financial statements of the Company and its subsidiaries for the year 2017, including the disclosure for the significant information and considered the external auditor's report in collaboration with the executive management and the external auditor. The Audit Committee expressed its observations, and provided recommendations to ensure that the financial reporting of both the Company and its subsidiaries was fairly, in all material respects, 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 had the opinion that the financial statements were fairly, in all material respects, 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 the business criteria and rules required by the Stock Exchange of Thailand and the Securities and Exchange Commission. Furthermore, the Audit Committee assigned Internal Audit Department to review the connected transactions between the Company and report those transactions to the Audit Committee. Based on the review of the connected 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 had the opinion that disclosure was appropriate and complete in a reliable manner that those transactions were executed pursuant to normal business practice. Furthermore, 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 the appropriateness and efficiency of control environment.

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

4. Review the sufficiency and appropriateness of the Company's risk management system, by which the Company had set up the Risk Management Committee with the duty to assess the risks covering all aspects, both internal and external factors, and their possibility to happen and affect the businesses. The Risk Management Committee also established preventive measure in order to mitigate the possible impacts and keep them at the acceptable level. Moreover, the Risk Management Committee constantly monitored the progress of risk management in order to improve various measures to respond to the current changing situation, and report the summary of work of the Risk Management Committee to the Audit Committee and the Board of Directors.

The Audit Committee had the opinion that the Company's risk management system was appropriate and sufficient for its operations. The risk assessment, risk management, and its progress monitoring as well as the revision of risks in order to respond to the current situation were regularly carried out.

5. Review internal audit plan and consider material issues relating to internal controls and operation procedures in order to assess the sufficiency and appropriateness 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 appraisal for the Head of Internal Audit.

The Audit Committee had the opinion that the Company's internal audit independently performed in order to enhance the Company's good governance.

6. 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 2017.
7. Consider the Company's compliance in accordance with laws governing securities and exchange, regulations of the Stock Exchange of Thailand and other legislations relating to its business and found that they were fully complied.

The Audit Committee had the opinion that there was no significant matter concerning non - compliance of the aforesaid rules, regulations, and laws.

8. Consider the review of the accuracy of reference document and the Self - Evaluation Form regarding the Company's Anti - Corruption policy according to the Thailand's Private Sector Collective Action Coalition against Corruption.

The Audit Committee had the opinion that the information in the Corruption's Self - Evaluation Form was accurate and sufficient to submit the Committee of the Thailand's Private Sector Collective Action Coalition against Corruption, in order to meet the objective of anti - corruption and certification programs.

In summary, the Audit Committee performed their duties and responsibilities in accordance with the Audit Committee Charter as specified with caliber, prudence, and adequate independence in equitable interests of stakeholders. The Audit Committee had the opinion that the Company's Board of Directors, the Executive Directors as well as Management performed their duties and responsibilities in accordance with Corporate Governance Policy to achieve the goals with professional quality. Furthermore, the Company was compliance with laws, regulations and commitments, and accurate disclosure of connected transactions. In this regard, the Company had managed an operation that was consistent with adequate, transparent, and credible corporate governance. The Company also had an accurate financial and operation report, and an appropriate and effective in the risk management system, the internal control system, and the 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

		2016	2017	Increase (+)/ Decrease (-)
Sales	million Baht	169,226	182,753	+ 13,527
Total revenues	million Baht	172,790	186,754	+ 13,964
Gross profit	million Baht	15,504	18,401	+ 2,897
EBITDA*	million Baht	9,125	10,407	+ 1,282
<b>Net profit</b>	<b>million Baht</b>	<b>5,413</b>	<b>6,178</b>	<b>+ 765</b>
Earnings per share	Baht per share	1.13	1.29	+ 0.16

\* Earnings before interest, tax, depreciation and amortization

Overall Thai economy in 2017 is continuously recovered with a 3.9% growth, rose from 3.3% in 2016. Private consumption was likely to be improved with the increased consumer confidence, driven by significant tourism and export growth. Tourism sector had significantly growth in line with the number of foreign visitors which grew by 8.5% year - on - year. Export value for the year 2017 was also expanded by 6.9% which higher than the growth rate of 2016. In addition, there are supporting factor from a large government infrastructure investments. However, spending by low and middle - income earners remain low based on the price of agricultural products which had still low as well as the higher cost of living. As a result, the overall purchasing power was low and not enhancing the domestic economy thoroughly.

To continuously realize the Company's vision of becoming "the Number One Food Solution Provider for Professional Customers", the Company opened a total of 8 new stores in 2017. These include 3 Makro Classic stores, 3 Makro Foodservice stores and 2 Makro Food shops. At the end of 2017, Makro has operated 123 stores, consist of 79 Makro Classic stores, 19 Makro Foodservice, 12 Eco Plus, 5 Makro Food shops and 8 Siam Frozen shops, with total sales space of 729,763 square meters. In addition, the Company develops new store format to be a 2 - storey at Bodindecha, Bangkok. It is a prototype store to allow us to expand and open new stores more rapidly.

After the business acquisition of Indoguna Group in January 2017, the year 2017 is a new starting point of SFS to bring together the business know - how of every country in the region, which focusing on customer and market. It leads to brand building, value - added to products/ services and new product offering to customers with the proper volume, cost and time, using Thailand as a distribution center to deliver the quality products to Food



Service customers in Asia Pacific and Middle East (“APME”). The Company also focused on the international expansion of food service business stream. To this regard, in 2017 we established 2 new subsidiaries i.e. MAXZI The Good-Food Restaurant & Cafe L.L.C. (“MAXZI”) in United Arab Emirates, with the initial authorised share capital of United Arab Emirates Dirham 4 million. The main business of MAXZI is restaurant and minimart. The Company also established another subsidiary in Cambodia called Indoguna (Cambodia) Company Limited (“INDC”), with the initial registered capital of U.S. Dollar 2 million. The main business of INDC is food service business and related businesses. SFS has shareholding in these 2 subsidiaries by 80% and 70% respectively. Currently, they are in the process of preparing for their business operation.

After thorough feasibility studies for overseas expansion, in 2017 the Company has officially launched the first Makro store in Cambodia, which was well - received and welcome by local retailers, including the Cambodian people. In addition, we are now ready to expand the Cash & Carry business to overseas. To this regard, we established 2 new subsidiaries i.e. CP Wholesale India Private Limited (“CPWI”) in India, with the initial authorised share capital of INR 100 million. The main business of CPWI is wholesale and other related businesses. The Company also established another subsidiary in China called Makro (Guangzhou) Food Company Limited (“MGZ”), with the initial registered capital of RMB 50 million. The main business of MGZ is retail and wholesale and other related businesses. These 2 subsidiaries are owned by MROH with a shareholding of 99.99% and 100% respectively. Currently, both subsidiaries are in the process of preparing for their business operation.

## Revenues

In 2017, the Company’s consolidated total sales were Baht 182,753 million, grew by 8.0% from the year 2016. This was driven by a 6.5% increase in total sales from Makro stores owing to a continuous store expansion. In the past year, we opened 8 new stores in various formats including 3 Makro Classic stores, 3 Makro Foodservice stores and 2 Makro Food shops. As a result, at the end of 2017, we operated 123 stores nationwide, including 79 Makro Classic stores, 19 Makro Foodservice stores, 12 Eco Plus stores, 5 Makro Food shops and 8 Siam Frozen shops. By geography, there were 29 and 94 stores located in

Bangkok & greater Bangkok and provincial respectively. In addition, the increase in sales from Food Service APME (included sales of Siam Food Services and its subsidiaries (“SFS”) and Indoguna Vina Food Service (“INDV”)) at 108.4% are also the attributes to the sale growth. It was mainly from sales of Indoguna Group which acquired during the year 2017. Moreover, in 2017 the Company operated the first Makro store in Cambodia which was well - welcome by local retailers and Cambodian people.

It was also attributed to the continuous emphasis on customer and business development. Multi - format developments made Makro business unique in the outreach and response to target customers’ specific needs, in different location. The “Makro Food shop” and “Makro Foodservice” have been designed to have 1,000 square meters sales area to facilitate customers’ convenience in tourist or highly congested business areas. In addition, due to the limited availability of inner city space and high start - up costs, the Company began developing a multi - storey of Makro Foodservice store.

Aggregating with Baht 3,051 million and Baht 950 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 186,754 million, surged by Baht 13,964 million or 8.1% from the prior year.

## Gross Profit

The consolidated gross profit of 2017 was Baht 18,401 million increased Baht 2,897 million from 2016 or an increase of 18.7%, the gross profit percentage to total sales was 10.1% in 2017, increased from 9.2% in 2016. This was derived from the improved gross profit margin, especially from fresh food product. Moreover, Makro has efficiently managed the loss from fresh food product resulted to decreasing in shrinkage rate by 0.1%, and income allocation to stock was lower than the same period of the previous year by 0.1%. This was in line with the stock level at the end of year according to stock management process. In addition, there are margin derived from the Indoguna Group, which had been acquired in January 2017 and had been consolidated for the first time this year.

### Distribution Cost & Administrative Expenses

In 2017, the Company and its subsidiaries had distribution cost and administrative expenses of Baht 14,395 million or equivalent to 7.7% of total revenue, surged by Baht 2,351 million or 19.5% from the year 2016. This was derived from

**Distribution Cost :** In 2017, distribution cost registered at Baht 10,735 million, grew by 10.4% from the year earlier mainly due to the continuous new store openings which were the 8 stores opened in 2017. The distribution cost percentage to total sales was 5.9% in 2017, increased from 5.7% in 2016.

**Administrative Expenses :** In 2017, administrative expenses registered at Baht 3,660 million, grew by 57.7% from the previous year owing to an increase of 31.8% from Makro expenses mainly from personal, recruitment, depreciation expenses (relocated to new head office in May 2016) and other project expenses to support the Company's business expansion. In addition, there are expenses from Indoguna Group as well as pre - operating expenses and expenses at starting - up phase of Cambodia and India, totaling Baht 599 million.

### Finance Costs

In 2017, the Company had finance costs of Baht 349 million, surged by Baht 70 million from the year earlier. This was derived from an increase of borrowings totaling of Baht 928 million which was required to acquire Indoguna Group, invest in Makro business in overseas and also support the continuing Company's business growth.

### Net Profit

In 2017, the Company posted a net profit of Baht 6,178 million, grew by 14.1% which in line with sales growth. This is contributed by store expansion during the year. The Company also continues to proactively drive the business according to the long - term strategies to have sustainable growth under the budgeting plan. In addition, in 2017 the Company and its subsidiaries had effectively managed costs and expenses, resulted to the higher gross profit margin from 9.2% in 2016 to 10.1% in 2017, including gains from the Indoguna Group, which has been consolidated for the first time this year. As a result, the net profit margin increased from 3.1% in 2016 to 3.3% in 2017.

## Analysis of Financial Position

### Consolidated Financial Position

		As at 31 December		Increase (+)/ Decrease (-)
		2016	2017	
Total assets	million Baht	52,859	58,976	+ 6,117
Total liabilities	million Baht	37,118	40,965	+ 3,847
Shareholders' equity	million Baht	15,741	18,011	+ 2,270

### Total Assets

As at the end of 2017, the Company and its subsidiaries recorded Baht 58,976 million in total assets, an increase of Baht 6,117 million, or 11.6%, over 2016. This increase in total assets was mostly contributed by goodwill from business acquisition of Indoguna Group in quarter 1/ 2017. In addition, it was increased by net increase in property, plant and equipment (PPE) and other intangible assets as a result of investment in new stores during the year, and also acquired from Indoguna Group.

**Current Assets :** As at the end of 2017, the Company and its subsidiaries' current assets were Baht 20,413 million, increased by Baht 1,884 million in 2016 or up by 10.2%. This was mainly due to higher cash and cash equivalents, and accounts receivable. The increase in trade accounts receivable was from the Indoguna Group, which had the same business of SFS (Credit & Delivery).

**Non - Current Assets :** As at the end of 2017, the Company and its subsidiaries' non - current assets were Baht 38,563 million, rose by 4,233 million from 2016 or up by 12.3%. This was attributed to goodwill from business acquisition of Indoguna Group in quarter 1/ 2017 of Baht 2,256 million and net increase in property, plant and equipment (PPE) and other intangible assets as a result of investment in new stores during the year, and from acquisition of Indoguna Group.

### Total Liabilities

As of year - end 2017, the Company and its subsidiaries posted Baht 40,965 million in total liabilities, a rise of Baht 3,847 million or 10.4% from an increase in trade account payable in line with a growth of sales and store expansion during the year. A rise in number of employee was attributed to an increased in accrued personal expenses at the end of year 2017. In addition, a rise in short - term borrowings from financial institution was to acquire Indoguna Group and support the Company's working capital.

**Current Liabilities :** As at the end of 2017, the consolidated current liabilities was Baht 37,118 million, an increase of Baht 3,413 million, or 10.1%, over 2016 which was Baht 33,705 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 8 new stores opened during 2017 associated with the surge of short - term borrowings from financial institution of Baht 903 million to acquire Indoguna Group and support the Company's working capital as well as the increase in accrued personal and accrued interest expenses.

**Non - Current Liabilities :** As at the end of 2017, the Company and its subsidiaries had Baht 3,847 million, or 9.4% of total liabilities, increased from the prior year by Baht 434 million. This was straight - line rental liabilities which increased in line with number of rent contract. It also had liabilities to be paid to the former shareholder of Indoguna Group (Earn - out over 1 year) as stipulated in the agreement. 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 2017 was Baht 18,011 million, an increase of Baht 2,270 million or 14.4%. This was in line with net profit and dividend payment of Baht 4,272 million in 2017. Book value per share was Baht 3.66 per share.

## Analysis of Cash Flow

### Statements of Cash Flows - Consolidated

		2016	2017
Cash flows from operating activities	million Baht	9,071	11,928
Cash flows from investing activities	million Baht	(5,544)	(6,468)
Cash flows from financing activities	million Baht	(3,207)	(3,649)
Net Increase in Cash and cash equivalents	million Baht	320	1,811

As at the end of 2017, the Company and its subsidiaries had cash and cash equivalents of Baht 4,361 million, grew by Baht 1,811 million from the year 2016. 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 2017, net cash flow from operating activities totaled Baht 11,928 million, an increase of Baht 2,857 million or 31.5% from 2016 due to an efficiency in inventory management.

#### Cash flows from investing activities

Net cash flow used in investing activities during 2017 amounted to Baht 6,468 million. This was used for acquisition of Indoguna Group and investment in new store expansion during the year which included land acquisition and lease for stores opened in 2017 and to be opened in 2018.

#### Cash flows from financing activities

Net cash flow used in financing activities in 2017 was Baht 3,649 million, representing dividend payment of Baht 4,272 million.

## Financial Ratios

		2016	2017
<b>Liquidity Ratio</b>			
Current ratio	(times)	0.6	0.5
Quick ratio	(times)	0.1	0.1
<b>Profitability Ratio</b>			
Gross profit margin ratio	(%)	9.2	10.1
Net profit margin ratio	(%)	3.1	3.3
Return on equity	(%)	36.2	37.1
<b>Efficiency Ratio</b>			
Return on total assets	(%)	10.7	11.0
Fixed asset turnover	(%)	25.4	26.9
Total assets turnover	(times)	3.4	3.3
<b>Financial Policy Ratio</b>			
Total debt to equity ratio	(times)	2.4	2.3
Interest coverage ratio	(times)	47.3	50.6
Dividend payout ratio	(%)	75.4	74.6



# RELATED PARTY TRANSACTIONS

In 2016 and 2017, the Company and its Subsidiaries conducted transactions with related parties, which are summarized as follows :

## Related party transactions in 2016 and 2017

Related Parties and the Nature of Relationships	Nature of Transaction	Amount (Million Baht)		Necessity and Reasons for the Transaction
		2016	2017	
<b>CP ALL Plc.</b> <b>("CP ALL")</b> <b>Nature of Relationship<sup>1)</sup></b> CP ALL, a major shareholder of the Company, holds direct and indirect shares of the Company amounting to 97.88% of total issued and paid - up shares.	<b>1. Revenue from Sales of Goods and Services</b>	-	2.1	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>2. Trade Accounts Receivable</b>	-	1.1	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>3. Fixed Assets Expenses</b>	-	1.7	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>4. Service Expenses</b> The Company disbursed CP ALL for the use of software licenses and trademarks	180.9	167.0	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>5. Other Accounts Payable</b> The Company was granted, by CP ALL, the right to use trademarks and service marks including the use of trademarks such as "Makro", "aro" etc.	86.9	83.7	

Related Parties and the Nature of Relationships	Nature of Transaction	Amount (Million Baht)		Necessity and Reasons for the Transaction
		2016	2017	
<b>CPRAM Co., Ltd.</b> <b>("CPRAM")</b> <u>Nature of Relationship<sup>1)</sup></u> 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>	18.6	21.6	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>2. Purchase of Goods</b>	234.3	250.7	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>3. Trade Accounts Receivable</b>	2.0	1.3	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>4. Trade Accounts Payable</b>	56.7	61.0	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
<b>Gosoft (Thailand) Co., Ltd.</b> <b>("Gosoft")</b> <u>Nature of Relationship<sup>1)</sup></u> Subsidiary of CP ALL, CP ALL holds shares of Gosoft amounting to 99.99% of total issued and paid - up shares.	<b>1. Fixed Assets and Intangible Assets Expenses</b> The Company and its Subsidiaries purchased fixed assets and intangible assets, namely computer equipment and software, from Gosoft	50.4	27.7	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>2. Service Expenses</b>	11.1	31.9	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>3. Other Accounts Payable</b>	15.1	15.1	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>4. Other Accounts Receivable</b>	4.7	5.0	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
<b>Panyapiwat Institute of Management</b> <u>Nature of Relationship<sup>1)</sup></u> 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>	4.3	1.8	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>

