



ANNUAL REPORT

2015



บริษัท ธนปริยะ จำกัด (มหาชน)
THANAPIRIYA PUBLIC LIMITED

053-711712

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Message from the Board of Directors



Dr. Pisanu Kantipong

Chairman of the Board of Directors



Mr. Thawatchai Phutthiphiya

Chairman of Executive Committee

The year 2015 marked a significant step for Thanapiriya Public Company Limited as the Company has registered its business in the mai under the securities symbol “TNP”. The Company operates its business under the name “Thanapiriya” which is a retailer and wholesaler of consumer products in Chiang Rai Province, under the concept of “low price, nice shopping, close to your home”. The Board of Directors, management executives and all employees are proud to be a part of Thai local stores which grows satisfactorily in the severe competitive market.

The Company strives to operate its business as per the business plans previously presented to the shareholders. One of the main objectives is new branch expansion as well as distribution center construction in order to support the growing business of the Company with the aim to cover consumers in Chiang Rai Province and neighboring provinces as well as the boundary line of Chiang Rai Province which is adjacent to Myanmar and Laos. The Company is confident that the supermarket store’s atmosphere as well as the best service rendered by its employees shall be an important aspect which marks Thanapiriya as the consumers’ favorite store. New branch expansion in various communities in the future shall enable all consumers to be able to purchase good quality products with fair price as well as being proud of this Thai local store.

On behalf of the Board of Directors, we would like to express our gratitude to our customers, business partners, shareholders, all related parties as well as business alliances for the confidence, trust and support. In addition, special thanks to our management team and all staff for contributing faithfully, prudently and dedicatedly to the success of the Company. We commit to operate our business ethically, honestly, transparently and with good corporate governance for the Company’s stable future.

A blue ink signature of Dr. Pisanu Kantipong.

Dr. Pisanu Kantipong

Chairman of the Board of Directors

A blue ink signature of Mr. Thawatchai Phutthiphiya.

Mr. Thawatchai Phutthiphiya

Chairman of Executive Committee

Audit Committee Report

Thanapiriya Public Company Limited's Audit Committee consists 3 Independent Directors which are Dr. Pisanu Kantipong, Chairman of Audit Committee, Dr. Wathana Yeunyong and Dr. Chalermchai Khamsaen, Audit Committee members. The Committee had performed according to the Audit Committee Charter and especially reviewed the Company's financial statements in order to be accurately prepared under generally accepted accounting principles, Good Corporate Governance together with efficient internal control which is relevant to the related laws, rules and regulations. In addition, the Company's connected transactions with related parties are carried out properly. In the year 2015, the Audit Committee held a total of eight meetings with the significant issues as follows:

1. Reviewed the quarterly and the annual financial statements for the year 2015 with the Company's management executives and the external auditors so as to ensure the financial statements are prepared under generally accepted accounting principles with reliable and adequate disclosure of significant information. The Committee also commented and advised beneficial problem solutions to the Company. As a consequence, the Committee believes that the financial statements for the year 2015 are prepared under generally accepted accounting principles.
2. Reviewed the efficiency and the adequacy of Company's internal control system as stated by SEC and SET. This review includes the risk management, technology information operations system, data communication and follow up system. For the year 2015, the Committee believes that the Company's internal control system is adequate and efficient.
3. Reviewed that the Company abided by the SEC and SET's rules and regulations, other related laws which is a part of the Company's internal control. For the year 2015, the Committee concluded that there were no significant issues in failing to abide by the stated laws.
4. Reviewed that the Company's internal control was performed independently and considered the hiring of IVL Audit Company Limited as the Company's internal auditor. The Committee considered the annual internal audit plan, consecutively reviewed the internal audit findings with the management executives together with recommended the internal auditors in order to ensure effective and efficient internal audit control. For the year 2015, the Committee concluded that there were no significant issues in fraud or deficiency of internal control.

5. Considered and recommended the appointment of the external auditors, Mr. Vichai Ruchitanontand, Certified Public Accountant (Thailand) No. 4054 or Mr. Atipong Atipongsakul, Certified Public Accountant (Thailand) No. 3500 or Mr. Sathien Vongsnan, Certified Public Accountant (Thailand) No. 3495 or Mr. Yuttapong Chuamuangpan, Certified Public Accountant (Thailand) No. 9445 of ANS Audit Company Limited and their audit fee of not more than Baht 1,150,000. For the year 2015, the appointment of the external auditors shall be proposed to the Annual General Meeting of Shareholders for their further approval.

6. Reviewed the connected transactions and issues between the Company and persons with conflict of interests so as to ensure that the transactions were correctly and adequately performed in accordance with the business conditions as well as the rules and regulations of SET. For the year 2015, the Committee concluded that the disclosures were correct and complete.

The Audit Committee had performed their duties and commented independently without any restrictions in gaining information. The Committee recognized the importance of good corporate governance of the SET in order to ensure the transparency and ethical practices for the confidence of the shareholders and all related parties.



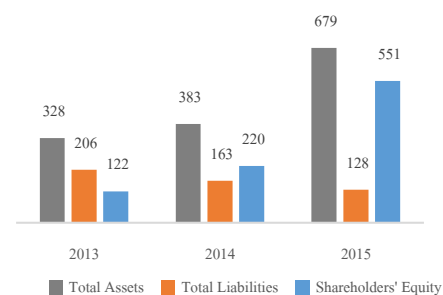
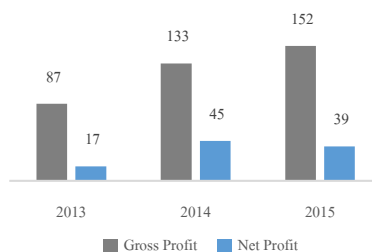
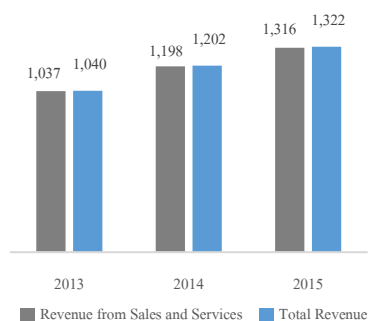
(Dr. Pisanu Kantipong)

Chairman of Audit Committee

15 February 2016

Financial Highlights

| | 2013 | 2014 | 2015 |
|---------------------------------|-------|-------|-------|
| Revenue from Sales and Services | 1,037 | 1,198 | 1,316 |
| Total Revenue | 1,040 | 1,202 | 1,322 |
| Gross Profit | 87 | 133 | 152 |
| Net Profit | 17 | 45 | 39 |
| Total Assets | 328 | 383 | 679 |
| Total Liabilities | 206 | 163 | 128 |
| Shareholders' Equity | 122 | 220 | 551 |



1. General Information and Other Important Information

1.1 General Information

| | |
|------------------------------|---|
| Issuer of Securities | Thanapiriya Public Company Limited (“ the Company ” or “Thanapiriya PCL”) |
| Company Registration Number | 0107558000172 |
| Business Type | Retailer and wholesaler of consumer products |
| Registered Capital | Baht 200,000,000 with 800,000,000 shares at the par value of Baht 0.25 per share |
| Juristic Person in which the | Details as per 1.3 Business Operation Overview of Company holds shares the Company and Its Subsidiary |
| Head Office Address | 661 Moo 24, Rop Wiang Sub-district, Muang District, Chiang Rai Province 57000 Telephone Number (053) 756-484 Telefax Number (053) 756-484 |
| Investor Relations | Telephone Number (053) 756-484 Email address : pittaya.j@thanapiriya.co.th |
| Reference | |
| Securities Registrar | Thailand Securities Depository Company Limited 93 Ratchadapisek Road, Dindaeng Sub-district, Dindaeng District, Bangkok 10400 Telephone Number (02) 009-9000 Telefax Number (02) 009-9991 |
| Auditors | Mr. Vichai Ruchitanont, Certified Public Accountant (Thailand) No. 4054 or Mr. Atipong Atipongsakul, Certified Public Accountant (Thailand) No.3500 or Mr. Sathien Vongsnan, Certified Public Accountant (Thailand) No. 3495 or Mr. Yuttapong Chuamuangpan, Certified Public Accountant (Thailand) No. 9445 ANS Audit Company Limited 100/72, 100/2, 16th Floor, Wong Wanich B Building, Rama 9 Road, Huay Kwang Sub-district, Huay Kwang District, Bangkok 10320 Telephone Number (02) 645-0109 Telefax Number (02) 168-1212 |