Related Parties and the Nature of Relationships	Nature of Transaction	Amount (Million Baht)		Necessity and Reasons for the Transaction
		2016	2017	
<b>C.P. Retailing Co., Ltd.</b> <b>("Retailing")</b> <b>Nature of Relationship<sup>1)</sup></b> Subsidiary of CP ALL, CP ALL holds shares of Retailing amounting to 99.99% of total issued and paid - up shares.	1. Revenue from Sales of Goods and Services	24.3	30.4	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	2. Purchase of Goods	2.6	2.2	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	3. Other Accounts Payable	3.6	3.9	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
<b>Charoen Pokphand Foods Plc.</b> <b>("Charoen Pokphand Foods")</b> <b>Nature of Relationship<sup>2)</sup></b> Charoen Pokphand Group is a major shareholder and holds direct and indirect shares of Charoen Pokphand Foods amounting to 43.72% of total issued and paid - up shares.	1. Revenue from Sales of Goods and Services	18.2	38.5	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	2. Trade Accounts Receivable	4.6	5.1	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	3. Purchase of Goods	280.5	373.5	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	4. Trade Accounts Payable	17.5	22.7	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
<b>CPF Trading Co., Ltd.</b> <b>("CPF Trading")</b> <b>Nature of Relationship<sup>2)</sup></b> Subsidiary of Charoen Pokphand Food, Charoen Pokphand Food holds shares of CPF Trading amounting to 99.97% of total issued and paid - up shares.	1. Revenue from Sales of Goods and Services	22.5	30.5	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	2. Trade Accounts Receivable	2.0	2.8	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	3. Purchase of Goods	2,734.4	2,562.3	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	4. Trade Accounts Payable	298.7	300.3	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>

Related Parties and the Nature of Relationships	Nature of Transaction	Amount (Million Baht)		Necessity and Reasons for the Transaction
		2016	2017	
<b>CPF (Thailand) Plc.</b> <b>("CPF (Thailand)")</b> <b>Nature of Relationship<sup>2)</sup></b> Subsidiary of Charoen Pokphand Food, Charoen Pokphand Food holds shares of CPF (Thailand) amounting to 99.98% of total issued and paid - up shares.	1. Revenue from Sales of Goods and Services	113.4	199.6	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	2. Trade Accounts Receivable	26.3	25.1	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	3. Purchase of Goods	1,234.4	4,765.3	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	4. Trade Accounts Payable	489.1	880.5	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
<b>CP - Meiji Co., Ltd.</b> <b>("CP - Meiji")</b> <b>Nature of Relationship<sup>2)</sup></b> CP - Meiji is a joint venture with Charoen Pokphand Food, Charoen Pokphand Food holds shares of CP - Meiji amounting to 59.99% of total issued and paid - up shares.	1. Revenue from Sales of Goods and Services	3.0	4.8	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	2. Purchase of Goods	323.6	355.5	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	3. Trade Accounts Payable	59.0	67.0	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
<b>C.P. Food Store Co., Ltd.</b> <b>("C.P. Food Store")</b> <b>Nature of Relationship<sup>2)</sup></b> Chearavanont family is a major shareholder of C.P. Food Store.	1. Revenue from Sales of Goods and Services	20.4	22.3	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	2. Purchase of Goods	323.8	368.0	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	3. Trade Accounts Payable	99.2	74.4	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
<b>Pokphand Enterprise Co., Ltd.</b> <b>("Pokphand Enterprise")</b> <b>Nature of Relationship<sup>4)</sup></b> Chearavanont family is a major shareholder of Pokphand Enterprise.	1. Service Expenses	6.0	6.1	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	2. Other Accounts Receivable	5.5	5.9	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>

Related Parties and the Nature of Relationships	Nature of Transaction	Amount (Million Baht)		Necessity and Reasons for the Transaction
		2016	2017	
<b>C.P. Consumer Product Co., Ltd.</b> <b>(“C.P. Consumer Product”)</b> <b>Nature of Relationship<sup>2)</sup></b> Charoen Pokphand Group is a major shareholder of C.P. Consumer Product.	1. Revenue from Sales of Goods and Services	18.4	21.7	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	2. Purchase of Goods	196.7	217.7	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	3. Trade Accounts Payable	42.0	44.0	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
<b>Perfect Companion Group Co., Ltd.</b> <b>(“Perfect Companion Group”)</b> <b>Nature of Relationship<sup>2)</sup></b> Charoen Pokphand Group is a major shareholder of Perfect Companion Group.	1. Revenue from Sales of Goods and Services	10.9	14.2	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	2. Purchase of Goods	279.9	272.0	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	3. Trade Accounts Payable	53.4	59.1	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
<b>Freewill Solutions Co., Ltd.</b> <b>(“Freewill Solutions”)</b> <b>Nature of Relationship<sup>2)</sup></b> Charoen Pokphand Group is a major shareholder of Freewill Solutions.	1. Fixed Assets and Intangible Assets Expenses The Company and its Subsidiaries purchased intangible assets, namely computer software, from Freewill Solutions.	1.1	2.2	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	2. Service Expenses	13.2	19.4	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	3. Other Accounts Receivable	2.5	-	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	4. Other Accounts Payable	6.6	5.9	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>



Related Parties and the Nature of Relationships	Nature of Transaction	Amount (Million Baht)		Necessity and Reasons for the Transaction
		2016	2017	
<b>Allianz C.P. General Insurance Plc.</b> (“Allianz C.P. General Insurance”) <u>Nature of Relationship</u> <sup>2)</sup> Charoen Pokphand Group is a major shareholder of Allianz C.P. General Insurance.	1. Service Expenses	11.6	10.3	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
<b>True Internet Corporation Co., Ltd.</b> (“True Internet Corporation”, formerly True Universal Convergence Co., Ltd.) <u>Nature of Relationship</u> <sup>3)</sup> True Internet Corporation is a subsidiary of True Corporation Plc. which Charoen Pokphand Group is a major shareholder.	1. Service Expenses	39.6	34.1	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	2. Other Accounts Payable	19.5	17.2	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
<b>True Distribution &amp; Sales Co., Ltd.</b> (“True Distribution & Sales”) <u>Nature of Relationship</u> <sup>3)</sup> True Distribution & Sales is a subsidiary of True Corporation Plc. which Charoen Pokphand Group is a major shareholder.	1. Revenue from Sales of Goods and Services	3.9	4.1	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	2. Purchase of Goods	29.3	1.4	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
<b>True Leasing Co., Ltd.</b> (“True Leasing”) <u>Nature of Relationship</u> <sup>4)</sup> Charoen Pokphand Group is a major shareholder of True Leasing.	1. Service Expenses	26.4	42.0	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	2. Other Accounts Payable	6.2	11.3	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
<b>Other related parties in CP ALL’s Group</b>	1. Revenue from Sales of Goods and Services	22.3	41.0	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	2. Trade Accounts Receivable	4.5	9.6	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	3. Purchase of Goods	113.9	124.7	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	4. Trade Accounts Payable	12.9	34.8	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>

Related Parties and the Nature of Relationships	Nature of Transaction	Amount (Million Baht)		Necessity and Reasons for the Transaction
		2016	2017	
	5. Fixed Assets and Intangible Asset Expenses	1.4	49.4	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	6. Service Expenses	44.3	53.0	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	7. Other Accounts Payable	17.8	17.3	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	8. Other Accounts Receivable	10.3	11.2	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 2016
- 2) Information from Charoen Pokphand Foods Public Company Limited's form 56 - 1 year 2016
- 3) Information from True Corporation Public Company Limited's form 56 - 1 year 2016
- 4) Notes for the Company's financial statements, fiscal year ended 31 December 2017
- 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, Trade accounts payable and Other 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  
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 2017 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 2017 financial statements are prepared in accordance with the Thai Generally Accepted Accounting Principles, using appropriate accounting policies consistently employed by the Company as well as applying careful judgement and best estimates. Further, all important and relevant information is adequately disclosed in the notes to the financial statements.

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

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

The Board of Directors is of the opinion that the Company's overall internal control system has functioned satisfactorily and, thus, has provided credibility as well as reliability to the Consolidated and the Company financial statements for the fiscal year ended 31 December 2017.



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



**Mrs. Suchada Ithjarukul**  
Group Chief Executive Officer

# SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 DECEMBER 2017

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 2017, 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 2017 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 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 Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were 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 these matters.

Valuation of inventories	
Refer to notes 3 (g) and 8 to the financial statements	
The key audit matter	How the matter was addressed in the audit
<p>The valuation of inventories was focused on because the estimation of net realisable value of inventories involves management's judgment relating to estimate quantity and valuation for deteriorated, damaged, obsolete and slow - moving and shrinkage inventories.</p>	<p>My audit procedures are as follows :</p> <ul style="list-style-type: none"> <li>• Understood the inventory control and management policy and the estimation of net realisable value of inventories.</li> <li>• Tested a sample of the aging of inventory and the reasonableness of assumptions used to set the percentage of deteriorated, damaged, obsolete, slow - moving and shrinkage inventories determined by management and compared that percentage with information for destruction and shrinkage inventories.</li> <li>• Tested a sample of selling prices post year - end and the estimated costs to make the sale with related documents including recalculation of net realisable value.</li> <li>• Considered the adequacy of the Group's disclosures in accordance with Thai Financial Reporting Standards.</li> </ul>

Acquisition of business	
Refer to note 3 (a) and 4 to the financial statements	
The key audit matter	How the matter was addressed in the audit
<p>On 26 January 2017, the Group acquired 4 companies, which are engaging in food services business. During 2017, the Group had completed assessing the fair value of the net assets acquired resulting in the recording of goodwill of Baht 2,256 million and intangible assets - trademark and customer relationship in the consolidated statement of financial position as at 31 December 2017 of Baht 449 million and Baht 59 million, respectively.</p> <p>I considered this as the key audit matter because the accounting for the business combination is complex and the identification and fair value measurement of assets acquired and liabilities assumed requires significant judgment and the amount of this business combination is significant.</p>	<p>My audit procedures are as follows :</p> <ul style="list-style-type: none"> <li>• Read the sale and purchase agreement and analysis memorandum of business combination prepared by the Group to understand key terms and conditions.</li> <li>• Evaluated the qualifications and independence of the independent valuer of the Group.</li> <li>• Evaluated the assessment by the Group of the identification of all the assets acquired and liabilities assumed and consideration transferred.</li> <li>• Consulted the valuation specialist to evaluate appropriateness of the key assumptions and the financial methodologies.</li> <li>• Tested calculation.</li> <li>• Considered the adequacy of the Group's disclosures in accordance with Thai Financial Reporting Standards.</li> </ul>

Impairment of goodwill and other intangible assets	
Refer to note 3 (k), 3 (m), 4, 12 and 13 to the financial statements	
The key audit matter	How the matter was addressed in the audit
<p>The Group has significant goodwill and other intangible assets with indefinite useful life which was mainly arising from a business acquisition.</p> <p>The management normally assesses the impairment from the estimated recoverable amount at the end of the period. The recoverable amount was based on its value in use, determined by discounting future cash flows to be generated from the continuing use of assets and related assumptions.</p> <p>The judgments of management required to be applied over assumptions and the inherent uncertainty involved in forecasting and discounting future cash flows. This area was focused on my audit accordingly.</p>	<p>My audit procedures are as follows :</p> <ul style="list-style-type: none"> <li>• Understood the process of the estimated recoverable amount to assess the impairment.</li> <li>• Considered the key assumptions in the estimated recoverable amount reports, which were approved by management, by comparing the actual operation results, industry trends and information derived from external and internal sources and consulted with valuation specialists relating to financial methodologies used by the Group and discount rate and performed sensitivity analysis around the key assumptions.</li> <li>• Considered 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  
20 February 2018

## SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# STATEMENT OF FINANCIAL POSITION

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2017	2016	2017	2016
(in Baht)					
<i>Current assets</i>					
Cash and cash equivalents	6	4,360,986,018	2,550,133,041	3,138,347,895	2,427,123,133
Current investment		2,520,150	-	-	-
Trade accounts receivable	5, 7	925,846,475	445,412,674	123,783,503	83,210,667
Other current receivables	5	349,285,700	288,384,517	215,323,711	267,003,937
Inventories	5, 8	13,043,042,930	13,485,409,897	11,649,212,734	12,896,064,639
Purchase discount receivables		1,066,418,271	1,187,016,094	1,064,650,435	1,187,016,094
Accrued income		548,308,186	478,706,557	547,523,364	478,706,557
Current portion of leasehold rights	5, 12	102,974,748	93,506,084	101,521,831	93,506,084
Other current assets		13,311,424	50,792	-	-
<b>Total current assets</b>		<b>20,412,693,902</b>	<b>18,528,619,656</b>	<b>16,840,363,473</b>	<b>17,432,631,111</b>
<i>Non-current assets</i>					
Investments in subsidiaries	9	-	-	5,317,030,330	816,768,682
Other non-current receivables		240,644,495	250,257,511	237,312,743	249,025,184
Property, plant and equipment	4, 5, 11	31,304,848,962	30,318,746,458	30,567,206,638	30,294,384,686
Investment properties		112,498,502	112,498,502	112,498,502	112,498,502
Leasehold rights	5, 12	2,124,744,398	1,994,363,880	2,102,422,315	1,994,363,880
Goodwill	4, 13	2,422,598,515	167,384,412	-	-
Other intangible assets	4, 5, 14	1,998,011,643	1,154,491,667	1,454,068,922	1,146,003,461
Deferred tax assets	15	329,954,605	310,478,974	309,428,151	301,083,362
Other non-current assets		29,977,771	22,632,692	15,984,282	19,062,478
<b>Total non-current assets</b>		<b>38,563,278,891</b>	<b>34,330,854,096</b>	<b>40,115,951,883</b>	<b>34,933,190,235</b>
<b>Total assets</b>		<b>58,975,972,793</b>	<b>52,859,473,752</b>	<b>56,956,315,356</b>	<b>52,365,821,346</b>

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

# STATEMENT OF FINANCIAL POSITION

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2017	2016	2017	2016
(in Baht)					
<b>Current liabilities</b>					
Short-term borrowings from financial institutions	16	4,325,529,841	3,422,571,541	3,560,000,000	3,080,000,000
Trade accounts payable to other parties		24,576,860,943	23,329,455,638	23,894,361,716	23,147,906,280
Trade accounts payable to related parties	5	1,543,619,322	1,128,545,420	1,608,472,434	1,193,547,330
Other current payables to other parties		1,158,054,350	1,363,243,869	1,100,246,242	1,341,389,915
Other current payables to related parties	5	150,264,696	155,709,922	150,620,320	156,032,945
Short-term borrowing from subsidiary	5, 16	-	-	600,000,000	405,000,000
Income tax payable		728,823,914	559,699,877	706,053,063	539,248,633
Accrued expenses		2,261,293,207	1,385,950,578	2,053,192,448	1,330,623,024
Current portion of long-term borrowings from financial institutions	16	2,006,488,895	2,000,000,000	2,000,000,000	2,000,000,000
Current portion of finance lease liabilities	16	118,346,596	101,129,260	112,418,247	101,129,260
Other current liabilities		248,317,914	258,131,729	236,758,999	258,131,729
<b>Total current liabilities</b>		<b>37,117,599,678</b>	<b>33,704,437,834</b>	<b>36,022,123,469</b>	<b>33,553,009,116</b>
<b>Non-current liabilities</b>					
Long-term borrowings from financial institutions	16	2,018,569,308	2,000,000,000	2,000,000,000	2,000,000,000
Other non-current payables		227,810,462	125,719,349	225,161,482	125,719,349
Finance lease liabilities	16	687,562,120	744,891,779	683,798,033	744,891,779
Provisions for employee benefits	17	574,602,061	526,243,713	553,818,303	514,092,965
Deferred tax liabilities	15	92,431,665	-	-	-
Other non-current liabilities	4	246,591,543	16,538,193	16,319,944	16,444,735
<b>Total non-current liabilities</b>		<b>3,847,567,159</b>	<b>3,413,393,034</b>	<b>3,479,097,762</b>	<b>3,401,148,828</b>
<b>Total liabilities</b>		<b>40,965,166,837</b>	<b>37,117,830,868</b>	<b>39,501,221,231</b>	<b>36,954,157,944</b>

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

## SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# STATEMENT OF FINANCIAL POSITION

Liabilities and equity (Continued)	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2017	2016	2017	2016
		(in Baht)			
<b>Equity</b>					
Share capital	18				
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	18				
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	19	240,000,000	240,000,000	240,000,000	240,000,000
Unappropriated		11,679,290,272	9,788,030,362	11,524,942,057	9,481,511,334
Other components of equity		(56,527,877)	3,275,290	-	-
<b>Equity attributable to equity holders of the Company</b>		<b>17,552,914,463</b>	<b>15,721,457,720</b>	<b>17,455,094,125</b>	<b>15,411,663,402</b>
Non-controlling interests	10	457,891,493	20,185,164	-	-
<b>Total equity</b>		<b>18,010,805,956</b>	<b>15,741,642,884</b>	<b>17,455,094,125</b>	<b>15,411,663,402</b>
<b>Total liabilities and equity</b>		<b>58,975,972,793</b>	<b>52,859,473,752</b>	<b>56,956,315,356</b>	<b>52,365,821,346</b>

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

# STATEMENT OF INCOME

		Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
Note		2017	2016	2017	2016
		(in Baht)			
<b>Revenues</b>	5				
Revenue from sale of goods		182,752,887,317	169,226,034,252	177,705,788,550	166,896,018,939
Revenue from rendering of services		3,051,071,351	2,866,540,427	3,051,787,682	2,867,746,215
Other income		950,057,065	697,552,112	1,006,673,466	737,529,520
<b>Total revenues</b>		<b>186,754,015,733</b>	<b>172,790,126,791</b>	<b>181,764,249,698</b>	<b>170,501,294,674</b>
<b>Expenses</b>	5				
Cost of sale of goods	8	164,352,334,099	153,722,275,016	160,491,544,267	151,865,672,093
Distribution costs		10,735,043,790	9,722,348,925	10,408,479,211	9,642,105,443
Administrative expenses		3,660,043,585	2,321,112,245	2,730,693,201	2,071,722,841
Finance costs	22	348,271,619	279,109,782	329,349,909	271,600,172
<b>Total expenses</b>	23	<b>179,095,693,093</b>	<b>166,044,845,968</b>	<b>173,960,066,588</b>	<b>163,851,100,549</b>
<b>Profit before income tax expense</b>		<b>7,658,322,640</b>	<b>6,745,280,823</b>	<b>7,804,183,110</b>	<b>6,650,194,125</b>
Income tax expense	24	1,511,216,275	1,333,648,978	1,474,271,959	1,302,612,721
<b>Profit for the year</b>		<b>6,147,106,365</b>	<b>5,411,631,845</b>	<b>6,329,911,151</b>	<b>5,347,581,404</b>
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company		6,178,132,346	5,412,523,760	6,329,911,151	5,347,581,404
Non-controlling interests	10	(31,025,981)	(891,915)	-	-
<b>Profit for the year</b>		<b>6,147,106,365</b>	<b>5,411,631,845</b>	<b>6,329,911,151</b>	<b>5,347,581,404</b>
<b>Basic earnings per share</b>					
<b>of equity holders</b>					
<b>of the Company</b>	25	<b>1.29</b>	<b>1.13</b>	<b>1.32</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

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended 31 December		For the year ended 31 December	
Note	2017	2016	2017	2016
	(in Baht)			
<b>Profit for the year</b>	<b>6,147,106,365</b>	<b>5,411,631,845</b>	<b>6,329,911,151</b>	<b>5,347,581,404</b>
<b>Other comprehensive income</b>				
<i>Item that will be reclassified</i>				
<i>subsequently to profit or loss</i>				
Exchange differences on translating financial statements	(78,141,816)	270,068	-	-
	<b>(78,141,816)</b>	<b>270,068</b>	<b>-</b>	<b>-</b>
<i>Items that will not be reclassified</i>				
<i>subsequently to profit or loss</i>				
Losses on remeasurements of defined benefit plans	17 (18,590,545)	(12,630,185)	(18,100,536)	(12,401,625)
Income tax income relating to components of other comprehensive income on losses on remeasurements of defined benefit plans	24 3,718,109	2,526,037	3,620,108	2,480,325
	<b>(14,872,436)</b>	<b>(10,104,148)</b>	<b>(14,480,428)</b>	<b>(9,921,300)</b>
<b>Other comprehensive income for the year, net of income tax</b>	<b>(93,014,252)</b>	<b>(9,834,080)</b>	<b>(14,480,428)</b>	<b>(9,921,300)</b>
<b>Total comprehensive income for the year</b>	<b>6,054,092,113</b>	<b>5,401,797,765</b>	<b>6,315,430,723</b>	<b>5,337,660,104</b>
<b>Total comprehensive income (loss) attributable to:</b>				
Equity holders of the Company	6,103,456,743	5,402,503,161	6,315,430,723	5,337,660,104
Non-controlling interests	10 (49,364,630)	(705,396)	-	-
<b>Total comprehensive income for the year</b>	<b>6,054,092,113</b>	<b>5,401,797,765</b>	<b>6,315,430,723</b>	<b>5,337,660,104</b>

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

**Consolidated financial statements**

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

**Consolidated financial statements**

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

# STATEMENT OF CHANGES IN EQUITY

## Separate financial statements

	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Total equity
				Legal reserve (in Baht)	Unappropriated	
For the year ended 31 December 2017						
<b>Balance at 1 January 2017</b>		<b>2,400,000,000</b>	<b>3,290,152,068</b>	<b>240,000,000</b>	<b>9,481,511,334</b>	<b>15,411,663,402</b>
Transactions with equity holders, recorded directly in equity						
<i>Distributions to equity holders</i>						
Dividends	26	-	-	-	(4,272,000,000)	(4,272,000,000)
<b>Total transactions with equity holders, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,272,000,000)</b>	<b>(4,272,000,000)</b>
<b>Comprehensive income for the year</b>						
Profit		-	-	-	6,329,911,151	6,329,911,151
Other comprehensive income		-	-	-	(14,480,428)	(14,480,428)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>6,315,430,723</b>	<b>6,315,430,723</b>
<b>Balance at 31 December 2017</b>		<b>2,400,000,000</b>	<b>3,290,152,068</b>	<b>240,000,000</b>	<b>11,524,942,057</b>	<b>17,455,094,125</b>

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

# STATEMENT OF CHANGES IN EQUITY

	Separate financial statements				
	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings	
				Legal reserve (in Baht)	Unappropriated
For the year ended 31 December 2016					
Balance at 1 January 2016		2,400,000,000	3,290,152,068	240,000,000	8,031,851,230
Transactions with equity holders, recorded directly in equity					
<i>Distributions to equity holders</i>					
Dividends	26	-	-	-	(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	9,481,511,334
					15,411,663,402
					5,347,581,404
					(9,921,300)
					5,337,660,104
					15,411,663,402

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



# STATEMENT OF CASH FLOWS

	Note	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2017	2016	2017	2016
(in Baht)					
<b>Cash flows from operating activities</b>					
Profit for the year		6,147,106,365	5,411,631,845	6,329,911,151	5,347,581,404
<i>Adjustments to reconcile profit to cash receipts</i>					
Depreciation	11	2,142,973,353	1,860,881,249	2,083,980,003	1,853,821,003
Amortisation of leasehold rights	12	101,204,319	95,575,231	101,204,319	95,575,231
Amortisation of other intangible assets	14	156,503,384	143,854,494	147,812,100	141,750,661
Dividend income	5	-	-	(80,529,870)	(40,499,460)
Interest income		(11,129,929)	(8,330,853)	(7,622,142)	(8,140,986)
Finance costs	22	348,271,619	279,109,782	329,349,909	271,600,172
Income tax expense	24	1,511,216,274	1,333,648,978	1,474,271,959	1,302,612,721
Provisions for employee benefits	17	64,967,549	55,113,611	60,051,675	53,073,006
Reversal of allowance for losses on decline in value of inventories	8	(19,888,649)	(28,213,155)	(8,722,079)	(37,076,393)
Allowance (reversal of allowance) for impairment losses on plant and equipment	11	4,470,000	(7,230,000)	4,470,000	(7,230,000)
Allowance for impairment losses on other intangible assets	14	2,500,000	-	2,500,000	-
Allowance for doubtful accounts		1,364,463	7,584,282	-	5,196,883
Unrealised (gain) loss on exchange		(3,088,640)	3,217,482	219,889	1,189,136
Loss on disposal and write-off of plant and equipment		4,327,665	3,270,540	4,027,425	4,684,966
Gain on disposal of investment properties		-	(749,056)	-	(749,056)
Loss on disposal and write-off of other intangible assets		235,992	-	235,992	-
Exchange differences on translating financial statements		(71,397,202)	270,068	-	-
Other		2,274,100	585,900	2,274,100	585,900
		10,381,910,663	9,150,220,398	10,443,434,431	8,983,975,188
<b>Changes in operating assets and liabilities</b>					
Trade accounts receivable		71,551,417	(53,506,047)	(40,572,836)	(37,602,807)
Other current receivables		(49,183,549)	(25,911,667)	51,679,857	(24,808,606)
Inventories		801,953,236	(503,495,591)	1,255,573,984	(498,446,649)
Purchase discount receivables		120,597,823	(186,058,572)	122,365,659	(186,058,572)
Accrued income		(68,881,089)	(76,799,189)	(68,810,605)	(76,799,189)
Other current assets		(2,237,084)	(42,152)	-	-

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		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2017	2016	2017	2016
(in Baht)					
Changes in operating assets and liabilities					
(Continued)					
Other non-current receivables		9,613,016	(248,804,638)	11,712,441	43,624,999
Other non-current assets		(7,345,079)	43,591,224	3,078,196	(249,025,184)
Trade accounts payable to other parties		998,170,138	1,707,090,550	746,254,027	1,684,779,546
Trade accounts payable to related parties		405,566,714	585,408,888	414,906,993	608,827,509
Other current payables to other parties		24,435,597	219,663,344	(12,503,140)	213,791,801
Other current payables to related parties		(9,671,405)	43,375,502	(9,469,316)	43,783,790
Accrued expenses		833,831,993	(97,646,510)	713,160,227	(125,870,989)
Other current liabilities		(16,475,772)	27,487,405	(23,646,830)	27,487,405
Other non-current payables		102,091,113	113,002,595	99,442,133	113,002,595
Provisions for employee benefits paid	17	(38,491,872)	(3,315,613)	(38,426,873)	(3,260,613)
Other non-current liabilities		(1,946,342)	(3,125,283)	(124,791)	(3,218,741)
Net cash generated from operating		13,555,489,518	10,691,134,644	13,668,053,557	10,514,181,483
Interest received		10,409,389	8,324,228	7,615,940	8,134,360
Interest paid		(267,986,341)	(226,187,485)	(250,500,774)	(218,325,600)
Income tax paid		(1,370,086,919)	(1,401,781,297)	(1,312,192,210)	(1,376,240,100)
Net cash from operating activities		11,927,825,647	9,071,490,090	12,112,976,513	8,927,750,143
Cash flows from investing activities					
Dividend received		-	-	80,529,870	40,499,460
Cash outflow on current investment		(2,520,150)	-	-	-
Acquisition of property, plant and equipment	28	(3,077,060,063)	(4,893,376,304)	(2,601,635,870)	(4,880,501,511)
Proceeds from sale of plant and equipment		15,992,969	9,208,072	15,992,969	7,793,633
Proceeds from sale of investment properties		-	1,116,563	-	1,116,563
Acquisition of leasehold rights	12	(241,053,501)	(270,291,804)	(217,278,501)	(270,291,804)
Acquisition of other intangible assets	28	(444,584,556)	(390,537,798)	(409,894,464)	(389,192,978)
Proceeds from sale of other intangible assets		1,827,416	-	1,827,416	-
Cash outflow on short-term loans					
to subsidiary	5	-	-	(34,575,880)	(40,000,000)
Proceeds from repayment of short-term					
loans to subsidiary	5	-	-	34,575,880	40,000,000
Net cash outflow on acquisition of subsidiaries	4	(2,720,264,199)	-	-	-
Cash outflow on investments in subsidiaries	9	-	-	(4,500,261,648)	(434,999,853)
Net cash used in investing activities		(6,467,662,084)	(5,543,881,271)	(7,630,720,228)	(5,925,576,490)

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

# STATEMENT OF CASH FLOWS (CONTINUED)

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2017	2016	2017	2016
		<i>(in Baht)</i>			
<b>Cash flows from financing activities</b>					
Payment by a lessee for reduction of the outstanding liabilities relating to a finance lease		(180,596,740)	(146,747,222)	(174,031,523)	(146,747,222)
Increase in short-term borrowings from financial institutions	16	528,014,478	806,847,883	480,000,000	900,000,000
Decrease in long-term borrowings from financial institutions	16	(6,244,124)	-	-	-
Proceed from short-term borrowings from subsidiary	5	-	-	600,000,000	405,000,000
Repayment of short-term borrowing from subsidiary	5	-	-	(405,000,000)	(25,000,000)
Dividends paid to equity holders of the Company	26	(4,272,000,000)	(3,888,000,000)	(4,272,000,000)	(3,888,000,000)
Acquisition of subsidiaries with non-controlling interests		281,515,800	20,890,560	-	-
<b>Net cash used in financing activities</b>		<b>(3,649,310,586)</b>	<b>(3,207,008,779)</b>	<b>(3,771,031,523)</b>	<b>(2,754,747,222)</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,810,852,977</b>	<b>320,600,040</b>	<b>711,224,762</b>	<b>247,426,431</b>
Cash and cash equivalents at 1 January		2,550,133,041	2,229,533,001	2,427,123,133	2,179,696,702
<b>Cash and cash equivalents at 31 December</b>	6	<b>4,360,986,018</b>	<b>2,550,133,041</b>	<b>3,138,347,895</b>	<b>2,427,123,133</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 2017

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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 20 February 2018.

## 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 2017 the Company operated 115 Makro stores (2016: 107 Makro stores) and 8 frozen shops (2016: 8 frozen shops).

Details of the Company’s subsidiaries as at 31 December 2017 and 2016 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 2017. 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 revised TFRS which are effective for annual financial periods beginning on or after 1 January 2018 and have not been adopted in the preparation of these financial statements. The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

### (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 2017

**(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 judgments and estimates**

The preparation of financial statements in conformity with TFRS requires management to make judgments, 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 material adjustments to the amounts recognised in the financial statements within the next financial year is included in the following notes:

Notes 3 (j) and 3 (k)	Property, plant and equipment and intangible assets;
Note 3 (m)	Impairment test : key assumptions underlying recoverable amounts;
Note 4	Acquisition of subsidiaries : fair value of the consideration transferred (including contingent consideration) and fair value of the identifiable assets acquired and liabilities assumed, measured on a provisional basis;
Note 17	Measurement of defined benefit obligations : key actuarial assumptions; and
Note 27	Valuation of financial instruments

*Measurement of fair values*

A number of the Group's accounting policies and disclosures require the measurement of fair value, 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 these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market 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 as follows:

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

- 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 in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

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

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

Further information about the assumptions made in measuring fair values is included in note 4 and 27 to the financial statements.

### 3 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, as describe in subsidiaries section, 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. Any gain on bargain purchase is recognised in profit or loss immediately.

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

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

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

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

## *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*

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

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 entities*

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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

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

Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the exchange differences on translating financial statements 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 foreign entities 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 foreign entities and are recognised in other comprehensive income, and presented in the exchange differences on translating financial statements 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.

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

**(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.

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 measured 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 measured at cost less accumulated depreciation and accumulated impairment losses.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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.

Any 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 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 50 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.

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

**(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 3(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.

Other intangible assets that are acquired by the Group and have indefinite useful lives i.e. trademark, etc. are measured at cost less accumulated impairment losses. They are not amortised but tested for impairment annually or more frequently if there is any impairment indicator. The assessment of the classification of intangible assets as indefinite is reviewed annually.

*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 are as follows:

Computer software	2 to 10 years
Trademark	indefinite useful lives
Customer relationship	15 years

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

**(l) Leasehold rights**

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

*Amortisation*

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

## (m) *Impairment*

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or 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 asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

### *Reversals of impairment*

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

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

## (n) *Interest-bearing liabilities*

Interest-bearing liabilities are recognised 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.

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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

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

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

## *Other long-term employee benefits*

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

## *Termination benefits*

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

## *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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

## *Sales of goods and services rendered*

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

## *Customer loyalty programmes*

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

## *Other income*

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

## **(s) Finance costs**

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.



SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

**(u) Income tax**

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

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

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

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

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

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

## 4 Business combination by acquisition of shares

At the Company's Board of Directors held on 8 August 2016, the Company's Board of Directors approved Siam Food Services Limited ("SFS"), a wholly-owned subsidiary of the Company to enter into a sale and purchase agreement dated 31 October 2016 with non-related persons of the Company (the "sellers") for an acquisition of ordinary shares at 80% shareholding each of 4 companies, which are engaging in food services business, namely Indoguna (Singapore) Pte Ltd (a company incorporated in Singapore), Indoguna Dubai L.L.C (a company incorporated in the United Arab Emirates), Just Meat Company Limited and Indoguna Lordly Company Limited (formerly "Lordly Company Limited") (both companies incorporated in Hong Kong Special Administrative Region of the People's Republic of China), with a cash payment amounting to SGD 110.6 million, which is equivalent to Baht 2,744 million (exchange rate of Baht 24.81: SGD 1). SFS has accomplished the terms according to the sale and purchase agreement and the share transfer has been completed on 26 January 2017 ("the acquisition date"). Conditionally, within 90 days from the acquisition date, SFS can propose the adjusted acquisition value ("the additional acquisition value") in accordance with the terms of the sale and purchase agreement. On 27 June 2017, SFS and the sellers agreed to adjust value of additional acquisition value amounting to Baht 101 million; and the payment was completed on 17 July 2017. In addition, SFS still have an obligation to make a contingent consideration in accordance with EBITDA as stipulated in the agreement.