Should investors require additional information, they can be obtained from Disclosure report concerning additional information (Form 56-1) in which the Company has published details in www.sec.or.th or the Company's website :www.thanapiriya.co.th

2. Policy and Overview of Business Operation

2.1 Vision, Objective and Goal in Business Operation

Overview and Objective in Business Operation

Thanapiriya Public Company Limited, hereinafter referred to as “the Company” or “Thanapiriya”, is a retailer and wholesaler of consumer products excluding fresh food under the name of “Thanapiriya”. The Company’s sales revenue derives from 2 categories which are sales revenue from supermarket stores and sales revenue from the head office. At present, the Company owns and operates 12 stores dividing into 11 supermarket stores and 1 wholesale store in which all are located in Chiang Rai Province. The Company focuses its business on the perfect service combination between modern trade’s economical retail price and convenience store’s easiness. The Company comprises of more than 15,000 various products in both retail and wholesale categories. The Company’s five main product categories are divided into the following:

- 1) Household Product : such as detergent, fabric softener, dishwashing liquid, floor cleaner, food plate, food bowl, fork, spoon, joss stick, candle, light bulb, flashlight battery, air freshener and etc.
- 2) Personal Care Product : such as shampoo, hair conditioner, soap, shower cream, toothpaste, powder, roll on, cologne, sanitary napkin, tissue paper, hair styling product and etc.
- 3) Drinks and Dried Food : such as tea, coffee, milk, drinking water, snack, seasoning sauce, vegetable oil, sugar, canned food, canned fruit, instant noodle, fruit juice and etc.
- 4) Cosmetics and Supplements Product : such as facial cream, foundation, lipstick, modern household medicine, supplements, vitamin and etc.
- 5) Baby Care Product : such as milk bottle, milk powder, baby food, cloth diaper, water absorbing pad, toy, baby shower and care product, mother care product and etc.

Vision

The Company's vision in business operation is to be the leader in retailing business as supermarket store in Chiang Rai Province and neighboring provinces, be aided by the Company's vast experiences in long years of business operation, quality management development together with continuous focus in training and developing staff's knowledge and capabilities by creating "Wisdom Organization".



Mission

“ So as to be the leader in retailing supermarket store, the Company emphasizes on human resources development, standardized working system improvement as well as organizational culture reinforcement. This is to ensure that all staff realize and are proud to be a part of the Company. Moreover, the Company concentrates in developing the management system in order to reach the international standard with flexible processes as well as aims to be profound local store under the concept of “low price, nice shopping, close to your home”. ”



Objective in Business Operation

“ The Company sets an objective to be Thai local store which focuses in continuous well service in order to support all consumer’s needs. The Company also emphasizes in effective and efficient management process, audit control and human resources management which are the significant factors in sustainable business growth.

Thus, the Company basically targets to continuously expand the supermarket stores in Chiang Rai Province so as to strongly build the customer base and “Thanapiriya” brand. Consequently, the Company shall extend the number of supermarket stores to suburb districts, neighboring provinces as well as the boundary line of Chiang Rai Province which is adjacent to Myanmar and Laos. These two countries are considered the significant economic zone in the near future after the AEC (ASEAN Economic Community) commences.



2.2 History, Important Changes and Development

In the year 1965, the Company started its business in a grocery stall in the municipality of Chiang Rai under the name of “Ngowthongchai” which was established by Phutthipiriya Family. In the year 1991, that grocery stall was developed into a modern minimart under the name of “Piriya Minimart”. Later on, in the year 2000, the Company registered the business as “Thanapiriya Limited Partnership” under the establishment name of “Thanapiriya” with the head office in Rop Wiang Sub-district, Muang District, Chiang Rai Province.

Consequently, the Company's business succeeded in continuous growth so a warehouse was constructed in the year 1997 in order to store products which shall be distributed to various districts in Chiang Rai Province. With the Company's executives' wide vision in foreseeing the great opportunity for retail business to gain higher profit and liquidity than the wholesale business, the Company then expanded to the second branch in the year 2007. From that time on, there was continuous expansion of supermarket stores both in Muang District and other Districts of Chiang Rai Province. Later in the year 2012, the Company registered the business as “Thanapiriya Company Limited” and increased the paid up registered capital to Baht 50 million in the year 2013. In the year 2014, the Company increased the registered capital to Baht 145 million as well as purchased 100 percent of ordinary shares from Thanaphoom Property 2013 Company Limited for the purpose of the group restructuring project.

On 20 April 2015, the Extraordinary General Meeting of Shareholders passed the resolution for the Company to transform from Company Limited to Public Company Limited and register in the mai by increasing the registered capital to Baht 200 million and issued the ordinary shares of Baht 50 million as the initial public offering.



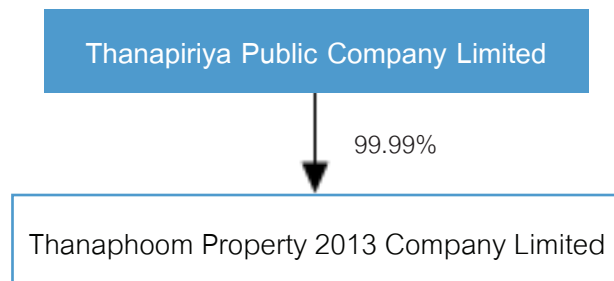
Important Changes and Development of the Company are as follows:

| Year | Major Development |
|------|--|
| 2011 | <ul style="list-style-type: none"> • Thanapiriya owned 4 supermarket stores in Muang District, Chiang Rai Province. |
| 2012 | <ul style="list-style-type: none"> • Thanapiriya started Denha Wholesale Store in Muang District, Chiang Rai Province. • The Company transformed from Thanapiriya Limited Partnership to Thanapiriya Company Limited. |
| 2013 | <ul style="list-style-type: none"> • The Company started Mae Sai Branch in Mae Sai District, Chiang Rai Province. • The Company started Pa Kor Branch in Muang District, Chiang Rai Province. • The Company increased the paid up registered capital to Baht 50 million. |
| 2014 | <ul style="list-style-type: none"> • The Company received an award in “Wholesale Quality Standard in Human Resources Development For the Year 2014” from Department of Business Development, Ministry of Commerce. • The Company started Huay Krai Branch in Mai Jan District, Chiang Rai Province in October 2014. The Company started Wiang Pa Pao Branch in Wiang Pa Pao District, Chiang Rai Province in November 2014. • The Company started Mae Jan Branch in Mae Jan District, Chiang Rai Province in December 2014. • On 18 December 2014, the Extraordinary General Meeting of Shareholders No. 1/2014 passed the resolution for the Company to increase the registered capital from Baht 50 million to Baht 145 million by issuing the newly ordinary shares to the existing shareholders of the Company in proportion to their respective shareholding. The Company registered such new capital to Department of Business Development, Ministry of Commerce on 22 December 2014. • On 3 December 2014, the Board of Directors’ Meeting No. 10/2014 passed the resolution for the Company to purchase 100 percent of ordinary shares from Thanaphoom Property 2013 Company Limited for the purpose of the group restructuring project. |
| 2015 | <ul style="list-style-type: none"> • The Company started Pan Branch in Pan District, Chiang Rai Province in April 2015. • On 20 April 2015, the Extraordinary General Meeting of Shareholders No. 1/2015 passed the resolution for the Company to : <ul style="list-style-type: none"> - transform from Company Limited to Public Company Limited and register as Thanapiriya Public Company Limited on 22 April 2015. - change the Company’s ordinary share par value from Baht 100 per share to Baht 0.25 per share. - increase the Company’s registered capital from Baht 145 million to Baht 200 million. • Issuing the newly ordinary shares to the Company’s employees and supporters at the value of Baht 5 million by dividing into 20 million ordinary shares at the par value of Baht 0.25 per share. On 28 April 2015, the Company increased the paid up capital of Baht 5 million which resulted in the new paid up registered capital of Baht 150 million. • Issuing the newly ordinary shares at the value of Baht 50 million by dividing into 200 million ordinary shares at the par value of Baht 0.25 per share as the initial public offering. - The Company started Mae Fah Luang Branch in Muang District, Chiang Rai Province in August 2015 - On 18 November 2015, the Company started the securities trading in the mai as the First Day Trade under the securities symbol “TNP”. |

2.3 Business Operation Overview of the Company and its Subsidiary

The Company operates business as a retailer and wholesaler of consumer goods excluding fresh food under the name “Thanapiriya”. The Company’s sales revenue derives from 2 categories which are sales revenue from supermarket stores and sales revenue from the head office. At present, the Company owns and operates 12 stores dividing into 11 supermarket stores and 1 wholesale store which all are located in Chiang Rai Province. Moreover, the Company also invested in one subsidiary, Thanaphoom Property 2013 Company Limited, which operates business in real estate arrangement and development. This subsidiary assists the Company in supermarket store arrangement as well as product distribution center.