On 26 January 2017 ("the acquisition date"), SFS has control over the 4 subsidiaries, details are as follows:

	Number of direct holding shares	(%)	Number of indirect holding shares	(%)	Total holding shares	(%)
Indoguna (Singapore) Pte Ltd						
- Ordinary shares	985,263	80	-	-	985,263	80
<b>Total</b>	<b>985,263</b>	<b>80</b>	<b>-</b>	<b>-</b>	<b>985,263</b>	<b>80</b>
Indoguna Dubai L.L.C						
- Ordinary shares	117	39	123	41 *	240	80
<b>Total</b>	<b>117</b>	<b>39</b>	<b>123</b>	<b>41</b>	<b>240</b>	<b>80</b>
Just Meat Company Limited						
- Ordinary shares	800	80	-	-	800	80
<b>Total</b>	<b>800</b>	<b>80</b>	<b>-</b>	<b>-</b>	<b>800</b>	<b>80</b>
Indoguna Lordly Company Limited (formerly "Lordly Company Limited")						
- Ordinary shares	8,000	80	-	-	8,000	80
<b>Total</b>	<b>8,000</b>	<b>80</b>	<b>-</b>	<b>-</b>	<b>8,000</b>	<b>80</b>

\* Owned by nominee holders.

The Group has applied Thai Financing Reporting Standards ("TFRS") No. 3 (revised 2016) *Business Combinations* to recognise the business combination transactions. The following summarises the major classes of consideration transferred, and the recognised amounts of identifiable assets acquired and liabilities assumed.

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

## Consideration transferred and transferable

(in million Baht)

Cash paid	2,845
Contingent consideration as stipulated in the agreement	232
<b>Total</b>	<b>3,077</b>

## Contingent consideration

As stipulated in the agreement, SFS agreed to make an additional contingent consideration to the seller when the seller achieves targeted EBITDA.

SFS recorded contingent consideration determined by the best estimate, amounting to Baht 232 million (fair value at the acquisition date), based on discount rates at 2.06% per annum in 2018 and 2.12% per annum in 2019.

The following tables show the valuation technique and the key unobservable inputs used in the determination of fair value of the contingent consideration.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The fair value is determined considering the expected payment, discounted to present value using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of conditions as stipulate in the agreement, the amount to be paid under each scenario, and the probability of each scenario.	<ul style="list-style-type: none"> <li>Risk-adjusted discount rate (at 2.06% per annum and 2.12% per annum)</li> <li>Forecast EBITDA margin</li> </ul>	<ul style="list-style-type: none"> <li>The estimated fair value would increase if the risk-adjusted discount rate was lower.</li> <li>The estimated fair value will be decreased if the EBITDA will not achieve in accordance with conditions stipulated in the agreement.</li> </ul>

For the fair value of contingent consideration, changing one or more of the significant unobservable inputs used to reasonably possible alternative assumptions would have the effects. These effects have been calculated by recalibrating the values from the valuation technique using alternative estimates of unobservable inputs that might reasonably have been considered by a market participant to price the contingent consideration at the end of the reporting date. Any interrelationship between the unobservable inputs is not considered to have a significant impact within the range of reasonably possible alternative assumptions.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

## Sensitivity analysis

For the fair values of contingent consideration, reasonably possible changes at 31 December 2017 to one of the significant unobservable inputs, holding other inputs constant, the significant unobservable inputs that would have effects to fair values of contingent consideration and profit or loss. EBITDA in 2018 is not achieved conditions as stipulated in the agreement. It would have effect to increase in profit of the consolidated financial statements for the year ended 31 December 2017 amounting to Baht 232 million.

During the year 2017 the Group engaged an independent appraiser to appraise the fair value of identifiable assets acquired and liabilities assumed, and allocation of acquisition-date fair value at the acquisition date. The independent appraiser completed the process of appraising the fair value on 27 December 2017. The principle factors that contributed to goodwill are the synergy benefits from the exchange of knowledge and skills among personnel, which increase the operating efficiency of the Group, and product development. Moreover, centralisation will create economies of scale, which in turn generates cost efficiency, especially in distribution centers. Goodwill from the business acquisitions will not qualify for any tax deduction.

For the preparation of the consolidated financial statements for the year ended 31 December 2017, the Group has considered the fair values of the identifiable assets acquired and liabilities assumed from the business acquisitions and recorded the difference between the purchasing price and values of the assets and liabilities in the account "Goodwill" amounting to Baht 2,256 million by considering the information from the report of the independent appraiser dated 27 December 2017 and other relevant information obtained within one year after the acquisition date. Therefore, the consolidated statement of financial position as at 31 December 2017 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended have been restated accordingly.

### Identifiable assets acquired and liabilities assumed

	Fair value (in million Baht)
Cash and cash equivalents	125
Trade accounts receivable	553
Other current receivables	8
Inventories	340
Other current assets	15
Property, plant and equipment	303
Other intangible assets	512
Short-term borrowings from financial institutions	(379)
Trade accounts payable to other parties	(249)
Trade accounts payable to related parties	(9)
Other current payables to other parties	(5)
Income tax payable	(11)
Accrued expenses	(31)
Current portion of long-term borrowings from financial institutions	(7)
Current portion of finance lease liabilities	(4)
Long-term borrowings from financial institutions	(25)
Finance lease liabilities	(13)
Provisions for employee benefits	(3)
Deferred tax liabilities	(93)
<b>Net assets</b>	<b>1,027</b>

## SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

*Identifiable assets acquired and liabilities assumed (Continued)*

	<b>Fair value</b> <i>(in million Baht)</i>
Non-controlling interests of the acquiree (based on their proportionate interest in the recognised amount of the net identifiable assets of the acquiree)	(206)
Goodwill	2,256
<b>Consideration transferred and transferable</b>	<b>3,077</b>
Net cash obtained from the acquisition of subsidiaries	125
Cash paid	(2,845)
<b>Net cash outflows</b>	<b>(2,720)</b>

The trade receivables comprise gross contractual amounts due of Baht 555 million, of which Baht 2 million was expected to be uncollectible at the acquisition date.

*Expenses related to business acquisitions*

The Group had expenses related to business acquisitions, which are principally related to legal and due diligence fees, totaling Baht 65 million. The expenses were recorded in the administrative expenses account. The Group recorded a part of the expenses amounting to Baht 17 million in the consolidated statement of income for the year ended 31 December 2016. The remaining expenses amounting to Baht 48 million were recorded in the consolidated statement of income for the year period ended 31 December 2017.

*Operations of 4 new subsidiaries after acquisition date*

In the preparation of the consolidated statement of income for the year ended 31 December 2017, the Company included the operation results of 4 new subsidiaries for the period from 26 January 2017 to 31 December 2017. Significant details are as follows:

	For the period from 26 January 2017 to 31 December 2017 <i>(in million Baht)</i>
Revenue from sale of goods	2,455
Profit for the period attributable to equity holders of the Company	51

If the acquisition had occurred on 1 January 2017, management estimates that consolidated revenue from sale of goods of the Group and consolidated profit for the period attributable to equity holders of the Company for the year ended 31 December 2017 would not have materially increased.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

## 5 Related parties

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

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

Name of parties	Country of incorporation/ nationality	Nature of relationships
Charoen Pokphand Group Company Limited	Thailand	Ultimate parent company of the Group
CP ALL Public Company Limited	Thailand	Immediate parent company of the Group
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
Gosoft (Thailand) 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 Industry Co., Ltd.	Thailand	Mr. Thanin Chearavanont is a major 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
Allianz C.P. General Insurance Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
Arbor Acres Thailand Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
Bakehouse Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
Bangkok Produce Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
BFKT (Thailand) Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
Charoen Pokphand Agriculture Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
Charoen Pokphand Foods Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
CP Interfood (Thailand) Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
CPF IT Center Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
CPF Trading Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
CPF (Thailand) Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
CPPC Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder

## SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

Name of parties	Country of incorporation/ nationality	Nature of relationships
CP-Meiji Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
C.P. Consumer Product Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
C.P. Land Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
C.P. Facility Management Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
C.P. Merchandising Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
C.P. Packaging Industry Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
C.P. Poly-Industry Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
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 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 Corporation Co., Ltd. (formerly "True Universal Convergence Co., Ltd.")	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Internet Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True 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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

Name of parties	Country of incorporation/ nationality	Nature of relationships
True Visions Group Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
CP Foods (UK) Limited	United Kingdom	Charoen Pokphand Group Company Limited is a major shareholder
C.P. Vietnam Corporation	Vietnam	Charoen Pokphand Group Company Limited is a major shareholder
Chareon Pakaphad Foods Canada Inc.	Canada	Charoen Pokphand Group Company Limited is a major shareholder
Guangzhon Lotus Supermarket Chain Store Company Limited	The People's Republic of China	Charoen Pokphand Group Company Limited is a major shareholder
Key management personnel	Thai/ Foreigners	Persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

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

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

## SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

Significant transactions for the years ended 31 December 2017 and 2016 with related parties were as follows:

<i>Year ended 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
<b><i>Immediate parent company</i></b>				
Revenue from sale of goods	1	-	1	-
Revenue from rendering of services and other income	1	1	1	1
Distribution costs and administrative expenses	167	181	167	181
Purchases of building	2	-	2	-
<b><i>Subsidiaries</i></b>				
Revenue from sale of goods	-	-	59	77
Revenue from rendering of services and other income	-	-	13	10
Dividend income	-	-	81	40
Interest income	-	-	1	-
Purchases of goods and services	-	-	412	336
Interest expenses	-	-	4	-
<b><i>Other related parties</i></b>				
Revenue from sale of goods	321	183	269	133
Revenue from rendering of services and other income	107	92	107	92
Distribution costs and administrative expenses	198	156	191	148
Purchases of goods and services	9,293	5,753	9,220	5,690
Purchases of equipment	18	44	12	37
Purchases of other intangible assets	61	8	59	8
<b><i>Key management personnel</i></b>				
Key management benefit expenses				
Short-term employee benefits	218	204	218	204
Severance pay for employees	5	5	5	5
<b>Total key management benefit expenses</b>	<b>223</b>	<b>209</b>	<b>223</b>	<b>209</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

Balances as at 31 December 2017 and 2016 with related parties were as follows:

*Trade accounts receivable*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Subsidiaries	-	-	24	2
Other related parties	45	39	40	34
<b>Total</b>	<b>45</b>	<b>39</b>	<b>64</b>	<b>36</b>
<b>Bad and doubtful debts expense for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

*Other current receivables*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Subsidiaries	-	-	5	2
Other related parties	22	23	22	21
<b>Total</b>	<b>22</b>	<b>23</b>	<b>27</b>	<b>23</b>
<b>Bad and doubtful debts expense for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

*Short-term loans to subsidiary*

Movements during the years ended 31 December 2017 and 2016 were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
At 1 January	-	-	-	-
Increases	-	-	35	40
Decreases	-	-	(35)	(40)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

*Trade accounts payable*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Subsidiaries	-	-	84	69
Other related parties	1,544	1,129	1,524	1,125
<b>Total</b>	<b>1,544</b>	<b>1,129</b>	<b>1,608</b>	<b>1,194</b>



## SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

**Other current payables**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Immediate parent company	84	87	84	87
Subsidiaries	-	-	1	-
Other related parties	66	69	66	69
<b>Total</b>	<b>150</b>	<b>156</b>	<b>151</b>	<b>156</b>

**Short-term borrowings from subsidiary**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Makro ROH Co., Ltd.	-	-	600	405
<b>Total</b>	<b>-</b>	<b>-</b>	<b>600</b>	<b>405</b>

Movements during the years ended 31 December 2017 and 2016 were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
At 1 January	-	-	405	25
Increases	-	-	600	405
Decreases	-	-	(405)	(25)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>600</b>	<b>405</b>

As at 31 December 2017 the Company had short-term borrowings from a subsidiary of Baht 600 million (2016: Baht 405 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 recalled.

**Significant agreements with related parties**

As at 31 December 2017 the Company had the following significant agreements with related parties:

- 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.
- 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 November 2020.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

- 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 to the related company 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 to the related company 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.
- e) The Company has a service agreement with Pantavanij Co., Ltd., a related company. Under the terms of the agreement, the related company agrees to provide services in relation to online purchasing system. In consideration thereof, the Company agrees to pay to the related company a fee calculated based on percentages of its purchase orders as stipulated in the buyer's receiving goods memorandum. This agreement is effective for a period of 1 year and is renewable for additional periods of 1 year each.
- f) A foreign subsidiary, Makro (Guangzhou) Food Company Limited, has a service agreement with Guangzhou Lotus Supermarket Chain Store Company Limited, a related company. Under the terms of the agreement, the related company agrees to provide services in relation to general support administration and new branch opening management. In consideration thereof, the subsidiary agrees to pay to the related company service fee as stipulated in the agreement. This agreement is effective for a period of 1 year and will expire in July 2018.

## Capital commitments

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in million Baht)			
Computer software	64	6	63	6
<b>Total</b>	<b>64</b>	<b>6</b>	<b>63</b>	<b>6</b>

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in million Baht)			
Within one year	47	37	46	37
After one year but within five years	128	128	124	128
After five years	144	152	144	152
<b>Total</b>	<b>319</b>	<b>317</b>	<b>314</b>	<b>317</b>

The Group 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.

## SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

## 6 Cash and cash equivalents

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Cash on hand	2,118	1,672	2,113	1,672
Cash at financial institutions	2,120	878	1,025	755
Highly liquid short-term investments	123	-	-	-
<b>Total</b>	<b>4,361</b>	<b>2,550</b>	<b>3,138</b>	<b>2,427</b>

## 7 Trade accounts receivable

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Note	2017	2016	2017	2016
		<i>(in million Baht)</i>			
Related parties	5	45	39	64	36
Other parties		891	413	60	47
<b>Total</b>		<b>936</b>	<b>452</b>	<b>124</b>	<b>83</b>
Less allowance for doubtful accounts		(10)	(7)	-	-
<b>Net</b>		<b>926</b>	<b>445</b>	<b>124</b>	<b>83</b>
<b>Bad and doubtful debts expense for the year</b>		<b>1</b>	<b>2</b>	<b>-</b>	<b>-</b>

Aging analyses for trade accounts receivable are as follows:

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Note	2017	2016	2017	2016
		<i>(in million Baht)</i>			
<b>Related parties</b>					
Within credit terms		27	29	34	27
Overdue:					
Less than 3 months		17	10	29	9
Over 12 months		1	-	1	-
<b>Total</b>	5	<b>45</b>	<b>39</b>	<b>64</b>	<b>36</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

Note	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
<b>Other parties</b>				
Within credit terms	644	325	49	36
Overdue:				
Less than 3 months	213	78	11	10
3 - 6 months	7	2	-	1
6 - 12 months	16	3	-	-
Over 12 months	11	5	-	-
<b>Total</b>	<b>891</b>	<b>413</b>	<b>60</b>	<b>47</b>
Less allowance for doubtful accounts	(10)	(7)	-	-
<b>Net</b>	<b>881</b>	<b>406</b>	<b>60</b>	<b>47</b>
<b>Grand total</b>	<b>926</b>	<b>445</b>	<b>124</b>	<b>83</b>

The normal credit terms granted by the Group range from 7 days to 90 days (2016: range from 7 days to 60 days).