The Company and its subsidiary’s structure as of 31 December 2015



3. Our Business Operation

Our company runs wholesale and retail trading of consumption goods, excluding fresh foods, under the business name 'Thanapiriya.' We mainly gain income from selling goods via our headquarters and branches. Presently, we have totally 12 branches which comprise of 11 super markets and 1 wholesale store. All of them are located in Chiangrai Province. The style of our super markets is the perfect combination where we provide variety of products at lower prices like the Modern Trade and convenient like the convenient stores. Thanapiriya aims to be the Thai community store which offers quality products and warmhearted services that take the customers' demand into account.

Our company understands the way of living of the local people. We know that the local people normally buy fresh foods like meat, vegetables, and fruits from the fresh market. However, they prefer to buy consumption goods from modern supermarkets which provide variety of products that are orderly and beautifully shelved. This allows them to find it convenient when looking and choosing the goods they want. With our 25 years of experience in business and customers' demand, we develop our Thanapiriya super markets to shelve and display more than 15,000 types of commodity. In addition, we aim to offer quality services and organize our stores' plan very well that customers find it convenient when shopping. Our store locations also allow easy transportation which save money and time for customers. Last but not least, all of our stores sell commodities at both wholesale and retail prices as a way to make more options for customers.

Structure of Income

The income structure of each type of our business operation from 2013 until 2015 is as the followings:

| Income Structure | 2013 | | 2014 | | 2015 | |
|--|----------------|--------------|----------------|--------------|----------------|--------------|
| | Million THB | % | Million THB | % | Million THB | % |
| Income from branches and services | 674.9 | 65.1 | 789.8 | 65.9 | 1,002.3 | 76.2 |
| Income from wholesaling at the headquarters | 361.7 | 34.9 | 408.0 | 34.1 | 313.9 | 23.8 |
| Total income from selling and servicing | 1,036.6 | 100.0 | 1,197.8 | 100.0 | 1,316.2 | 100.0 |

Our company mainly gains income from selling commodities as the followings:

1) Income from selling via branches

Our company runs both wholesale and retail sale via branches which our company invests and manages. Presently we have 12 branches in Chiangrai Province comprising of 11 supermarkets and 1 wholesale center. Our target customers for supermarkets are people from all walks of life who live in the area of our supermarkets and the target customers for our wholesale center are the retailers who run their business in Chiangrai and nearby provinces.

2) Income from wholesaling via our headquarters

Our company runs wholesale business by having our headquarters as the call center in distributing commodities in Chiangrai Province and nearby provinces. Our target customers are the owners of retail shops located in Chiangrai Province and nearby provinces.

3.1 Characteristics of our services

3.1.1 Characteristics of our products for retail and wholesale selling

Our company allocates more than 15,000 types in order to fulfill the customer demand. The shelved and displayed commodities are those of basic types such as consumption goods within the household, products for personal use, beverage, grocery, mother & child products, cosmetics, supplement foods, and etc.

Thanapiriya sells commodities that fulfill customers' demand as both retail and wholesale selling. Commodities are sold as a pack, a box, and a carton, for customers' selection per their wishes. The commodities are classified into 5 categories as follows:

| Commodity Section |
|---|
| 1. Household Product such as detergent, fabric softener, dish washing liquid, floor cleaning liquid, plates, bowls, spoon, fork, candles, incense sticks, light bulbs, batteries, car wash and cleaning products. |
| 2. Personal Care Product such as shampoo, conditioner, soap, liquid soap, toothpaste, powder, deodorant, cologne, sanitary napkin, tissue papers, and hair styling products. |
| 3. Drinks and Dried Food Product such as tea, coffee, milk, drinking water, snacks, sauces, vegetable oils, sugar, canned fruits, canned foods, instant noodles, and juice. |
| 4. Cosmetics and Supplements such as skin nourishing products, foundation, lipstick, first aid medication set, supplement foods and vitamins. |
| 5. Baby Care Products such as nursing bottle, powdered milk, food for infants, diaper, liquid absorbing pad, toys, child bathing and caring products, and products for mother. |

Our branches are significant channels where we can reach our customers directly. Thanapiriya gives priority to excellent services which impress customers from the very first step that they enter our store until their leaving. When entering Thanapiriya store, there will be welcoming staffs who greet customers and providing shopping baskets. There are also staffs at the product shelves who provide service and suggestions on different promotions. Besides, our company also takes into account of the cashier points adequacy so that customers do not have to wait too long. There are also staffs who load purchased commodities to customers' vehicles as additional convenience.

Beside good services, the atmosphere inside the stores is also a crucial thing that Thanapiriya emphasizes on. We work hard on cleanliness both in front and inside the stores. Outside the stores, there are banners about various promotions. Inside the stores, the furnishing is modern. The selection of equipments for lining the products comply to the theme and size of each store. Lighting is made in such a way that it allows customers to view commodities and price tags clearly. Products displaying and shelving are categorized into groups whereas the quantity of displayed products is frequently monitored in order to reassure of the product availability. Products lining and displaying are seasonally and beautifully decorated. There are also audio and visual media which encourage customers to shop joyfully.

Atmosphere at the Supermarket



Atmosphere at the Wholesale Center



3.1.2 Selling Channels

Our company sells commodities via two channels as follows:

1) Branches of Thanapiriya

Our company sells commodities via our own branches which are located nearby the communities of target customers, especially on the main road. This is convenient for both frequent and non-frequent customers who commute to our branches.

Presently, our company has 12 branches comprising of 11 supermarkets and 1 wholesale center. The details about Thanapiriya's branches as of 31 December 2015 are as the followings:

| Branch | Address | Opening Year | Usage Area (Sq. M) | Business Hrs. |
|-----------------------|---|--------------|--------------------|---------------|
| Clock Tower Branch | 414/1-2 Banpaprakarn Rd., Wieng Sub-District, Mueang District, Chiangrai Province 57000 | 1991 | 220 | 7:00 – 21:00 |
| Den Ha Branch | 318/3 Moo 16, Rorb Wieng Sub-District, Mueang District, Chiangrai Province 57000 | 2007 | 750 | 8:00 – 20:30 |
| Sri Sine Mool Branch | 139/6 Moo 9, Rorb Wieng Sub-District, Mueang District, Chiangrai Province 57000 | 2009 | 400 | 8:00 – 20:00 |
| Baan Doo Branch | 142 Moo 4, Ban Doo Sub-District, Mueang District, Chiangrai Province 57100 | 2011 | 700 | 8:00 – 21:00 |
| Den Ha Wholesale Ctr. | 510/14 Moo 16, Rorb Wieng Sub-District, Mueang District, Chiangrai Province 57000 | 2012 | 900 | 8:00 – 19:00 |
| Mae Sai Branch | 888 Moo 9, Wieng Pang Kham Sub-District, Mae Sai District, Chiangrai Province 57220 | 2013 | 200 | 8:00 – 20:00 |
| Pa Gor Branch | 308/2 Moo 13, Rorb Wieng Sub-District, Mueang District, Chiangrai Province 57000 | 2013 | 400 | 8:00 – 21:00 |
| Huay Krai Branch | 302 Moo 2, Mae Rai Sub-District, Mae Chan District, Chiangrai Province 57110 | 2014 | 500 | 8:00 – 20:00 |

| Branch | Address | Opening Year | Usage Area (Sq. M) | Business Hrs. |
|----------------------|---|--------------|--------------------|---------------|
| Wieng Pa Pao Branch | 340 Moo 2, Wieng Sub-District, Wieng Par Pao District, Chiengrai Province 57170 | 2014 | 350 | 8:00 – 20:00 |
| Mae Chan Branch | 500 Moo 4, Mae Chan Sub-District, Mae Chan District, Chiengrai Province 57110 | 2014 | 400 | 8:00 – 20:00 |
| Parn Branch | 2347 Moo 1, Parn Sub-District, Parn District, Chiengrai Province 57120 | April 2015 | 550 | 8:00 – 20:00 |
| Mae Fah Luang Branch | 690 Moo 1, Ta Sood Sub-District, Mueang District, Chiengrai Province 57000 | August 2015 | 356 | 8:00 – 20:00 |