## 8 Inventories

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Finished goods	12,534	13,229	11,470	12,828
Goods in transit	759	513	396	293
<b>Total</b>	<b>13,293</b>	<b>13,742</b>	<b>11,866</b>	<b>13,121</b>
Less allowance for losses on decline in value of inventories	(250)	(257)	(217)	(225)
<b>Net</b>	<b>13,043</b>	<b>13,485</b>	<b>11,649</b>	<b>12,896</b>

The cost of inventories, which is recognised as an expense and presented in the account "Cost of sale of goods" in the statements of income for the years ended 31 December 2017 and 2016, are detailed as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Cost of sales	164,372	153,750	160,501	151,903
Reversal of allowance for losses on decline in value of inventories	(20)	(28)	(9)	(37)
<b>Total</b>	<b>164,352</b>	<b>153,722</b>	<b>160,492</b>	<b>151,866</b>

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

## 9 Investments in subsidiaries

Movements during the years ended 31 December 2017 and 2016 were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
At 1 January	-	-	817	382
Increases	-	-	4,500	435
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>5,317</b>	<b>817</b>

Details of the additional investments in subsidiaries during the years ended 31 December 2017 and 2016 were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Siam Food Services Limited	-	-	3,138	-
Makro ROH Co., Ltd.	-	-	1,279	435
Indoguna Vina Food Service Company Limited (formerly "Vina Siam Food Co., Ltd.")	-	-	83	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>4,500</b>	<b>435</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

Investments in subsidiaries as at 31 December 2017 and 2016, and dividend income for the years then ended were as follows:

Name of party	Type of business	Country of incorporation	Ownership interest (%)	Separate financial statements				Dividend income
				Paid-up capital	At cost	2016	2017	
				2017	2016	(in million Baht)		
<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	99.99	45	3,408	270	81 40
Makro ROH Co., Ltd.	Providing technical and supporting services to the Group	Thailand	99.99	99.99	466	1,745	466	-
ProMart Co., Ltd.	Trading of non-food products	Thailand	99.99	99.99	3	3	3	-
<b>Total</b>						<b>5,156</b>	<b>739</b>	<b>81 40</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

## Separate financial statements

Name of party	Type of business	Country of incorporation	Ownership interest		Paid-up capital		At cost		Dividend income	
			2017	2016	2017	2016	2017	2016	2017	2016
			(%)		(in million U.S. Dollar)		(in million Baht)			
<i>Foreign direct subsidiary</i>										
Indoguna Vina Food Service Company Limited (formerly “Vina Siam Food Co., Ltd.”)	Trading and distribution, and import and export food products	Vietnam	100	100	5	2.5	161	78	-	-
<b>Total</b>							<b>161</b>	<b>78</b>	<b>-</b>	<b>-</b>
<b>Grand total</b>							<b>5,317</b>	<b>817</b>	<b>81</b>	<b>40</b>

## Acquisition/additional investments during the year

- a) On 8 August 2016 the Company's Board of Directors approved Siam Food Services Limited, a wholly-owned subsidiary of the Company, 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. Later in April 2017, the subsidiary call for additional paid-up share capital of Baht 314 million, paid-up share capital totaling Baht 3,183 million.
- b) 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) by issue 16,200,000 new ordinary shares with the par value of Baht 100 per share 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 increased authorised share capital with the Ministry of Commerce was completed on 8 December 2016. Later in August 2017 and December 2017, the subsidiary call for additional paid-up share capital of Baht 420 million and Baht 859 million respectively, paid-up share capital totaling Baht 1,745 million.
- c) On 8 August 2017 the Company's Board of Directors approved Indoguna Vina Food Service Company Limited (formerly "Vina Siam Food Co., Ltd."), a wholly-owned foreign subsidiary of the Company, to increase the subsidiary's authorised share capital of U.S. Dollar 2.5 million (from U.S. Dollar 2.5 million to U.S. Dollar 5 million) and to call for fully paid-up share capital. The registration of the increased authorised share capital was completed on 5 October 2017.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

Details of the Company's indirect subsidiaries as at 31 December 2017 and 2016 were as follows:

Name of party	Type of business	Country of incorporation	Ownership interests 2017	Ownership interests 2016
<b>Foreign indirect subsidiaries</b>				
ARO Company Limited	Providing marketing and consulting services	Republic of the Union of Myanmar	99.99	99.99
CP Wholesale India Private Limited	Wholesale and related business	India	99.99	-
Indoguna (Cambodia) Company Limited	Importing and trading of food related products	Cambodia	70	-
Indoguna (Singapore) Pte Ltd	Manufacturing, trading, importing and exporting of food related products	Singapore	80	-
Indoguna Dubai L.L.C.*	Importing and trading of food related products	United Arab Emirates	80	-
Indoguna Lordly Company Limited (formerly "Lordly Company Limited")	Importing and trading of food related products	Hong Kong Special Administrative Region of the People's Republic of China	80	-
Just Meat Company Limited	Importing and trading of food related products	Hong Kong Special Administrative Region of the People's Republic of China	80	-
Makro (Cambodia) Company Limited	Wholesale and retail operator and related businesses	Cambodia	70	70
Makro (Guangzhou) Food Company Limited	Wholesale and retail operator and related businesses	The People's Republic of China	99.99	-
MAXZI THE GOOD FOOD RESTAURANT & CAFÉ L.L.C.*	Restaurant and minimart	United Arab Emirates	80	-

\* The Group interest is 80% after taking account of nominee holdings.

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

*Acquisition/additional investments during the year*

- a) 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 registered capital of U.S. Dollar 2 million and the call for the fully paid-up share capital. The registration of subsidiary was completed in September 2016 and the call for fully paid-up share capital was completed in October 2016.

Later in June 2017 the subsidiary increases authorised share capital of U.S. Dollar 18.8 million (increase from U.S. Dollar 2 million to be U.S. Dollar 20.8 million) by issue 1,880,000 new ordinary shares with the par value of U.S. Dollar 10 per share and calls for partial paid-up share capital of U.S. Dollar 10 million. The registration of the increased authorised share capital was completed in June 2017. Later in September 2017, the subsidiary call for additional paid-up share capital of U.S. Dollar 8.8 million, paid-up share capital totaling U.S. Dollar 20.8 million.

And later in December 2017 the subsidiary increases authorised share capital of U.S. Dollar 47.2 million (increase from U.S. Dollar 20.8 million to be U.S. Dollar 68 million) by issue 4,720,000 new ordinary shares with the par value of U.S. Dollar 10 per share and calls for partial paid-up share capital of U.S. Dollar 9.4 million. The registration of the increased authorised share capital was completed in December 2017 with the paid-up share capital totaling U.S. Dollar 30.2 million.

- b) In June 2016 a foreign subsidiary, ARO Company Limited, called for additional paid-up share capital of U.S. Dollar 75,000, paid-up share capital totaling U.S. Dollar 165,000.
- c) On 8 November 2016 the Company's Board of Directors approved to set up a foreign subsidiary, CP Wholesale India Private Limited ("CP Wholesale"), which is owned 99.99% by Makro ROH Co., Ltd. ("MROH") (99.99% owned subsidiary). The subsidiary has an initial authorised share capital of INR 100 million. The registration of the subsidiary was completed in January 2017 and the call for fully paid-up share capital was completed in February 2017.

Later on 9 August 2017 MROH's Board of Directors approved CP Wholesale to increase the subsidiary's authorised share capital of INR 200 million (increase from INR 100 million to INR 300 million) by the issuance of 20,000,000 new ordinary shares. The registration of the increase authorised share capital was completed in August 2017.

During the year 2017, the subsidiary call for paid-up share capital of INR 70 per share (with the par value of INR 10 per share and the share premium of INR 60 per share) totaling INR 425 million.

Therefore, the total paid-up share capital amounted to INR 161 million with the share premium of INR 364 million.

- d) On 21 February 2017 the Company's Board of Directors approved to set up a foreign subsidiary, Makro (Guangzhou) Food Company Limited, which is owned 100% by Makro ROH Co., Ltd. (99.99% owned subsidiary). The subsidiary has an initial registered capital of RMB 50 million. The registration of the subsidiary was completed in July 2017. During the year 2017, the subsidiary call for paid-up share capital totaling RMB 25 million.
- e) On 10 May 2017, the Company's Board of Directors approved to set up a foreign subsidiary, MAXZI THE GOOD FOOD RESTAURANT & CAFÉ L.L.C., which has 80% ownership interest by Siam Food Services Limited (99.99% owned subsidiary). The subsidiary has an initial registered capital of United Arab Emirates Dirham 4 million. The registration of the subsidiary was completed in October 2017.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

- f) On 8 August 2017, the Company's Board of Directors approved to set up a foreign subsidiary, Indoguna (Cambodia) Company Limited, which is owned 70% by Siam Food Services Limited (99.99% owned subsidiary). The subsidiary has an initial registered capital of U.S. Dollar 2 million and the call for fully paid-up share capital. The registration of subsidiary was completed in November 2017.

## 10 Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interest:

	31 December 2017					
	Indoguna (Singapore) Pte Ltd	Makro (Cambodia) Company Limited	Other individually immaterial subsidiaries (in million Baht)	Intra-group eliminations	Fair value adjustment	Total
Non-controlling interests percentage	20	30				
Current assets	579	819				
Non-current assets	204	422				
Current liabilities	(441)	(391)				
Non-current liabilities	(38)	-				
<b>Net assets</b>	<b>304</b>	<b>850</b>				
Carrying amount of non-controlling interests	61	255	71	(26)	97	458
Revenue	1,662	92				
Profit (loss)	45	(131)				
Other comprehensive income	(10)	(25)				
<b>Total comprehensive income</b>	<b>35</b>	<b>(156)</b>				
Profit (loss) allocated to non-controlling interests	9	(39)	1	-	(2)	(31)
Other comprehensive income allocated to non-controlling interests	7	(47)	(3)	(4)	(2)	(49)
Cash flows from operating activities	150	(3)				
Cash flows from investing activities	(10)	(416)				
Cash flows from financing activities	(92)	938				
<b>Net increase in cash and cash equivalents</b>	<b>48</b>	<b>519</b>				



SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

	31 December 2016	
	Makro (Cambodia) Company Limited	
	Total	
	(in million Baht)	
Non-controlling interests percentage	30	
Current assets	67	
Non-current assets	1	
Current liabilities	(1)	
<b>Net assets</b>	<b>67</b>	
Carrying amount of non-controlling interests	20	20
Revenue	-	
Loss	(3)	
Other comprehensive income	1	
<b>Total comprehensive income</b>	<b>(2)</b>	
Loss allocated to non-controlling interests	(1)	(1)
Other comprehensive income allocated to non-controlling interest	(1)	(1)
Cash flows from operating activities	(2)	
Cash flows from investing activities	(1)	
Cash flows from financing activities	70	
<b>Net increase in cash and cash equivalents</b>	<b>67</b>	

## 11 Property, plant and equipment

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

## Consolidated financial statements (Continued)

	Note	Land	Buildings, building improvements and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment (in million Baht)	Vehicles	Assets under construction and installation	Total
<i>Accumulated depreciation and accumulated impairment</i>								
At 1 January 2016		-	(4,704)	(7,004)	(1,257)	(32)	-	(12,997)
Depreciation charge for the year		-	(353)	(1,193)	(307)	(8)	-	(1,861)
Disposals and write-off		-	60	115	63	11	-	249
Reversal of allowance for impairment losses		-	1	4	2	-	-	7
<b>At 31 December 2016 and 1 January 2017</b>		-	<b>(4,996)</b>	<b>(8,078)</b>	<b>(1,499)</b>	<b>(29)</b>	-	<b>(14,602)</b>
Depreciation charge for the year		-	(413)	(1,332)	(379)	(19)	-	(2,143)
Transfers		-	2	-	-	-	-	2
Disposals and write-off		-	24	219	196	2	-	441
Additional allowance for impairment losses		-	(3)	(1)	-	-	-	(4)
Exchange differences on translating financial statements		-	3	3	1	1	-	8
<b>At 31 December 2017</b>		-	<b>(5,383)</b>	<b>(9,189)</b>	<b>(1,681)</b>	<b>(45)</b>	-	<b>(16,298)</b>
<i>Net book value</i>								
At 1 January 2016		10,991	8,666	5,577	799	26	980	27,039
At 31 December 2016 and 1 January 2017		11,863	10,487	6,843	1,088	18	20	30,319
At 31 December 2017		12,115	11,233	6,805	1,030	36	86	31,305

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

## Separate financial statements

	Land	Buildings, building improvements and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment (in million Baht)	Vehicles	Assets under construction and installation	Total
<b>Cost</b>							
At 1 January 2016	10,991	13,333	12,566	2,030	45	979	39,944
Additions	872	270	1,331	423	-	2,238	5,134
Transfers	-	1,905	1,131	163	-	(3,199)	-
Disposals and write-off	-	(62)	(122)	(64)	(6)	-	(254)
<b>At 31 December 2016 and 1 January 2017</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>
Additions	252	90	560	220	2	1,257	2,381
Transfers	-	674	481	36	-	(1,191)	-
Disposals and write-off	-	(32)	(224)	(198)	(2)	-	(456)
<b>At 31 December 2017</b>	<b>12,115</b>	<b>16,178</b>	<b>15,723</b>	<b>2,610</b>	<b>39</b>	<b>84</b>	<b>46,749</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

## Separate financial statements (Continued)

	Land	Buildings, building improvements and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment (in million Baht)	Vehicles	Assets under construction and installation	Total
<i>Accumulated depreciation and accumulated impairment losses</i>							
At 1 January 2016	-	(4,677)	(6,989)	(1,236)	(22)	-	(12,924)
Depreciation charge for the year	-	(350)	(1,192)	(306)	(6)	-	(1,854)
Disposals and write-off	-	58	114	63	6	-	241
Reversal of allowance for impairment losses	-	1	4	2	-	-	7
<b>At 31 December 2016 and 1 January 2017</b>	-	<b>(4,968)</b>	<b>(8,063)</b>	<b>(1,477)</b>	<b>(22)</b>	-	<b>(14,530)</b>
Depreciation charge for the year	-	(392)	(1,317)	(369)	(6)	-	(2,084)
Disposals and write-off	-	24	218	192	2	-	436
Addition allowance for impairment losses	-	(3)	(1)	-	-	-	(4)
<b>At 31 December 2017</b>	-	<b>(5,339)</b>	<b>(9,163)</b>	<b>(1,654)</b>	<b>(26)</b>	-	<b>(16,182)</b>
<i>Net book value</i>							
At 1 January 2016	10,991	8,656	5,577	794	23	979	27,020
At 31 December 2016 and 1 January 2017	11,863	10,478	6,843	1,075	17	18	30,294
At 31 December 2017	12,115	10,839	6,560	956	13	84	30,567

As at 31 December 2017 the Group and the Company had assets under finance leases with a net book value amounting to Baht 735 million (2016: Baht 789 million) in the consolidated financial statements and Baht 723 million (2016: Baht 789 million) in the separate financial statements respectively.

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 2017 amounted to Baht 6,021 million (2016: Baht 5,569 million) in the consolidated financial statements and Baht 5,960 million (2016: Baht 5,511 million) in the separate financial statements respectively.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

## Security

As at 31 December 2017, the Group's plant and equipment with total net book value of Baht 196 million (2016: nil) were pledged under short-term borrowings from financial institution and long-term borrowings from financial institution.

## 12 Leasehold rights

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in million Baht)			
<b>Cost</b>				
At 1 January	2,703	2,433	2,703	2,433
Additions	241	270	217	270
<b>At 31 December</b>	<b>2,944</b>	<b>2,703</b>	<b>2,920</b>	<b>2,703</b>
<b>Accumulated amortisation</b>				
At 1 January	(615)	(520)	(615)	(520)
Amortisation charge for the year	(101)	(95)	(101)	(95)
<b>At 31 December</b>	<b>(716)</b>	<b>(615)</b>	<b>(716)</b>	<b>(615)</b>
<b>Net book value</b>				
At 1 January				
- Current portion	94	78	94	78
- Non-current portion	1,994	1,835	1,994	1,835
<b>Total</b>	<b>2,088</b>	<b>1,913</b>	<b>2,088</b>	<b>1,913</b>
<b>At 31 December</b>				
- Current portion	103	94	102	94
- Non-current portion	2,125	1,994	2,102	1,994
<b>Total</b>	<b>2,228</b>	<b>2,088</b>	<b>2,204</b>	<b>2,088</b>

## 13 Goodwill

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
		(in million Baht)			
<b>Cost</b>					
At 1 January		167	167	-	-
Acquisition through business combination	4	2,256	-	-	-
<b>At 31 December</b>		<b>2,423</b>	<b>167</b>	<b>-</b>	<b>-</b>

## SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Consolidated financial statements		Separate financial statements	
Note	2017	2016	2017	2016
	(in million Baht)			
<b>Impairment loss</b>				
At 1 January	-	-	-	-
Impairment loss	-	-	-	-
<b>At 31 December</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net book value</b>				
At 1 January	<u>167</u>	<u>167</u>	<u>-</u>	<u>-</u>
At 31 December	<u>2,423</u>	<u>167</u>	<u>-</u>	<u>-</u>

Most of the Goodwill arose from the Company's purchase of shares at 80% shareholding each of 4 companies, namely Indoguna (Singapore) Pte Ltd, Indoguna Dubai L.L.C, Just Meat Company Limited and Indoguna Lordly Company Limited (formerly "Lordly Company Limited") (See note 4 to the financial statements).

## **Impairment testing for carrying amount of goodwill and other intangible assets within indefinite useful life**

The recoverable amount was based on its value in use, determined by discounting future cash flows to be generated from the continuing use of assets.

The values assigned to the key assumptions represented management's assessment of future trends in the relevant industries and were based on historical data from external and internal sources. The key assumptions used in the estimation of the recoverable amount were as follows:

### *Discount rate*

The discount rates were based on weighted average cost of capital comprised of key financial assumptions such as cost of debt and cost of equity.

### *Terminal value growth rate*

Terminal value growth rates were determined based on average consumer price index in the country of operation, inflation rates and growth rates of historical earnings before income tax, depreciation and amortisation ("EBITDA") of 4 new subsidiaries.

### *Budgeted EBITDA*

Budgeted EBITDA were based on expectations of future outcomes taking into the past experience, adjusted for the anticipated revenue growth. Revenue growth was projected from past experience and estimate sale growth. The 4 new subsidiaries would develop and maintain their customer satisfaction by rendering high quality products, new product development, and maintenance customer relationship.

Based on the impairment testing, the recoverable amount was estimated to be higher than its carrying amount and no impairment was required to these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

## 14 Other intangible assets

	Note	Consolidated financial statements			
		Computer software	Trademarks	Customer relationship (in million Baht)	Computer software under development and other
<b>Cost</b>					<b>Total</b>
At 1 January 2016		1,384	-	-	13
Additions		60	-	-	143
Transfers		6	-	-	(6)
<b>At 31 December 2016 and 1 January 2017</b>		<b>1,450</b>	<b>-</b>	<b>-</b>	<b>150</b>
Additions		131	-	-	363
Acquisition through business combination	4	4	449	59	-
Transfers		172	-	-	(172)
Disposals and write-off		(9)	-	-	-
Exchange differences on translating financial statements		(2)	-	-	(9)
<b>At 31 December 2017</b>		<b>1,746</b>	<b>449</b>	<b>59</b>	<b>341</b>
					<b>2,595</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

Consolidated financial statements <i>(Continued)</i>						
	Note	Computer software	Trademarks	Customer relationship <i>(in million Baht)</i>	Computer software under development and other	Total
<i>Accumulated amortisation</i>						
At 1 January 2016		(302)	-	-	-	(302)
Amortisation charge for the year		(144)	-	-	-	(144)
<b>At 31 December 2016 and 1 January 2017</b>		<b>(446)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(446)</b>
Amortisation charge for the year		(153)	-	(4)	-	(157)
Disposals and write-off		7	-	-	-	7
Additional allowance for impairment losses		(3)	-	-	-	(3)
Exchange differences on translating financial statements		2	-	-	-	2
<b>At 31 December 2017</b>		<b>(593)</b>	<b>-</b>	<b>(4)</b>	<b>-</b>	<b>(597)</b>
<i>Net book value</i>						
At 1 January 2016		1,082	-	-	13	1,095
At 31 December 2016 and 1 January 2017		1,004	-	-	150	1,154
At 31 December 2017		1,153	449	55	341	1,998

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Separate financial statements		
	Computer software	Computer software under development (in million Baht)	Total
<b>Cost</b>			
At 1 January 2016	1,349	13	1,362
Additions	59	143	202
Transfers	6	(6)	-
<b>At 31 December 2016 and 1 January 2017</b>	<b>1,414</b>	<b>150</b>	<b>1,564</b>
Additions	116	345	461
Transfers	172	(172)	-
Disposals and write-off	(9)	-	(9)
<b>At 31 December 2017</b>	<b>1,693</b>	<b>323</b>	<b>2,016</b>
<b>Accumulated amortisation</b>			
At 1 January 2016	(276)	-	(276)
Amortisation charge for the year	(142)	-	(142)
<b>At 31 December 2016 and 1 January 2017</b>	<b>(418)</b>	<b>-</b>	<b>(418)</b>
Amortisation charge for the year	(148)	-	(148)
Disposals and write-off	7	-	7
Addition allowance for impairment losses	(3)	-	(3)
<b>At 31 December 2017</b>	<b>(562)</b>	<b>-</b>	<b>(562)</b>
<b>Net book value</b>			
At 1 January 2016	1,073	13	1,086
<b>At 31 December 2016 and 1 January 2017</b>	<b>996</b>	<b>150</b>	<b>1,146</b>
<b>At 31 December 2017</b>	<b>1,131</b>	<b>323</b>	<b>1,454</b>

The gross amount of the Group's and the Company's fully amortised other intangible assets that were still in use as at 31 December 2017 amounted to Baht 295 million (2016: Baht 266 million) in the consolidated financial statements and Baht 270 million (2016: Baht 243 million) in the separate financial statements respectively

## Security

As at 31 December 2017, the Group's other intangible assets with total net book value of Baht 12 million (2016: nil) were pledged under short-term borrowings from financial institution and long-term borrowings from financial institution.

## 15 Deferred income tax

Deferred tax assets and liabilities as at 31 December 2017 and 2016 were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in million Baht)			
Deferred tax assets	330	310	309	301
Deferred tax liabilities	(92)	-	-	-



## SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

Movements in deferred tax assets and liabilities during the years ended 31 December 2017 and 2016 were as follows:

	<b>Consolidated financial statements</b>			
	<b>(Charged)/ credited to</b>			
<b>At 1 January 2017</b>	profit or loss	other comprehensive income (Note 24)	Acquisition through business combination (Note 4)	<b>At 31 December 2017</b>
	<i>(in million Baht)</i>			
<b>Deferred tax assets (liabilities)</b>				
Inventories	131	(39)	-	92
Property, plant and equipment	(129)	26	(25)	(128)
Other intangible assets	-	1	(68)	(67)
Finance lease liabilities	169	(10)	-	159
Provisions for employee benefits	105	5	4	114
Other	34	34	-	68
<b>Total</b>	<b>310</b>	<b>17</b>	<b>(93)</b>	<b>238</b>

	<b>Consolidated financial statements</b>			
	<b>(Charged)/ credited to</b>			
<b>At 1 January 2016</b>	profit or loss	other comprehensive income (Note 24)		<b>At 31 December 2016</b>
	<i>(in million Baht)</i>			
<b>Deferred tax assets (liabilities)</b>				
Inventories	113	18	-	131
Property, plant and equipment	(71)	(58)	-	(129)
Finance lease liabilities	121	48	-	169
Provisions for employee benefits	92	10	3	105
Other	12	22	-	34
<b>Total</b>	<b>267</b>	<b>40</b>	<b>3</b>	<b>310</b>

	<b>Separate financial statements</b>			
	<b>(Charged)/ credited to</b>			
<b>At 1 January 2017</b>	profit or loss	other comprehensive income (Note 24)		<b>At 31 December 2017</b>
	<i>(in million Baht)</i>			
<b>Deferred tax assets (liabilities)</b>				
Inventories	125	(36)	-	89
Property, plant and equipment	(129)	25	-	(104)
Finance lease liabilities	169	(10)	-	159
Provisions for employee benefits	103	4	4	111
Other	33	21	-	54
<b>Total</b>	<b>301</b>	<b>4</b>	<b>4</b>	<b>309</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

	At 1 January 2016	Separate financial statements (Charged)/ credited to		At 31 December 2016
		profit	other	
		or	comprehensive	
		loss	income	
		(Note 24)		
		(in million Baht)		
<b>Deferred tax assets (liabilities)</b>				
Inventories	109	16	-	125
Property, plant and equipment	(71)	(58)	-	(129)
Finance lease liabilities	121	48	-	169
Provisions for employee benefits	90	11	2	103
Other	11	22	-	33
<b>Total</b>	<b>260</b>	<b>39</b>	<b>2</b>	<b>301</b>

## 16 Interest-bearing liabilities

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		(in million Baht)			
<b>Current</b>					
Short-term borrowings from financial institutions					
Promissory notes - unsecured		3,560	3,080	3,560	3,080
Liabilities under trust receipts					
- secured		269	-	-	-
Liabilities under trust receipts					
- unsecured		428	232	-	-
Short-term borrowings					
- unsecured		69	111	-	-
<b>Total</b>		<b>4,326</b>	<b>3,423</b>	<b>3,560</b>	<b>3,080</b>
Short-term borrowings from subsidiary - unsecured	5	-	-	600	405
<b>Total</b>		<b>-</b>	<b>-</b>	<b>600</b>	<b>405</b>
Current portion of long-term borrowings from financial institution - secured	6	-	-	-	-
Current portion of long-term borrowings from financial institution - unsecured		2,000	2,000	2,000	2,000
<b>Total</b>		<b>2,006</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>
Current portion of finance lease liabilities		118	101	112	101
<b>Total</b>		<b>118</b>	<b>101</b>	<b>112</b>	<b>101</b>
<b>Total current</b>		<b>6,450</b>	<b>5,524</b>	<b>6,272</b>	<b>5,586</b>

## SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in million Baht)</i>			
<b>Non-current</b>					
Long-term borrowings from financial institution					
- secured		19	-	-	-
Long-term borrowings from financial institution					
- unsecured		2,000	2,000	2,000	2,000
Finance lease liabilities		688	745	684	745
<b>Total non-current</b>		<b>2,707</b>	<b>2,745</b>	<b>2,684</b>	<b>2,745</b>
<b>Grand total</b>		<b>9,157</b>	<b>8,269</b>	<b>8,956</b>	<b>8,331</b>

The periods to maturity of interest-bearing liabilities, excluding liabilities under finance leases, as at 31 December 2017 and 2016 were as follows:

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2017	2016	2017	2016
		<i>(in million Baht)</i>			
Within one year		6,332	5,423	6,160	5,485
After one year but within five years		2,019	2,000	2,000	2,000
<b>Total</b>		<b>8,351</b>	<b>7,423</b>	<b>8,160</b>	<b>7,485</b>

## Short-term borrowings from financial institutions

Movements during the years ended 31 December 2017 and 2016 were as follows:

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in million Baht)</i>			
At 1 January		3,423	2,614	3,080	2,180
Increases		528	807	480	900
Acquisition through business combination	4	379	-	-	-
Unrealised (gain) loss on exchange rates from translation of outstanding foreign borrowings balance to Thai Baht		(4)	2	-	-
<b>At 31 December</b>		<b>4,326</b>	<b>3,423</b>	<b>3,560</b>	<b>3,080</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

## Finance lease liabilities

Details of finance leases liabilities as at 31 December 2017 and 2016 were as follows:

	Consolidated financial statements					
	2017			2016		
	Future minimum lease payments	Interest	Present value of minimum lease payments (in million Baht)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	180	(62)	118	167	(66)	101
After one year but within five years	515	(162)	353	534	(179)	355
After five years	419	(84)	335	498	(108)	390
<b>Total</b>	<b>1,114</b>	<b>(308)</b>	<b>806</b>	<b>1,199</b>	<b>(353)</b>	<b>846</b>

	Separate financial statements					
	2017			2016		
	Future minimum lease payments	Interest	Present value of minimum lease payments (in million Baht)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	174	(62)	112	167	(66)	101
After one year but within five years	511	(162)	349	534	(179)	355
After five years	419	(84)	335	498	(108)	390
<b>Total</b>	<b>1,104</b>	<b>(308)</b>	<b>796</b>	<b>1,199</b>	<b>(353)</b>	<b>846</b>

As at 31 December 2017 the Group entered into finance lease contracts and the Group must comply with certain conditions as stipulated in the contracts.

## Long-term borrowings from financial institutions

Movements during the years ended 31 December 2017 and 2016 were as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		(in million Baht)			
At 1 January		4,000	4,000	4,000	4,000
Increases		2,000	-	2,000	-
Decreases		(2,006)	-	(2,000)	-
Acquisition through business combination	4	32	-	-	-
Unrealised gain on exchange rate from translation of outstanding foreign borrowings balance to Thai Baht		(1)	-	-	-
<b>At 31 December</b>		<b>4,025</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>

## SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

As at 31 December 2017 the Group had long-term borrowings agreements with a foreign financial institution and a local branch of a foreign financial institution and a local financial institution. Details are as follows:

Borrowing agreement	Approved credit facilities	Interest rate (% per annum)	Term of payment
The first agreement	Singapore Dollar 1.5 million	Float interest rate as stipulated in the agreement	Monthly installment due to August 2023
The second agreement	Singapore Dollar 1.6 million	Float interest rate as stipulated in the agreement	Monthly installment due to September 2020
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
The fifth agreement	Baht 1,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in November 2022
The sixth agreement	Baht 1,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in December 2022

In this regard, the Group 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.

## 17 Provisions for employee benefits

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
<b>As at 31 December</b>				
<b>Statement of financial position</b>				
<b>Provisions for:</b>				
Defined benefit plans	575	526	554	514
<b>Total</b>	<b>575</b>	<b>526</b>	<b>554</b>	<b>514</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in million Baht)			
<b>Year ended 31 December</b>				
<b>Statement of income</b>				
<b>Recognised in profit or loss:</b>				
Defined benefit plans	65	55	60	53
<b>Total</b>	<b>65</b>	<b>55</b>	<b>60</b>	<b>53</b>
<b>Statement of comprehensive income</b>				
<b>Recognised in other comprehensive income:</b>				
Actuarial losses recognised in the year	19	13	18	12
<b>Total</b>	<b>19</b>	<b>13</b>	<b>18</b>	<b>12</b>

The Group operates 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 2017

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

Note	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in million Baht)			
At 1 January	526	462	514	452
<b>Included in profit or loss:</b>				
Current service costs	54	42	49	41
Interest on obligation	11	13	11	12
<b>Included in other comprehensive income:</b>				
Defined benefit plan actuarial losses	19	13	18	12
<b>Other</b>				
Benefits paid by the plan	(38)	(4)	(38)	(3)
Acquisition through business combination	4	3	-	-
<b>At 31 December</b>	<b>575</b>	<b>526</b>	<b>554</b>	<b>514</b>

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in million Baht)			
Changes in assumptions	(11)	(5)	(11)	(7)
Experience adjustments	30	18	29	19
<b>Total</b>	<b>19</b>	<b>13</b>	<b>18</b>	<b>12</b>

## Actuarial assumptions

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(%)			
Discount rate	2.6 - 2.9	2.2 - 2.7	2.6	2.2
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	5.0 - 50.0

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

At 31 December 2017, the weighted-average duration of the defined benefit obligations were 10 to 14 years (2016: 10 to 16 years).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

## 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 financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
	<i>(in million Baht)</i>			
<b>At 31 December 2017</b>				
Discount rate (0.5% movement)	(22)	23	(21)	22
Future salary growth (0.5% movement)	18	(17)	17	(16)
Withdrawal rate (0.5% movement)	(14)	7	(13)	7
<b>At 31 December 2016</b>				
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

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.

## 18 Share capital

	<i>Par value per share (in Baht)</i>	<i>Number of shares</i>	Consolidated/ Separate financial statements		<i>Number of shares</i>	<i>Baht</i>
			2017 <i>Baht (in million)</i>		2016 <i>Baht</i>	
<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 2017

## 19 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 2017 and 2016 was equal to 10% of the registered authorised capital.

#### *Other components of equity*

#### *Exchange differences on translating financial statements*

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

## 20 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
- Segment 2: Food services
- Segment 3: Other

The Group is managed and operates principally (more than 98%) in Thailand. There are no material revenues derived from, or assets located in, foreign countries.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

Revenue and results, based on segments, in the consolidated financial statements for the years ended 31 December 2017 and 2016 were as follows:

	Cash and carry		Food services		Other		Eliminate		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Interest income	11	8	1	-	4	1	(5)	(1)	11	8
Total income	181,858	170,501	5,483	2,794	4	1	(591)	(506)	186,754	172,790
Depreciation and amortisation	2,336	2,091	65	9	-	-	-	-	2,401	2,100
Finance costs	(329)	(272)	(23)	(8)	-	-	4	1	(348)	(279)
Profit (loss) before income tax expense	7,580	6,647	158	142	1	(4)	(81)	(40)	7,658	6,745
Income tax expense	(1,475)	(1,302)	(36)	(31)	-	-	-	-	(1,511)	(1,333)
<b>Profit for the year</b>	<b>6,105</b>	<b>5,345</b>	<b>122</b>	<b>111</b>	<b>1</b>	<b>(4)</b>	<b>(81)</b>	<b>(40)</b>	<b>6,147</b>	<b>5,412</b>

Details of assets, based on segments, in the consolidated financial statements as at 31 December 2017 and 2016 were as follows:

	Cash and carry		Food services		Other		Eliminate		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Property, plant and equipment	31,001	30,295	304	24	-	-	-	-	31,305	30,319
Goodwill	-	-	-	-	-	-	2,423	167	2,423	167
Other assets	27,516	22,139	5,380	1,119	1,747	469	(9,395)	(1,354)	25,248	22,373
<b>Segment assets as at 31 December</b>	<b>58,517</b>	<b>52,434</b>	<b>5,684</b>	<b>1,143</b>	<b>1,747</b>	<b>469</b>	<b>(6,972)</b>	<b>(1,187)</b>	<b>58,976</b>	<b>52,859</b>

## SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

## 21 Employee benefit expenses

Note	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in million Baht)			
Salaries, wages and bonus	5,065	3,870	4,568	3,751
Staff welfares	176	144	143	139
Contribution to social security fund	114	109	111	106
Contribution to provident fund	83	73	79	72
Defined benefit plans	17 65	55	60	53
Other	80	52	29	41
<b>Total</b>	<b>5,583</b>	<b>4,303</b>	<b>4,990</b>	<b>4,162</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.