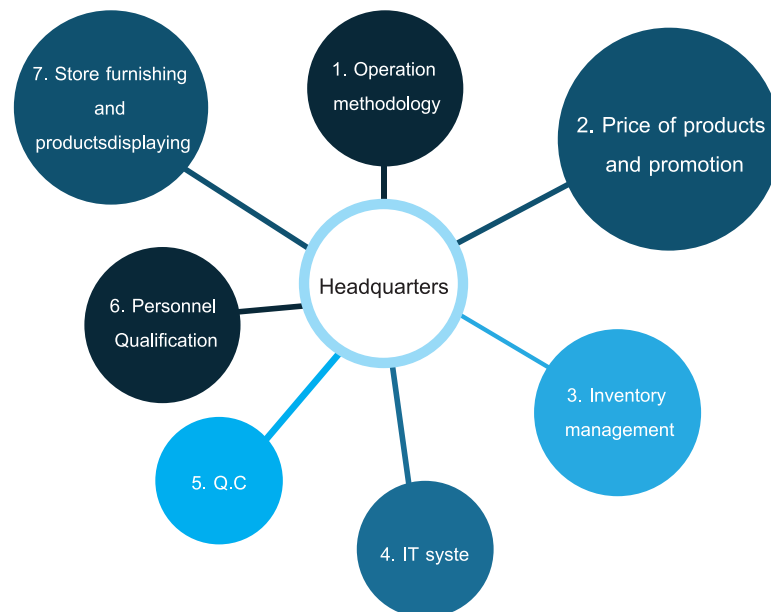
2) Headquarters Wholesale Center

At the headquarters, Thanapiriya accepts purchase order via telephone calls from wholesale customers from both the headquarters area and other districts in order to provide complete coverage in the greater extent. This channel is made available for customers who make volume purchases. Most of these customers have been purchasing from Thanapiriya for quite a long time, and they usually purchase the same types of products. Many of them own shops which are distant from the city area, so it is not convenient for them to commute to our stores to purchase by themselves. Customers can make telephone calls directly to Thanapiriya headquarters and branch supermarkets to place purchase orders.

3.1.3 Branchy Management

Since our company gives priority to the quality of commodities and services; thus, we have standardized the business management policies for managing numerous branch stores that go hand in hand. Our company adopts the 'Centralization' method in order to pass the policies and operation methodology to branch stores as follows:

Headquarters' Centralization Diagram



1) Operation Methodology

The headquarters will specify the policies and manual for operation of different units such as the stock inventory management, stock counting, cash management, product displaying, out-of-shelf product monitoring, product expiry monitoring, store cleaning, removing of expired or damaged products, return policy, and operation of each branch whereas the headquarters will specify the work calendar for each branch to follow and comply with in each day.

2) Product Prices and Various Promotions

Product prices and promotions will be specified by the headquarters using the on-line system to control the product prices from the central unit. Each branch will set the same product prices and promotions. The marketing unit of the headquarters will prepare the price tags and promotions for branches in the same manner. If a branch wishes to set a special promotion to enhance the sale volume or circulation, it must be approved by the headquarters first.

3) Stock Inventory Management of Each Branch

The procurement policy, the supplier selection, product selection, type and quantity of products to be sold, will be specified as the policy from the headquarters. In order to propose the new products to be sold at a branch or procurement from new suppliers, it must always be approved by the headquarters first.

Thanapiriya uses the stock inventory management fulfillment system for each branch in such a way that the headquarters will use the data base of the past 3 months sale record in order to specify the proper stock inventory volume for each branch that complies to the customer demand. Such system automatically estimates the outcome from the database and sends direct orders to the distribution center to deliver products to branch stores on the next day. For each fulfillment, it will result each branch store to have enough stock inventory which is adequate for 3 to 30 days selling depending on the category of products and the stocking capability of each branch store.

4) IT system

Every branch adopts the Point of Sales (POS) system. This system will send the data about products selling and payment to the headquarters daily allowing the headquarters to know about the flow of products and purchasing behaviors of customers. This information will be used for managing the inventory system appropriately such as creating the statistic for daily sale volume of every branch and every type of product in order to be used with the products fulfillment and delivery system. Besides, the product prices will be set by the central unit and updated in the POS. As a result, every branch will set the same prices. For security purposes, each branch installed the surveillance system for the purpose of checking the standard of services and monitoring the stealing of products.

5) Quality Checking

The Quality Checking (Q.C.) is divided into 2 main parts as follows:

1) Counting the stock of remaining products

Beside the daily counting of products, the headquarters will send the auditor to randomly count the products and stock inventory at each branch without notification (Surprise Check) once a month in order to reassure that the number of products corresponds to the record available in the system and that the staffs have strictly followed the necessary steps in counting stock inventory.

2) Checking the Branch Management

The headquarters will send the human resource staffs to check the management at the branch stores once a week regularly. They will investigate the servicing, displaying of products, placing of promotion tags, checking of product lifetime, counting of stock inventory, managing of cash, and fulfilling of product availability in order to make sure that each branch follows the same standard.

6) Personnel Selection and Training

When a branch needs new staff(s), it must inform the human resource department of the headquarters, thus, the department will recruit candidates for interviewing and selection further. After selection of new staffs, the human resource department will organize trainings according to the curriculum required for specific position in term of duty, responsibility, working process, servicing and welcoming customers, so that every staff will understand and behave in the way that corresponds to the company's goal and objectives.

7) Store Decoration and Product Displaying

The headquarters will identify the stores' floor plans, theme for stores' decoration, products placement, regulations for promoting the stores' atmosphere, as well as plans for decorating stores for different events in order to allow the branches to convey their messages to the consumers in the same ways. However, the headquarters permits every staff of the branch stores to give opinions and conduct meetings regularly in order to maximize the work efficiency.

3.2 Marketing and Competition

3.2.1 Condition and Trend of Chiangrai Province's Economy

Chiangrai Province is at the farthest north of Thailand. Its border is connected to the Lao P.D.R. and Myanmar. The overall economy of Chiangrai Province depends on agricultural products which are made possible by fertility, climate, and rain water. These are factors that enhance cropping. So, we may say that Chiangrai Province is the oasis of the North. We can see that there are many large rice mills when comparing to other Northern provinces. In addition, there are numerous tea and coffee farming. They are significant economic crops of the province. Beside agriculture, the area of Parn District is the location for the largest freshwater fish farming of Northern Thailand.

In term of service business, Chiangrai Province is well known on tourism. There are both Thai and foreign tourists who have visited Chiangrai Province to enjoy Lanna art & culture where they can experience local foods and the simple lifestyle. In addition, Chiangrai Province has frontend accommodations including transportation infrastructure, hotels, shops, restaurants, and souvenir shops. These allow Chiangrai Province to be one of the most significant Northern tourist destinations.

Regarding the border trade, there is a great deal of money circulation volume from important businesses which play important roles on the economy of Chiangrai Province. This owes to its strategic location that allows easy access to Lao P.D.R. and Myanmar, and it is not too far from the People's Republic of China. The transportation can be by car, train, boat, and air, in order to serve the trades, investment, and tourism. There is a construction project called 'Chiengsaen Port No. 2,' the Denchai-Chiangrai-Chiangkong railway construction project, and the Thai-Lao Friendship Bridge No. 4 (Chiangkong – Huay Sine). Therefore, Chiangrai Province has become the effective gate towards the neighboring countries. In addition, the AEC is also a contributing factor for border trade in Chiangrai Province, especially with the CLMV countries namely Cambodia, Lao P.D.R., Myanmar, and Vietnam. This is likely to promote the growth of Chiangrai's economy in the future.

Regarding the trend of Chiangrai's economy in 2016, the Treasury Office of Chiangrai Province expected that the economy will grow at the rate of 3.6% due to the escalating demand and supply. In term of Supply, the service sector is likely to expand at the rate of 7%. This can be observed from the increasing number of both Thai and foreign tourists. The competition of low cost airlines is also a contributing factor. The Industrial sector is likely to expand as much as 6.4% as it can be seen from the increasing registered capital of factories. Most of them are agricultural products processing factories. As Chiangrai special economic development zone, it is expected that there will be more investment on establishing factories. The agricultural sector tends to decline as much as 2.9% in 2016. The problem of draught due to low rain water level which is lower than the earlier years may result inadequate water for agricultural activities. This will affect the income of people in the agricultural sector. For livestock, it is expected that there will be an increase per demand of the private sector.

Economic Indicators of Chiangrai Province

| Indicators | Unit | 2013 | 2014 | 2015 ⁽¹⁾ | 2016 ⁽¹⁾ |
|-------------------------------------|--------------------------|--------|--------|---------------------|---------------------|
| GPP Current Price | Million Baht | 93,528 | 93,730 | 95,414 | 100,523 |
| | % growth per year | 9.7% | 0.2% | 1.8% | 5.4% |
| GPP Constant Price as of 1988 | Million Baht | 51,096 | 52,105 | 53,693 | 55,628 |
| | % growth per year | 4.2 | 2.0 | 3.0 | 3.6 |
| GDP per capita | Baht per person per year | 80,477 | 82,742 | 84,550 | 89,449 |
| Agricultural Production Index (API) | % growth per year | 5.7% | -5.2% | -2.6% | -2.9% |
| Industrial Production Index (IPI) | % growth per year | 23.1% | 5.1% | 5.7% | 6.4% |
| Service Index (SI) | % growth per year | 10.7% | 9.4% | 7.5% | 7.0% |
| Private Consumption Index | % growth per year | 6.9% | -5.0% | 1.6% | 3.9% |
| Private Investment Index | % growth per year | 11.7% | 5.9% | 6.1% | 5.2% |
| Government Expenditure Index | % growth per year | 0.9% | 2.8% | 8.2% | 6.6% |
| Border Trade Index | % growth per year | 6.7% | 7.8% | -3.7% | 1.6% |
| Inflation Rate | % per year | 3.9% | 2.2% | -1.4% | -1.0% |
| Number of Tourists | Thousand persons | 2,910 | 2,869 | 3,084 | 3,251 |
| | % growth per year | 5.8% | -1.4% | 7.5% | 5.4% |
| Population | Thousand persons | 1,137 | 1,133 | 1,129 | 1,124 |
| | % growth per year | -0.3% | -0.4% | -0.4% | -0.4% |

Note: (1) Estimated figures

Source: Treasury Office of Chiangrai Province as of 31 December 2015

3.2.2 Retail and Wholesale Industry

The Thai Retailers Association forecasts that the retail market in 2016 will slow down as in 2015. The growth rate will be 3%. However, if the economic condition improves, the growth rate may be slightly better than that of 2015 since the money that the government will supplement to the system may take time to be circulated in the economy. It is expected that in the first and the second quarter of 2016, the supplemented money will be circulated into the retail business system.

From such trend, it seems that retail business in the group of hypermarket is the most concerned since the target customers are the middle and the lower class. The groups that are expected to have a stable growth are the convenient store and department store. The group that will have a good growth rate would be the supermarket.

Whereas the competition of retail business in 2016 will remain strong since the purchasing power of consumer has not recovered to the normal condition, the strategy that the entrepreneurs implemented is the promotion which will be stronger than before in order to out-flow the stocked products because the production process cannot be suspended whereas the products are limited by their expiry.

Although the overall condition of retail business slows down in the year 2015-2016, it is believed that the recovery will occur from 2017 onward since Thailand will be more ready on facility during such period. The overall condition of the retail business in 2017 will be the resume of growth rate at 6-7%.

(Source: Information from the company and the information disclosed to the public)

3.2.3 Competition Condition in Chiengrai Province

The competition condition of retail consumption commodities stores is quite strong especially in Bangkok, Bangkok metropolitan, and major cities. However, in Chiengrai Province, the competition is moderate. The related entrepreneurs can be grouped as the followings:

Traditional Trade are the small stores that sell consumption commodities which are necessary for living. These stores are located in communities and require not so much fund for investment. Most of them are uncomplicated family business in the form of trading without modern technology and management. As modern trade retail stores enter the market, the shopping behavior of consumers has changed as they want more convenience and modern atmosphere where numerous and various products are available at cheaper prices. Thus, the Tradition Trade stores are unable to adapt themselves to the management and changing behavior of consumers, so they have to close down. As a result, the number of Traditional Trade stores has decreased quickly. These Traditional Trade stores are deemed to be the alliance ventures of our company.

Convenient Store

Convenient stores have played more important role in the daily living of people in Chiangrai Province as they can reach people in the community quickly. Although Thanapiriya carries some similar products as the convenient stores do, but Thanapiriya does the different positioning in the way that we do not sell Ready to Eat products. In addition, we have more variety of products available at cheaper prices and bigger sizes which are appropriate for household usage. Mainly, customers buy beverage, ready to eat foods, and products for personal use at the convenient stores, but they buy products for household usage at Thanapiriya. This is because we have more products available for their selection at the cheaper prices on some items. In addition, as there are convenient stores nearby Thanapiriya stores, this promotes the business trading and circulation of customers in the area.

Modern Trade

Mostly, Modern Trade Stores are established by foreign companies that have considerable investment. They are important competitors of Thanapiriya. There are different characteristics of Modern Trade such as the smaller Super Hyper Market, Supermarket, big Hypermarket, and large wholesale center. Presently, the entrepreneurs of Modern Trade aim to open smaller retail stores in the provinces that have good growth performance.

3.2.4 Characteristics of Customers and Target Customers

The target customers of Thanapiriya are general people from all walks of life who live or do their daily living activities nearby our stores, and passerby customers, and the customers who are entrepreneurs of retail stores that sell consumption products in Chiangrai and nearby provinces as well as the government agencies and customers from different professions such as schools, hospitals, and laundry shops.

3.2.5 Competition Strategies

Our company has the strategies in running business as follows:

1) **The strategy for understanding customers' way of living**

From our experience in doing retail business in Chiangrai for more than 25 years, Thanapiriya understands the demand of local people very well. We know that the local people prefer buying foods and fresh foods from traditional market, but they buy groceries from the Modern Trade stores which are convenient for them to buy all of what they want quickly. Thus, the characteristic of Thanapiriya store is the by product of the managements' and staffs' direct experience that allow the formation of complete components. The stores' locations are in the community where traditional markets are available and situated along the main road. Variety of products are available for selection with excellent and friendly services.

The important principle that brings about excellent service is the knowing and understanding the customer demand and providing products and services which suit the local people. The excellent service is the outstanding factor of Thanapiriya. Our company aims to develop personnel and provide trainings to staffs of all related units ranging from welcoming customers, providing advice on products to customers, solving problems, and providing good services to impress customers from the first step they enter the store until they leave. We also give priority to the cashier point by making them available adequately in order to prevent the customers from waiting in line for too long. Staffs also give special care toward answering questions, seeking for products, as well as loading products to customers' vehicles. Besides, our company also works hard on recruiting staffs by choosing those who live in the local community. So, they understand the behavior of consumers well and able to provide service in the friendly manner like the community store.



2) The Strategy for Managing the Stock Inventory Effectively

Our company has more than 15,000 categories of products available for sale either as wholesale or retail for customers' selection. However, since customers in each area may have different consumption behavior, our company has created the database for analyzing sale volume, circulation of stock inventory, and the rate of return value. We rely on these database for selecting products for sale to consumers in each area in order to maintain the performance of business operation and profiting rate for the trend of new products from both major producers and minor producers that keep increasing everyday. Our company is flexible in changing marketing strategies and being able to offer new products that respond to the demand of consumers in each area.

At Thanapiriya, we line up products systematically in order to manage the sale space effectively by mainly taking customers into account in order to provide convenience to customers in buying products. We clearly group products into categories, so that customers can remember at ease which zone each product belongs to. Our company analyzes the sale volume and rate of product inventory circulation in order to allocate the space and specify the plan for lining products according to their category. The products that make good sale are lined on shelves at the customer's eye-level and related products are lined next to each other. In addition, we use many advertising media at the sale spot such as hanging signs and banner flags in order to stimulate customers' buying.