## 22 Finance costs

Note	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in million Baht)			
<b>Finance costs paid to:</b>				
Related party	5 -	-	4	-
Financial institutions	278	218	256	211
Other parties under finance lease contracts	70	61	69	61
<b>Total</b>	<b>348</b>	<b>279</b>	<b>329</b>	<b>272</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

## 23 Expenses by nature

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

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in million Baht)</i>			
Changes in inventories of finished goods		(442)	(531)	(1,247)	(535)
Purchase of raw materials, finished goods and other related costs		164,794	154,253	161,738	152,401
Depreciation	11	2,143	1,861	2,084	1,854
Amortisation - leasehold rights	12	101	95	101	95
Amortisation - other intangible assets	14	157	144	148	142
Employee benefit expenses	21	5,583	4,303	4,990	4,162
Utilities expenses		2,181	1,984	2,152	1,969
Advertising and sale promotion expenses		963	802	925	787
Rental expenses		568	486	498	459
Finance costs	22	348	279	329	272
Computer expenses		334	304	323	296
Maintenance and repair expenses		246	219	238	214
Trademark fees		167	172	167	172
Other		1,953	1,674	1,514	1,563
<b>Total cost of sale of goods, distribution costs, administrative expenses and finance costs</b>		<b>179,096</b>	<b>166,045</b>	<b>173,960</b>	<b>163,851</b>

## 24 Income tax expense

*Income tax recognised in profit or loss*

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in million Baht)</i>			
<b>Current tax</b>					
Current year		1,552	1,389	1,504	1,357
Over provided in prior years		(24)	(15)	(26)	(15)
		<b>1,528</b>	<b>1,374</b>	<b>1,478</b>	<b>1,342</b>
<b>Deferred income tax</b>					
Movements in temporary differences	15	(17)	(40)	(4)	(39)
		<b>(17)</b>	<b>(40)</b>	<b>(4)</b>	<b>(39)</b>
<b>Total</b>		<b>1,511</b>	<b>1,334</b>	<b>1,474</b>	<b>1,303</b>

## SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

## Income tax recognised in other comprehensive income

	Consolidated financial statements					
	Before tax	2017 Tax income	Net of tax (in million Baht)	Before tax	2016 Tax income	Net of tax
Losses on remeasurement of defined benefit plans	19	(4)	15	13	(3)	10
<b>Total</b>	<b>19</b>	<b>(4)</b>	<b>15</b>	<b>13</b>	<b>(3)</b>	<b>10</b>

	Separate financial statements					
	Before tax	2017 Tax income	Net of tax (in million Baht)	Before tax	2016 Tax income	Net of tax
Losses on remeasurement of defined benefit plans	18	(4)	14	12	(2)	10
<b>Total</b>	<b>18</b>	<b>(4)</b>	<b>14</b>	<b>12</b>	<b>(2)</b>	<b>10</b>

## Reconciliation of effective tax rate

	Consolidated financial statements			
	Applicable tax rate (%)	0%	20% (in million Baht)	Other Total
2017				
Accounting profit (loss) before income tax expense		(3)	7,690	(29) 7,658
Income tax at the applicable tax rates		-	1,581	14 1,595
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit		-	(64)	4 (60)
Over provided in prior years		-	(23)	(1) (24)
<b>Net</b>		<b>-</b>	<b>1,494</b>	<b>17 1,511</b>
2016				
Accounting profit before income tax expense		-	6,745	- 6,745
Income tax at the applicable tax rates		-	1,349	- 1,349
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit		-	(4)	- (4)
Over provided in prior years		-	(15)	- (15)
Recognition of previously unrecognised tax losses		-	4	- 4
<b>Net</b>		<b>-</b>	<b>1,334</b>	<b>- 1,334</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

Applicable tax rate (%)	Separate financial statements	
	20%	20%
	2017	2016
	(in million Baht)	
Accounting profit before income tax expense	7,804	6,650
Income tax at the applicable tax rate	1,561	1,330
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit	(61)	(12)
Over provided in prior years	(26)	(15)
<b>Net</b>	<b>1,474</b>	<b>1,303</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 onwards.

## 25 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2017 and 2016 are based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in million Baht /in million share)			
<b>Profit for the year attributable to equity holders of the Company</b>	<b>6,178</b>	<b>5,413</b>	<b>6,330</b>	<b>5,348</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>1.29</b>	<b>1.13</b>	<b>1.32</b>	<b>1.11</b>

## 26 Dividends

At the annual general meeting of the shareholders of the Company held on 21 April 2017, the Company's shareholders approved a resolution to pay the 2016 annual dividends of Baht 0.49 per share for 4,800 million ordinary shares, totaling Baht 2,352 million, from the profit for the year 2016. The dividends were paid to the Company's shareholders on 16 May 2017.

At the Board of Directors' meeting of the Company held on 8 August 2017, 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 2017. The dividends were paid to the Company's shareholders on 5 September 2017.

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.

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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.

## 27 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.

### *Interest rate risk*

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group's exposure to changes in interest rate relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group managed the interest rate risk of financial assets and financial liabilities by considering fixed and floating rates depending on the market situation.

The effective interest rates of financial assets as at 31 December 2017 (2016: nil) and the periods in which the financial assets mature were as follows:

	Effective interest rate (%)	Consolidated financial statements			Total
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	
2017					
<b>Current</b>					
- Current investment	Fixed rate	3	-	-	3
<b>Total</b>		<b>3</b>	<b>-</b>	<b>-</b>	<b>3</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

The effective interest rates of interest-bearing liabilities as at 31 December 2017 and 2016 and the periods in which interest-bearing liabilities mature were as follows:

		Consolidated financial statements			
	Effective interest rate (%)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2017					
Current					
- Promissory notes	Market rate	3,560	-	-	3,560
- Liabilities under trust receipts	Market rate	697	-	-	697
- Short-term borrowings from financial institutions	Market rate	69	-	-	69
- Current portion of long-term borrowings from financial institutions	Float rate/ Fixed rate	2,006	-	-	2,006
- Current portion of finance leases liabilities	9.00	118	-	-	118
Total		6,450	-	-	6,450
Non-current					
- Long-term borrowings from financial institutions	Float rate/ Fixed rate	-	2,019	-	2,019
- Finance lease liabilities	9.00	-	353	335	688
Total		-	2,372	335	2,707
2016					
Current					
- Promissory notes	Market rate	3,080	-	-	3,080
- Liabilities under trust receipts	Market rate	232	-	-	232
- Short-term borrowings from financial institutions	Market rate	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

## SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Effective interest rate (%)	Within 1 year	Separate financial statements		Total
			After 1 year but within 5 years (in million Baht)	After 5 years	
<b>2017</b>					
<b>Current</b>					
- Promissory notes	Market rate	3,560	-	-	3,560
- Short-term borrowings from subsidiary	Market rate	600	-	-	600
- Current portion of long-term borrowings from financial institution	Fixed rate	2,000	-	-	2,000
- Current portion of finance leases liabilities	9.00	112	-	-	112
<b>Total</b>		<b>6,272</b>	<b>-</b>	<b>-</b>	<b>6,272</b>
<b>Non-current</b>					
- Long-term borrowings from financial institution	Fixed rate	-	2,000	-	2,000
- Finance lease liabilities	9.00	-	349	335	684
<b>Total</b>		<b>-</b>	<b>2,349</b>	<b>335</b>	<b>2,684</b>
<b>2016</b>					
<b>Current</b>					
- Promissory notes	Market rate	3,080	-	-	3,080
- Short-term borrowing from subsidiary	Market rate	405	-	-	405
- 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
<b>Total</b>		<b>5,586</b>	<b>-</b>	<b>-</b>	<b>5,586</b>
<b>Non-current</b>					
- Long-term borrowings from financial institution	Fixed rate	-	2,000	-	2,000
- Finance lease liabilities	9.00	-	355	390	745
<b>Total</b>		<b>-</b>	<b>2,355</b>	<b>390</b>	<b>2,745</b>

**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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

At 31 December 2017 and 2016 the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		Consolidated		Separate	
		financial statements		financial statements	
	Foreign currency	2017	2016	2017	2016
(in million Baht)					
<b>Cash and cash equivalents</b>					
Foreign currency	U.S. Dollar	650	68	-	-
	Indian Rupee	125	-	-	-
	Yuan Renminbi	122	-	-	-
	United Arab				
	Emirates Dirham	69	-	-	-
	Hong Kong Dollar	69	-	-	-
	Singapore Dollar	52	-	-	-
	Cambodia Riel	8	-	-	-
	Vietnamese Dong	3	11	-	-
	Australian Dollar	2	-	-	-
	Euro	1	-	-	-
<b>Current investment</b>					
Foreign currency	Indian Rupee	3	-	-	-
<b>Trade accounts receivable and other current receivables</b>					
Foreign currency	Singapore Dollar	261	-	-	-
	United Arab				
	Emirates Dirham	132	-	-	-
	U.S. Dollar	79	-	1	1
	Hong Kong Dollar	56	-	-	-
	Vietnamese Dong	45	29	-	-
	Indian Rupee	15	-	-	-
	Euro	5	-	-	-
	Australian Dollar	5	-	-	-
<b>Other current assets</b>					
Foreign currency	Singapore Dollar	5	-	-	-
	Hong Kong Dollar	4	-	-	-
	United Arab				
	Emirates Dirham	3	-	-	-
	Indian Rupee	1	-	-	-
	Vietnamese Dong	-	2	-	-
	Myanmar Kyat	-	1	-	-
<b>Other non-current receivables</b>					
Foreign currency	Indian Rupee	2	-	-	-
	Vietnamese Dong	1	-	-	-

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		Consolidated		Separate	
		financial statements		financial statements	
	Foreign currency	2017	2016	2017	2016
(in million Baht)					
<b>Other non-current assets</b>					
Foreign currency	U.S. Dollar	7	-	-	-
	Indian Rupee	3	-	-	-
	Vietnamese Dong	1	-	-	-
<b>Short-term borrowings from financial institutions</b>					
Foreign currency	Singapore Dollar	269	-	-	-
	Vietnamese Dong	48	3	-	-
	U.S. Dollar	21	107	-	-
<b>Trade accounts payable and other current payables</b>					
Foreign currency	U.S. Dollar	1,214	599	748	511
	Euro	138	100	59	68
	United Arab Emirates Dirham	100	-	-	-
	Singapore Dollar	96	-	-	-
	Australian Dollar	87	27	37	17
	Indian Rupee	30	-	-	-
	Hong Kong Dollar	26	-	-	-
	Pound Sterling	21	31	-	-
	Vietnamese Dong	6	3	-	-
	Yuan Renminbi	4	-	-	-
Forward currency contracts	U.S. Dollar	421	195	405	195
	Euro	28	34	24	32
	Australian Dollar	3	12	-	5
<b>Other current liabilities</b>					
Foreign currency	U.S. Dollar	12	1	-	-
	Vietnamese Dong	-	3	-	-
<b>Long-term borrowings from financial institution</b>					
Foreign currency	Singapore Dollar	25	-	-	-
<b>Other non-current payables</b>					
Foreign currency	Indian Rupee	3	-	-	-
<b>Other non-current liabilities</b>					
Foreign currency	Singapore Dollar	232	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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.

	Carrying amount	Consolidated financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
		(in million Baht)			
<b>31 December 2017</b>					
<b>Financial liabilities measured at fair value</b>					
Contingent consideration	232	-	-	232	232
<b>Financial assets/Financial liabilities not measured at fair value</b>					
<b>Current</b>					
Current portion of long-term borrowings from financial institutions	2,006	-	2,026	-	2,026
Current portion of finance lease liabilities	118	-	175	-	175
<b>Non-current</b>					
Long-term borrowings from financial institutions	2,019	-	2,052	-	2,052
Finance lease liabilities	688	-	795	-	795

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# NOTES TO THE FINANCIAL STATEMENTS

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Consolidated financial statements					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
<b>31 December 2016</b>					
<b>Financial assets/Financial liabilities not measured at fair value</b>					
<b>Current</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>Non-current</b>					
Long-term borrowings from financial institution	2,000	-	2,018	-	2,018
Finance lease liabilities	745	-	847	-	847
<b>Separate financial statements</b>					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
<b>31 December 2017</b>					
<b>Financial assets/Financial liabilities not measured at fair value</b>					
<b>Current</b>					
Current portion of long-term borrowings from financial institution	2,000	-	2,019	-	2,019
Current portion of finance lease liabilities	112	-	169	-	169
<b>Non-current</b>					
Long-term borrowings from financial institution	2,000	-	2,034	-	2,034
Finance lease liabilities	684	-	792	-	792
<b>31 December 2016</b>					
<b>Financial assets/Financial liabilities not measured at fair value</b>					
<b>Current</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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Carrying amount	Separate financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
		(in million Baht)			
<b>Non-current</b>					
Long-term borrowings from financial institution	2,000	-	2,018	-	2,018
Finance lease liabilities	745	-	847	-	847

As at 31 December 2017 and 2016 the Group had total forward currency contracts - to buy as follows:

		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Foreign currency			(in million)		
Forward currency contracts - to buy	U.S. Dollar	13	5	12	5
	Euro	1	1	1	1

As at 31 December 2017 the fair value of forward currency contracts - to buy amounting to Baht 449 million (2016: Baht 241 million) in consolidated financial statements and Baht 426 million (2016: Baht 232 million) in separate financial statements respectively.

## 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 secured and unsecured long-term borrowings from financial institutions, and finance lease liabilities.

## 28 Supplemental disclosures of cash flows information

Property, plant and equipment and other intangible assets paid by cash during the years ended 31 December 2017 and 2016 were detailed as follows:

### Property, plant and equipment

Note	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
		(in million Baht)		
Increases during the year	11	2,857	5,146	2,381
Add (less) - changes in payables		275	74	276
- finance lease liabilities		(55)	(327)	(55)
<b>Paid by cash</b>		<b>3,077</b>	<b>4,893</b>	<b>2,602</b>
				<b>4,881</b>

## SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

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## Other intangible assets

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
		(in million Baht)			
Increases during the year	14	494	203	461	202
Add (less) - changes in payables		(49)	188	(51)	187
<b>Paid by cash</b>		<b>445</b>	<b>391</b>	<b>410</b>	<b>389</b>

## 29 Commitments with non-related parties

### Capital commitments

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
(in million Baht)				
Property, plant and equipment	246	294	214	294
Computer software	145	33	103	33
<b>Total</b>	<b>391</b>	<b>327</b>	<b>317</b>	<b>327</b>

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
(in million Baht)				
Within one year	495	477	439	464
After one year but within five years	1,807	1,661	1,637	1,637
After five years	5,575	4,433	4,461	4,413
<b>Total</b>	<b>7,877</b>	<b>6,571</b>	<b>6,537</b>	<b>6,514</b>

The Group has lease agreements covering leases of land, buildings, vehicles, and other assets for periods of 1 to 31 years, which will expire between 2018 to 2047.

### Foreign currencies contracts - to buy

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
(in million)				
U.S. Dollar	13	5	12	5
Euro	1	1	1	1
<b>Total</b>	<b>14</b>	<b>6</b>	<b>13</b>	<b>6</b>



# NOTES TO THE FINANCIAL STATEMENTS

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**Letters of guarantee**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Letters of guarantee issued by financial institutions (mainly for guarantees of electricity, rental and service agreements and sale of goods)	247	167	230	166
<b>Total</b>	<b>247</b>	<b>167</b>	<b>230</b>	<b>166</b>

**Other commitments**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Unused letters of credit for purchases of goods and supplies	2	19	2	18
<b>Total</b>	<b>2</b>	<b>19</b>	<b>2</b>	<b>18</b>

**30 Event after the reporting period**

At the Board of Directors' meeting of the Company held on 20 February 2018, 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 2017 of Baht 0.56 per share for 4,800 million ordinary shares, totaling Baht 2,688 million. Such declaration of final dividend payment must be approved by the shareholders' meeting.

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

## 31 Reclassification of accounts

Certain accounts in the statements of financial position as at 31 December 2016 have been reclassified to conform to the presentation in the 2017 financial statements as follows:

	2016			2016		
	Consolidated financial statements			Separate financial statements		
	Before reclassification	Reclassification	After reclassification	Before reclassification	Reclassification	After reclassification
	<i>(in million Baht)</i>					
<b>Statement of financial position as at 31 December 2016</b>						
Other current receivables	-	288	288	-	267	267
Other current assets	288	(288)	-	267	(267)	-
Other non-current receivables	-	250	250	-	249	249
Other non-current assets	273	(250)	23	268	(249)	19
Other current payables to other parties	(1,205)	(158)	(1,363)	(1,186)	(155)	(1,341)
Other current liabilities	(416)	158	(258)	(413)	155	(258)
Other non-current payables	-	(126)	(126)	-	(126)	(126)
Other non-current liabilities	(143)	126	(17)	(142)	126	(16)
		<u>-</u>			<u>-</u>	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Group's business.