3) Strategies in Creating Advantages in Competition

In order to increase the competency to compete with the foreign owners of Modern Trade and convenient stores who have considerable fund and branches all over Thailand, our company has set the strategy by analyzing the strength and weakness of our competitors. We can see that the Modern Trade has the strength from cheaper price and discounting, redeeming, sampling, and giving away promotion. The Modern Trade may not be convenient like the convenient stores which have numerous branches all over Thailand. The convenient stores are outstanding for having variety of ready-to-eat foods available for sale. However, they offer limited availability of consumption products and their prices are averagely higher than those of the Modern Trade. Thus, Thanapiriya implements the outstanding characteristics of Modern Trade and Convenient Stores harmoniously by selling various consumption products as well as products for household usage, and we also offer promotions. Our branch stores are located in different communities where people find it easy to commute to and from. In addition, we build parking lots for more convenience. Moreover, our company also adjust our strategies to be more flexible and prompt. As a result, Thanapiriya stores sell products at lower prices like the Modern Trade, but we offer convenience like the Convenient Stores.

4) **Strategy for Increasing Branches**

Increasing of branches is the key factor for reaching the target customers and expanding the customer base in order to generate more income and acquire the high performance location earlier than the competitors. Our company has made the business plan for studying the increasing of branches seriously. We choose only the locations on major roads within communities of Chiengrai and nearby provinces whereas our company knows well about the areas. In addition, we study the area for population density, purchasing power of population, competition level of the similar business, and behaviors of consumers in the area. In addition, we create the feasibility study by calculating the payback period and internal rate of return (IRR) which must not be lower than the required benchmark. These data and information will be used for investment analysis in order to choose the right locations which will maximize the benefits from organizing the usage area which will be adequate for products displaying and storing as well as installation of equipments and furnishing that promote good environment for shopping. From our study on branch increasing possibility, the payback period is 2 to 3 years depending on the size of branch, and the IRR is not lower than 20%. Our company has the goal to increase branches consistently, mainly in Chiengrai, in order to expand the customer base and strengthening the 'Thanapiriya' brand before we expand to the outskirt districts and neighboring provinces and the important economic areas on borders of Chiengrai which are connected to Myanmar and Lao P.D.R.

Besides, our company realizes in the importance of preparing personnel which is an important factor for increasing branches. We work with the human resource department at least 1 year in advance before we open a new branch. We have to prepare the staffs and the branch manager as they are required to join training for different job positions such as product lining section, cashier section, and inventory section, for the period of 6 months to 1 year.

5) **Strategy in Creating Brand Awareness**

Our company realizes that it is important to make our brand well-known and win the consumers' heart. Therefore, we study the information on target customers and their demand in order to increase the communication channel and the message to be conveyed appropriately. Our company intends to convey the message for creating Thanapiriya brand to be in the customers' mind that "Cheap, right for customers, and located nearby." Our company makes publicizing consistently by emphasizing on reaching the target customers via various medias such as radio, printed matters, social network namely Facebook and website (www.thanapiriya.co.th) whenever we wish to publicize information and promotion. However, the most important thing remains to be customers' experience when they visit Thanapiriya stores. To make it comply to the messages we intend to convey, Thanapiriya gives priority to pricing which must be cheaper when comparing to competitors as well as maintaining the service standard level, the availability of various products, the lining of products that makes it convenient for selection, and the consistent increase of branch in order to reach the target customers. Besides, our company also participates various activities and seminars which are beneficial for the society and makes our brand becomes more well-known.

6) Marketing Strategy

In order to increase competition competency, our company checks product prices regularly. We compare our prices and promotions with other stores to reassure that Thanapiriya sells products at lower prices and fair to customers as well as being able to compete with the competitors as a result from establishing good relationship with the suppliers that allows us to order a big lot of products and save more on logistics since our stores are located in the area where it is easy to commute to and from. Thus, our company can manage the cost effectively, and being able to compete with other stores.

In addition, our company has the membership system which returns benefits to the customers in the form of discount. Each member will have various perks such as discount for buying various products, receiving gifts when purchasing value meets the target, drawing lots, and accumulating points in order to exchange with annual coupons. Presently, Thanapiriya has more than 50,000 members. Besides, the membership system is made possible by storing customer database in order to allow our company to be able to organize promotions based on number of customers and value per purchase. It is also a tool for us in following up customers' behavioral changes. Thus, we are able to adjust our marketing strategies promptly.

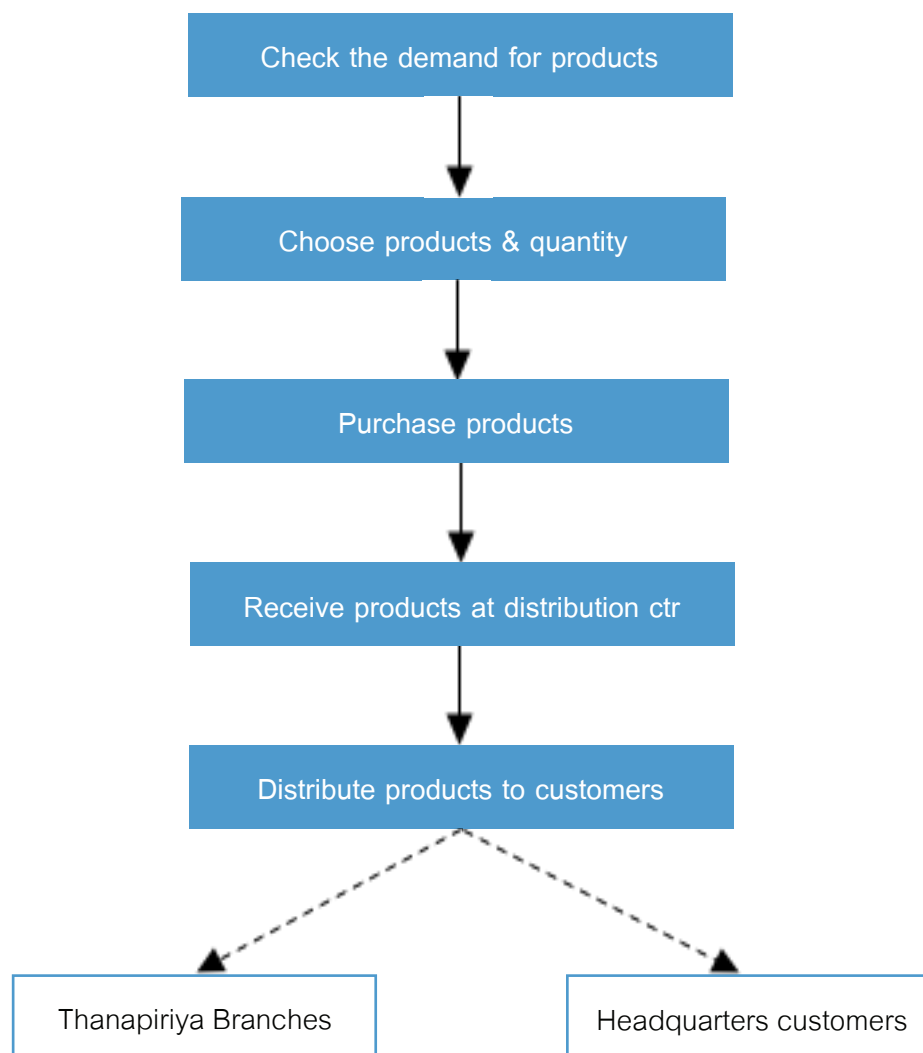
7) Strategy in Developing and Keeping Personnel

Human resource is an important factor of retail and wholesale business. Therefore, our company emphasizes on becoming the organization of knowledge and promoting the organization culture by cultivating our staffs to be competent and virtuous. Our company created the curriculum and handbook for training staffs in each position. We organize training regularly and enhance the necessary skill and capability to staffs such as the excellent selling and professional management. Our company built training rooms for staffs and provide various handbooks to them. In addition, our company supports staffs to join various trainings outside our company such as the accounting standard and how to drive and save energy. Moreover, our company investigates the salary and welfare in the market regularly in order to make it fair to our staffs.

3.3 Sourcing of Products and Services

Our company orders products directly from suppliers whereas most of them are producers. We emphasize on products that meet customer demands, variety, and standard quality. Presently, our company sources products from more than 300 suppliers, totaling 15,000 types. All of them are sourced from domestic suppliers. Our company also realizes in the importance of establishing good relationship with suppliers. So far, we have worked with them well including that sale promotion activities, advertising, publicizing, and etc. Our company has the steps in sourcing products until selling to consumers as illustrated in the following diagrams:

The diagram showing the process of sourcing products until selling to consumers



1) Check the demand for products

Our company investigates the market by relying on external and internal information and/or data in order to analyze customer interest on the products and the products popularity level. The external investigation can be done by surveying the Modern Trade stores, retail stores, and interviewing the suppliers, observing the behavior of consumers in the area, and following up different advertisings. Besides, our company also create the sale volume database of our branches and volume of purchase order from wholesale activities in order to check which products make good sale or poor sale. In addition, we also listen to the opinions of customers who visit our branches to see which products should be added to the shelves.

2) Selection of Products

The selection of products to be sold at our stores can be classified into two categories which are the new products and the available products:

Selection of New Products

Our company has the process for selecting products to be sold by considering the interest on such products, prices, product quality marketing policy, attractive packaging, for new products from producers and distributors who never do business with us before. Our company will have a trial session for selling or sampling such products, if the feedback is good, we will place a purchase order to suppliers in order to sell the products at our branch stores.

Selection of The Currently Sold Products

Since customers of Thanapiriya at different branches have different demand, for the products that are currently sold, Thanapiriya analyzes the database from sale volume, circulation of stock inventory, and rate of return value, in order to select the type and quantity of products to suit such branch. In addition, the membership system of Thanapiriya allows us to know the information and frequency and quantity of purchase for further analysis on stock inventory of each branch.

Selection of Suppliers

Our company has the criteria for selecting supplier as follows:

- 1) There is a market demand for such products
- 2) The products meet standard
- 3) The products are delivered on-time
- 4) Having effective marketing strategy
- 5) The suppliers are reliable

Our company makes contact with suppliers regularly to reassure that the right quantity and quality of products are delivered to our company. In each year, suppliers will present their products and annual plans at our company in order to exchange information about the interest on products, identification of sale volume, timely adjustment to the innovation of products, and changing in behaviors of the consumers as well as the plan for organizing various promotions. Our company has the policy to purchase from more than 300 suppliers and does not purchase more than 30% from each supplier in order to prevent the over-relying on any of the suppliers.

3) Procurement

Our company has effective control over procurement in order to reassure that every branch will have products available for sale adequately, not too many or too less. If the available quantity is not enough, they will not meet the purchase volume. Thus, Thanapiriya will lose the business opportunity. If the available quantity is too many, it will cause additional cost to Thanapiriya, especially products with limited expiration. In normal procurement, our company uses the formula by calculating from the collected database of each branch in order to estimate the quantity of products to be ordered. Prior to ordering each product, the purchasing department will check that the number of product left in stock does not exceed the number specified in company's policy. If the remaining quantity is more than what was specified, the purchasing department will discuss with the suppliers to organize sale promotions in order out-flow the products in the stock first or the suppliers have to pick up and bring back the remained products prior to placing a new purchase order.

4) Managing the Product Distribution Center

More than 15,000 types of products from suppliers are delivered to the Product Distribution Center prior to redistributing to Thanapiriya stores and customers in other districts. Thanapiriya has one product distribution center located at the Headquarters with around 7,600 square meters of usage area for inventory purposes. This center redistributes products to every branch of Thanapiriya and wholesale customers of Thanapiriya Headquarters and those who live in nearby provinces.

3.3.1 Product Distribution Center

| Product Distribution Center | Address | Opening Year | Usage Area |
|--|---|--------------|------------|
| Rorb Wieng Product Distribution Center | 661Moo 24, Rorb Wieng Sub-District, Mueang District, Chiangrai Province 57000 | 1997 | 7,600 |



The management of products distribution center has the process as follows:

1) Receiving Products from Suppliers

The Purchasing Department of our company will make appointment with suppliers to deliver products. The center will prepare space and staffs to receive products when the suppliers' vehicles arrive the inventory building. The purchasing department will receive products by inspecting the products thoroughly in comparison to the purchase order and invoice, by checking the accuracy of quantity, size, and price. Products will be unloaded and placed to the warehouse space according to the specified shelves. Then, our staff will record data into the inventory system. Products will be drawn from receiving warehouse to the distribution warehouse by forklifts in order to rearrange according to the specified category and shelves.

2) Storing of Products at the Product Distribution Center

Our company applies the product group management principle for dividing product category and shelf namely household consumption product, product for personal use, beverage and grocery, cosmetics and supplement food, product for mother and baby. Each category is divided into sub-category according to the sale volume and circulation rate analysis to make it easier to manage the inventory of each branch.

Products are shelved with various forklifts which relocate and shelve them according to First in First Out (FIFO). In addition, our company also realizes in the significance of products drawing in order to create the effective floor plan of inventory warehouse that makes it easy to relocate or remove.

Our company also takes good care of cleanliness and the environment of the inventory warehouse. We also take into account of safety, fire prevention, and stealing prevention. Products in the inventory warehouse are stored temporarily, approximately 7 to 30 days. Since the product distribution center is like a transit for products as they will be redistributed to branches of Thanapiriya and customers who own stores.

3) Redistribution of Products

Products from the distribution center will be redistributed to branches of Thanapiriya and customers who are owners of stores in different districts. We check the products before loading them to vehicles in order to reassure of the accuracy on product type and quantity as appear in the purchase order or product transfer slip. Our company planned the distribution routes with requirements that the drivers have to follow strictly. We train our drivers to drive safely and savingly. As a result, the product redistribution from the distribution center is effective, time saving, and cost saving, as much as possible. Presently, our company has more than 25 lorries for redistributing products to branches of Thanapiriya and customers who are owners of stores located in various districts and nearby provinces. We install the GPS Tracking to each lorry to prevent them from leaving the route and enable our company to follow up in case that there is a delay in delivery.

3.3.2 Branches of Thanapiriya

1) Cash Management for Branches

The head of cashiers will submit the total daily sale volume of each branch to the headquarters via on-line system. This includes the database on type of products, quantity of products, and amount of cash from sale. The headquarters will check the sale transactions, total sale volume, cash sale, and credit card sale, to crosscheck if they are accurate. In addition, Thanapiriya has the handbook for practices in cash management where the maximum amount of cash allowed is specified. The cashiers have to monitor the amount of cash strictly. In case that the amount of cash exceeds the specified level, the head of cashiers has to deposit cash to the safe and deposit to the bank at least twice a day in order to minimize risk from loss and robbery. Besides, Thanapiriya also insures our business in case of robbery either during business hours or non-business hours.

2) Fulfillment System of Branch's Stock Inventory Management

Thanapiriya uses the fulfillment system in order to manage the stock inventory of each branch. The headquarters will use the database dates back 3 months of each branch to specify the appropriate quantity of stock inventory that complies to the demand of customers at each branch. Such system is an automatic system that processes the database and sends direct orders to the distribution system in order to redistribute products to branches on the very next day. For each fulfillment, it will cause each branch to have adequate products in the inventory for sale from 3 to 30 days depending on the type of products and size of inventory warehouse.

3) Products Counting of Each Branch

At Thanapiriya, we count the number of products at each branch regularly. The products will be counted by staffs of each branch and auditors from the headquarters. The products counting is planned annually in order to reassure that the number of available products is accurate according to the remaining quantity, this data will be used for effective management on purchasing and selling.

4) The Stock Inventory Storage of Each Branch

The fulfillment system of the headquarters specifies the type and quantity of products to be redistributed to each branch in each day by the distribution center's lorries. These lorries deliver products to each branch daily except the out-of-city branches and branches that have large inventory warehouse such as Wieng Par Pao Branch, which our lorries deliver products 3-4 times per week. When the products delivery lorries arrive, the branch staffs will check if the type and quantity of products are accurate according to the products transfer document received from the fulfillment system. If it is inaccurate, the products will be returned to the products distribution center altogether with the lorries. After that, the branch will shelve the received products according to the categories.

Since the inventory warehouse has limited space, Thanapiriya created the most effective floor plan for inventory warehouse. Products are classified according to categories. For frequently circulated products, they will be shelved at the easy-to-pick shelves. Most of the products stored at the inventory warehouse make good sale and circulate quickly. Besides, Thanapiriya checks the product lifetime regularly. The slow-circulation-products or almost expired products will be transferred to the headquarters to be stored in the waste-warehouse which will be returned to suppliers further.

5) Maintaining the Branch's Service Standard

Thanapiriya clearly identifies the operation process for each unit. Every staff of Thanapiriya has to go through training on speech, manner, gesture, customer welcoming, and problem solving for customers. In addition, we train our staffs to be enthusiastic, knowledgeable about products, and being able to assist customers well. Moreover, Thanapiriya randomly checks and assesses the operation standard of every branch regularly in term of service, cleanliness, price tags, promotion signs, product lining and displaying, product shelf shortage, product expiration, and staffs' uniforms, in order to maintain the quality and standard of each branch. We also install the surveillance system to monitor the service and minimize the problem from loss of products.