# LOCATION : HEAD OFFICE/ BRANCHES/ SUBSIDIARIES

## 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 - 8

Fax : 0 2375 9162

### 2. Makro Chaengwattana Branch

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

Tel. : 0 2982 8061 - 70

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 5200 3600 - 9

Fax : 0 5207 0722

### 7. Makro Nakhon Ratchasima Branch

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

Tel. : 0 4400 8454

Fax : 0 4401 3912

### 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 4218 2360

Fax : 0 4215 5584

**11. Makro Phitsanulok Branch**

1199 Boromtrirotkanart 2 Road, T. Naimueang,  
 A. Mueang Phitsanulok, Phitsanulok 65000  
 Tel. : 0 5500 7051 - 54 Fax : 0 5500 7094

**12. Makro Khon Kaen Branch**

195 Moo 12, Mittraphap Road, T. Mueang Kao,  
 A. Mueang Khon Kaen, Khon Kaen 40000  
 Tel. : 0 4304 2301 - 7 Fax : 0 4305 7030

**13. Makro Surat Thani Branch**

216 Moo 4, Chonkasem Road, T. Makamtey,  
 A. Mueang Surat Thani, Surat Thani 84000  
 Tel. : 0 7790 5911 - 22 Fax : 0 7796 9153

**14. Makro Ubon Ratchathani Branch**

333 Moo 15, T. Khamyai,  
 A. Mueang Ubon Ratchathani,  
 Ubon Ratchathani 34000  
 Tel. : 0 4595 8450 - 3 Fax : 0 4595 8460

**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 Narathiwatratthanakarin Road,  
 Thungwatdon, Sathorn, Bangkok 10120  
 Tel. : 0 2676 0676 Fax : 0 2676 1676

**19. Makro Nakhon Pathom Branch**

86 Moo 13, T. Prongmadua,  
 A. Mueang Nakhon Pathom, Nakhon Pathom 73000  
 Tel. : 0 3410 7130 - 40 Fax : 0 3410 7149

**20. Makro Surin Branch**

4/3 Lakmueang Road, T. Naimueang,  
 A. Mueang Surin, Surin 32000  
 Tel. : 0 4406 2702 - 7 Fax : 0 4406 2714

**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, Karom Road, T. Phosadet,  
 A. Mueang Nakhon Si Thammarat,  
 Nakhon Si Thammarat 80000  
 Tel. : 0 7583 0420 Fax : 0 7583 0421

**23. Makro Chiang Rai Branch**

12 Moo 17, T. Bandoo,  
 A. Mueang Chiang Rai, Chiang Rai 57100  
 Tel. : 0 5370 3688 Fax : 0 5370 3679

**24. Makro Sakon Nakhon Branch**

459 Moo 3, Bankoksomhong Road, T. Thatchoengchum,  
 A. Mueang Sakon Nakhon, Sakon Nakhon 47000  
 Tel. : 0 4217 1461 - 4 Fax : 0 4217 1474

**25. Makro Suphan Buri Branch**

290/2 Moo 4, T. Sanam - Chai,  
 A. Mueang Suphan Buri, Suphan Buri 72000  
 Tel. : 0 3596 1251 Fax : 0 3596 1295

**26. Makro Chanthaburi Branch**

21/11 Moo 11, T. Plubpla,  
 A. Mueang Chanthaburi, Chanthaburi 22000  
 Tel. : 0 3960 1461 Fax : 0 3960 1474 - 5

**27. Makro Phuket Branch**

77 Moo 5, T. Vichit,  
A. Mueang Phuket, Phuket 83000  
Tel. : 0 7668 8130 - 9      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 1571      Fax : 0 4303 1585

**29. Makro Trang Branch**

89 Moo 2, T. Khok - Lo,  
A. Mueang Trang, Trang 92000  
Tel. : 0 7582 8031 - 33      Fax : 0 7582 8044

**30. Makro Sakaeo Branch**

1000 Suwannasorn Road, T. Sakaeo,  
A. Mueang Sakaeo, Sakaeo 27000  
Tel. : 0 3762 8351 - 3      Fax : 0 3762 8363

**31. Makro Buri Ram Branch**

151 Moo 7, T. Isan,  
A. Mueang Buri Ram, Buri Ram 31000  
Tel. : 0 4469 0300 - 7      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

**34. Makro Krabi Branch**

119 Moo 1, T. Saitai,  
A. Mueang Krabi, Krabi 81000  
Tel. : 0 7570 0100      Fax : 0 7585 0132

**35. Makro Phetchaburi Branch**

103 Moo 1, T. Huasaphan,  
A. Mueang Phetchaburi, Phetchaburi 76000  
Tel. : 0 3277 1616      Fax : 0 3240 2791

**36. Makro Chaiyaphum Branch**

999 Moo 1, T. Bungkhal,  
A. Mueang Chaiyaphum, Chaiyaphum 36000  
Tel. : 0 4481 8288      Fax : 0 4481 8292

**37. Makro Saraburi Branch**

66/3 Moo 2, T. Talingchan,  
A. Mueang Saraburi, Saraburi 18000  
Tel. : 0 3673 1100      Fax : 0 3673 1111

**38. 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

**39. Makro Chachoengsao Branch**

21/4 Moo 5, T. Wangtakhean,  
A. Mueang Chachoengsao, Chachoengsao 24000  
Tel. : 0 3302 1041 - 7      Fax : 0 3302 1048

**40. 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

**41. Makro Ram Inthra Branch**

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

**42. Makro Chumphon Branch**

199 Moo 5, T. Wangpai,  
A. Mueang Chumphon, Chumphon 86000  
Tel. : 0 7765 8700      Fax : 0 7765 8706 - 8

**43. Makro Pattaya Branch**

22/24 Moo 11, T. Nong Prue,  
 A. Bang Lamung, Chonburi 20150  
 Tel. : 0 3805 3400 Fax : 0 3805 3427

**44. Makro Kamphangphet Branch**

889 Ratchadamnoen 1 Road, T. Naimueang,  
 A. Mueang Kamphangphet, Kamphangphet 62000  
 Tel. : 0 5571 7777 Fax : 0 5571 7912

**45. Makro Kanchanaburi Branch**

102 Moo 2, T. Tha Lor,  
 A. Tha Muang, Kanchanaburi 71000  
 Tel. : 0 3469 9609 Fax : 0 3469 9629

**46. 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

**47. 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

**48. Makro Ratchaburi Branch**

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

**49. Makro Mae Rim Branch**

212 Moo 4, T. Mae Sa,  
 A. Mae Rim, Chiang Mai 50180  
 Tel. : 0 5329 8212 Fax : 0 5329 8928

**50. Makro Ayutthaya Branch**

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

**51. 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

**52. Makro Khlong Luang Branch**

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

**53. Makro Loei Branch**

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

**54. Makro Phetchabun Branch**

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

**55. Makro Bang Phli Branch**

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

**56. Makro Mukdahan Branch**

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

**57. Makro Satun Branch**

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

**58. Makro Trat Branch**

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



**59. Makro Chum Phae Branch**

201 Moo 2, T. Nong Phai,  
A. Chum Phae, Khon Kaen 40130  
Tel. : 0 4331 3961 Fax : 0 4331 3959

**60. 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

**61. Makro Bueng Kan Branch**

680 Moo 7, T. Wisit,  
A. Mueang Bueng Kan, Bueng Kan 38000  
Tel. : 0 4249 2600 Fax : 0 4249 2601

**62. 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

**63. Makro Salaya Branch**

87/18 Moo 3, T. Salaya,  
A. Phuttamonthon, Nakhon Pathom 73170  
Tel. : 0 3410 8734 Fax : 0 3410 8735

**64. Makro Phatthalung Branch**

207 Moo 9, T. Tha Miram,  
A. Mueang Phatthalung, Phatthalung 93000  
Tel. : 0 7482 1100 Fax : 0 7482 1101

**65. 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

**66. 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

**67. Makro Sukhothai Branch**

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

**68. 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

**69. Makro Thalang Branch**

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

**70. Makro Ranong Branch**

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

**71. Makro Yasothon Branch**

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

**72. Makro Maha Sarakham Branch**

253 Moo 8, T. Koeng,  
A. Mueang Maha Sarakham, Maha Sarakham 44000  
Tel. : 0 4302 2520 Fax : 0 4302 2565

**73. Makro Fang Branch**

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

**74. Makro Nakhon Nayok Branch**

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

**75. Makro Nakhon In Branch**

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

**76. Makro Thung Song Branch**

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

**77. Makro Phayao Branch**

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

**78. Makro Phitsanulok 2 Branch**

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

**79. Makro Phrae Branch**

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

**80. Makro Nan Branch**

183, 186 Moo 5, T. Dutai,  
A. Mueang Nan, Nan 55000  
Tel. : 0 5405 1155 Fax : 0 5405 1151

**81. Makro Nakhon Ratchasima 2 Branch**

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

**82. Makro Warin Chamrap Branch**

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

**83. Makro Nong Bua Lam Phu Branch**

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

**84. Makro Nong Chok Branch**

80 Liap Wari Road, Krathum Rai,  
Nong Chok, Bangkok 10530  
Tel. : 0 2017 0000 Fax : 0 2048 3047

**85. Makro Prachuap Khiri Khan Branch**

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

**86. Makro Phetkasem Branch**

1759/4 Phetkasem Road, Lak Song,  
Bang Khae, Bangkok 10160  
Tel. : 0 2033 0050 Fax : 0 2064 7024

**87. Makro Sing Buri Branch**

190 Moo 7, T. Bang Nga,  
A. Tha Wung, Lop Buri 15150  
Tel. : 0 3668 6710 Fax : 0 3674 1376

**88. 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

**89. Makro Kalasin Branch**

185/2 Kaset Sombun Road, T. Kalasin,  
A. Mueang Kalasin, Kalasin 46000  
Tel. : 0 4301 4800 Fax : 0 4301 5596

**90. Makro Phichit Branch**

310 Moo 3, T. Khlong Khachen,  
A. Mueang Phichit, Phichit 66000  
Tel. : 0 5603 1730 - 9 Fax : 0 5603 6038

**91. Makro Pathum Thani Branch**

9/20 Moo 1, T. Ban Chang,  
A. Mueang Pathum Thani, Pathum Thani 12000  
Tel. : 0 2021 7630 Fax : 0 2034 3528

## 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 Hua Hin Branch

58/164 Soi Moobaan Bor Fai, T. Hua Hin,

A. Hua Hin, Prachuap Khiri Khan 77110

Tel. : 0 3252 2255

Fax : 0 3252 2235

### 3. Makro Foodservice Patong Branch

140/30, 140/35 Nanai Road, T. Patong,

A. Krathu, Phuket 83150

Tel. : 0 7651 2388

Fax : 0 7651 2300

### 4. Makro Foodservice Rawai Branch

5/47 Moo 5, T. Rawai,

A. Mueang Phuket, Phuket 83130

Tel. : 0 7668 7043

Fax : 0 7668 7051

### 5. 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

### 6. 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

### 7. Makro Foodservice Lamai Branch

199 Moo 3, T. Maret,

A. Ko Samui, Surat Thani 84310

Tel. : 0 7796 9280

Fax : 0 7796 9282

### 8. Makro Foodservice Kanlapaphruek Branch

16/6 Moo 8, Bang Khun Thian,

Chom Thong, Bangkok 10150

Tel. : 0 2001 2080

Fax : 0 2001 2090

### 9. Makro Foodservice Ban Phe Branch

301 Moo 2, T. Phe,

A. Mueang, Rayong 21160

Tel 0 3368 1701

Fax : 0 3368 1727

### 10. Makro Foodservice Srinakarin 2 Branch

20 Srinakarin Road, Nong Bon,

Prawet, Bangkok 10250

Tel. : 0 2006 0300

Fax : 0 2006 0299

### 11. Makro Foodservice Ko Chang Branch

99/30 Moo 4, T. Ko Chang,

A. Ko Chang, Trat 23170

Tel. : 0 3961 1939

Fax : 0 3961 1938

### 12. Makro Foodservice Ao Nang Branch

793 Moo 2, T. Ao Nang,

A. Mueang, Krabi 81180

Tel. : 0 7581 4901

Fax : 0 7581 4902

### 13. Makro Foodservice Karon Branch

199/1 Patak Road, T. Karon,

A. Mueang, Phuket 83100

Tel. : 0 7663 0300

Fax : 0 7663 0314

### 14. 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

### 15. Makro Foodservice Bang Pu Branch

858/21 Moo 1, T. Bang Pu Mai,

A. Mueang Samut Prakan, Samut Prakan 10280

Tel. : 0 2017 0050

Fax : 0 2068 0820

### 16. Makro Foodservice Wang Hin Branch

758, 760 Lat Phrao Wang Hin Road,

Lat Phrao, Lat Phrao, Bangkok 10230

Tel. : 0 2017 0050

Fax : 0 2068 0816

**17. Makro Foodservice Udom Suk Branch**

176 Udom Suk Road, Bang Na,

Bang Na, Bangkok 10260

Tel. : 0 2033 0940

Fax : 0 2035 6526

**18. Makro Foodservice Ramkhamhaeng (Sammakorn) Branch**

94 Ramkhamhaeng Road, Saphan Sung,

Saphan Sung, Bangkok 10240

Tel. : 0 2055 8060

Fax : 0 2033 5829

**19. Makro Foodservice Bodindecha Branch**

361/1 Soi Lat Phrao 94 (Pancha Mit),

Phlabphla, Wang Thonglang, Bangkok 10310

Tel. : 0 2021 7680

Fax : 0 2034 3588

**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

Fax : 0 2006 3021

**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 0827

**3. Makro Food shop Rama IV Branch**

3654/1 Rama IV Road, Khlong Tan,

Khlong Tei, Bangkok 10110

Tel. : 0 2017 0490

Fax : 0 2068 0833

**4. Makro Food shop Thong Lo Branch**

205/5 - 10 Soi Sukhumvit 55 (Thong Lo), Khlong Tan Nuea,

Watthana, Bangkok 10110

Tel. : 0 2012 4530

**5. Makro Food shop Sirimangkalajarn Branch**

63 Sirimangkalajarn Road, T. Suthep,

A. Mueang, Chiang Mai 50200

Tel. : 0 5201 2460

## 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

## PROMART COMPANY LIMITED

### ProMart Company Limited

1468, Phatthanakan, Suan Luang,  
Suan Luang, Bangkok 10250  
Tel. : 0 2067 8999 Fax : 0 2067 9888

## FOOD SERVICE APME

**1. Siam Food Services Limited, Head Office**

2439 Old Paknam Railway Road, Prakhonong,

Klongtoey, Bangkok 10110

Tel. : 0 2620 6000

Fax : 0 2620 6001

**2. Siam Food Services, Ko Samui Branch**

115/52 Moo 6, T. Bo Phut,

A. Ko Samui, Surat Thani 84320

Tel. : 0 7796 0420 - 2

Fax : 0 7796 0423

**3. Siam Food Services, Pattaya Branch**

22/24 Moo 11, T. Nong Prue,

A. Bang Lamung, Chonburi 20150

Tel. : 0 3805 3430 - 2

Fax : 0 3805 3433

**4. Siam Food Services, Phuket Branch**

77 Moo 5, T. Vichit,

A. Mueang Phuket, Phuket 83000

Tel. : 0 7661 2892

Fax : 0 7661 2893

**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

**6. Indoguna (Singapore) Pte Ltd**

36 Senoko Drive, Senoko Industrial Estate,

Singapore 758221

Tel. : (65) 6755 0330

Fax : (65) 6755 9522

**7. Indoguna Lordly Company Limited**

14/F Chung Fung Commercial Building,

10 - 12 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong

Tel. : (852) 2730 2025

Fax : (852) 2730 2024

**8. Just Meat Company Limited**

G/F 45B Hau Wong Road, Kowloon City,

Kowloon, Hong Kong

Tel. : (852) 2382 2026

Fax : (852) 3003 1331

**9. Indoguna Dubai LLC**

Al Waha Street, Exit 46, Al Quoz 1

P.O. Box 123125, Dubai, United Arab Emirates

Tel. : (971) 4338 6304

Fax : (971) 4338 6305

**10. Indoguna (Cambodia) Company Limited**

No 423, National Road 3, Phum Sre Nhor,

Sangkat Porng Teuk, Khan Dangkor, 12407,

Phnom Penh, Kingdom of Cambodia

Tel. : (855) 70 958 388

**11. MAXZI The Good Food Restaurant & Cafe L.L.C**

Al Shafar Investment Building, Shop No 20, P.O. Box

126113 Al Quoz 1, Dubai, United Arab Emirates

Tel. : (971) 4395 3988



## INDOGUNA VINA FOOD SERVICE

### 12. Indoguna Vina Food Service Company Limited

44B Phan Xich Long Street, Ward 3,  
Phu Nhuan District, Ho Chi Minh City, Vietnam  
Tel. : (84) 907 091 188      Fax : (84) 28 3995 6756

### 13. Indoguna Vina Food Service Company Limited (Hanoi City Branch)

838 Bach Dang, Thanh Luong Ward,  
Hai Ba Trung District, Hanoi City, Vietnam  
Tel. : (84) 907 091 188      Fax : (84) 24 3984 1767

## MAKRO CASH & CARRY (OVERSEAS)

### 1. Makro ROH Company Limited

1468, Phatthanakan, Suan Luang,  
Suan Luang, Bangkok 10250  
Tel. : 0 2067 8999      Fax : 0 2067 9888

### 2. ARO Company Limited

Unit 02, 04, 06, Level 11, Myanmar Centre Tower 1, No.192,  
Kabar Aye Pagoda Road, Bahan Township, Yangon, Myanmar  
Tel. : (959) 450 494 662

### 3. Makro (Guangzhou) Food Company Limited

Room 440 (zibian), Room 401, 4/F, No. 17 Fangxin Road,  
Liwan District, Guangzhou, China

### 4. CP Wholesale India Private Limited

6<sup>th</sup> Floor, M3M Cosmopolitan, Sector 66 Off Golf Course  
Extension Road, Gurugram 122002, Haryana, India  
Tel. : (91) 124 447 9000      Fax : (91) 124 447 9199

### 5. Makro (Cambodia) Company Limited

No. 5734, Street 1003, Bayab Village,  
Sangkat Phnom Penh Thmey,  
Khan Sen Sok, Phnom Penh, Kingdom of Cambodia  
Tel. : (855) 23 977 377

# Bangkok and Greater Bangkok :



Makro Operations  
in Thailand and Overseas

- Lardprao
- Chaengwattana
- Srinakarin
- Bangbon
- Rangsit
- Charan Sanitwong
- Sathorn
- Samsen
- Ram Inthra
- Khlong Luang
- Bang Phli
- Nakhon In
- Kanlapaphruek
- Town in Town
- Srinakarin 2
- Nong Chok
- Phetkasem
- Bang Bua Thong
- Bang Pu
- Wang Hin
- Wongsakorn Market
- Rama IV
- Pathum Thani
- Udom Suk
- Thong Lo
- Ramkhamhaeng (Sammakorn)
- Bodindecha



**Siam Makro Public Company Limited**

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

Tel.: 0 2067 8999 Fax : 0 2067 9888



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