3.4 Impact on the Environment

- None -

4. Risk Factors

The risk factors described below are relevant to the Company's current information and identifiable forecasts. These risk factors include some significant matters which may affect the Company's operation negatively. However, the following statements are not considered as the total risk factors of the Company as there could be other matters which are not yet identified. Moreover, there could also be some risk factors that the Company deems unimportant at the present time while they could turn into significant risk factors which shall affect the Company's operation in the future.



4.1 Operational Risk Factors

4.1.1 Risk from Severe Competition

As a result of Chiang Rai Province being one of the continuous growing economic provinces both in tourism and servicing business together with the expansion of urbanization, competition in retail business becomes more severe due to the higher number of modern trade stores which are considered the Company's competitor. These modern trade stores expanded their business in various areas in the type of superstore, hypermarket and small supermarket. They also offer a variety of interesting sales promotion in order to attract more customers to their stores. In the event that the Company is not able to adjust the competition strategy or change the customer's behaviors, the Company may face unfavorable sales volume at Thanapiriya Stores which may significantly affect the Company's revenue and performance.

Nevertheless, the Company well considers about the product quality as well as service which enables Thanapiriya Stores to be different from the competitors and prompts the Company to be competitive with other retailers. Moreover, the Company's analysis of main competitors assists in adjusting the business strategies to be fast and flexible in handling such severe industry competition. This results Thanapiriya to be Thai supermarket which services customers in Chiang Rai Province and neighboring provinces for more than 25 years. With such long experiences and versatility in organizing

sales promotion to compete with other modern trade stores, the Company well understands the customer's needs and is capable to select more than 15,000 product categories for both retail and wholesale transactions. Furthermore, Thanapiriya provides membership system in which the Company is able to utilize such database in promoting to the right target group of customers. In addition, the Company also organized the market survey by studying both modern trade stores and other retail stores, supplier's needs, customer's behaviors, various advertisement as well as customer's needs and comments from all branches of supermarket stores. The Company also prepares sales database of each product category in order to analyze the demand in each category and in each branch. This database enables the Company's executives in adjusting the marketing strategies promptly so the Company is confident that the Company's executives' vision as well as Thanapiriya's experienced team shall be able to maintain good performance and act as a strong competitor with other retailers in Chiang Rai Province and neighboring provinces.

4.1.2 Risk from Inventory Management

Inventory Management is considered one of the significant factors for both retail and wholesale business. Inefficient inventory management could cause the Company in higher costs and expenditures as well as lower profit. These certain risks are such as excessive amount of inventory, lost inventory, damage inventory, expired inventory and etc. and are considered Thanapiriya's costs. In that event, the Company must take every effort to manage the inventory effectively. However, should the Company carry insufficient amount of products for distribution, this could cause the Company in losing the business opportunity or their customers to the competitors as well.

The Company has set necessary policies and procedures in purchasing process so as to assist in managing the inventory effectively. Prior to each purchasing order, Purchasing Department shall inspect if the remaining amount of inventory is according to the Company's policy and follow such procedures strictly. Purchasing Officer shall also apply the specified purchasing calculation so that such purchasing order is sufficient for distribution to all supermarket stores as well as other neighboring provinces. They also have to carefully plan how to distribute the low turnover products. In addition, the Inventory Officer at the Head Office shall store the products as per first in first out system (FIFO) as this system ensures that the product storage and distribution shall be performed as per FIFO as well as clearly separates the damage or expiring products and keeps them at a special warehouse.

For the inventory management in each supermarket store, the Company sets procedures for Inventory Officer to place the products as per FIFO and regularly inspect the expiry date of products. Products which are about to expire shall be sent back to the Head Office's warehouse and further returned to the supplier. Moreover, the Company also applies the information technology system in managing the inventory both at the distribution center and each supermarket stores. By consideration from the previous database and regular database update, this allocation system shall specify the maximum and minimum amount of inventory required for each product category in each supermarket store. From the procedures mentioned above, the Company is confident that the inventory management is sufficiently in place. Furthermore, the Company has set precaution measures for lost product such as CCTV installation at the warehouse and supermarket stores as well as Audit Department's audit in counting the amount of products at the warehouse and supermarket stores. These systems ensure that the relevant staff follows the specified policies and procedures in order to lose as less products as possible.

4.1.3 Risk from Distribution Center Disruption

At present, the Company has one distribution center located in Rop Wiang Sub-district, Muang District, Chiang Rai Province. Suppliers shall deliver all products to this distribution center before delivering to each Thanapiriya's supermarket store. Distribution center is essential to supermarket business as its main task is to distribute the correct amount and category of products as per the specified period of time.



Should the distribution center face any disruptions resulted from accident, natural disaster, information technology system failure or other unexpected causes, the Company may not be able to store the products from suppliers as well as distribute the products to the supermarket stores. As a result, the Company's risk in facing insufficient amount of products for sales or failure in product distribution to neighboring provinces may significantly affect the Company's performance.

Nevertheless, the Company's information technology system assists in specifying the amount of each product

category in the warehouse and supermarket stores at approximately 7-30 days and 3-30 days respectively. So the Company rests assured that all supermarket stores shall carry sufficient amount of products for sales and distribution to neighboring provinces in case the distribution center faces obstacles. In addition, the Company provides precaution measures to handle such risks such as emergency operation plan, cooperation with main suppliers and Business Continuity Plan (BCP) in order to relocate the inventory in the crisis situation. Thus, the fire protection equipments are regularly inspected as well as compensation insurance policies are arranged.

Hence, the Company plans to construct a new distribution center in Chiang Rai Province in the year 2016 so as to increase the efficiency in product distribution as well as support the expansion of supermarket stores in the future. After this new distribution center is constructed, the Company shall use the existing distribution center as an alternative center should the new distribution center faces difficulties.



4.1.4 Risk from Information Technology System Disruption

The Company is reliant upon information technology system for sales management at supermarket stores, inventory management, purchasing, product distribution, finance and accounting as well as data storing and processing in order to develop the capability in competition. Should the information technology system faces obstacles, it may affect the Company's operation such as failure in the product filling system at the Head Office may cause the distribution disruption in the next day as well as impact the purchasing, finance and accounting and etc. Thanapiriya may have to temporarily close the business until the system is completely fixed. Such risk could lead to the negative impact of the Company's operation and performance as well.

However, the Company recognizes the importance of information technology system and organizes a standardized and generally accepted data backup protection system by preparing a separate server which is kept outside the Head Office. The data backup is scheduled to be performed on a daily basis with regular testing. Should the information technology system go wrong, the Company is able to fix the system within 1-3 hours.

Thus, the information technology system of each supermarket store has its own individual operation but all database shall be joined with the Head Office's database. Disruption at any supermarket store shall not affect other supermarket store's database. For payment system, each supermarket store has its own power reserve so if the electricity is off, POS can still submit the sales volume report to the Head Office. In addition, the Company prepared the emergency operation plan and organized regular training to staff in order to lessen the above mentioned risks.

4.1.5 Risk from Branch Expansion

The Company has set a goal in continuous business growth and branch expansion is one of the business strategies which shall enable Thanapiriya to reach the targeted customers and cover the potential area before other retailers. This shall also assist the Company in expanding the customer base in order to reach the targeted revenue growth. At present, industry competition is extremely high with continuous growth of new retailers, therefore, the Company shall face the risk should the new supermarket store be unable to gain favorable return rate or lower investment returns than expected. Continuous operation loss of the new supermarket store may cause the store to be shutdown which shall result in the demolition expenditure, asset transfer expenditure, staff dismissal/staff transfer expenditure and etc. Moreover, branch expansion in the adjacent area may affect the unfavorable sales volume and operation of the existing supermarket store in which such affect may impact the overall performance of the Company as well. However, the Company has set strict procedures in opening new branches of Thanapiriya Supermarket Store in order to decrease such branch expansion risk. Such procedures include the location selection in the prime area in which the Company is proficient about, population study, customer's behaviors, feasibility study, payback period and internal rate of return (IRR) which shall not be less than the criteria stated in the feasibility study. Payback Period should fall between 2-3 years depending on the size of the supermarket store with IRR not less than 20 percent. Furthermore, the Company also considers the sales volume and density of customers in the adjacent branch so as to be certain that the new branch opening shall not affect the sales volume of the existing branch but at the same time, increase the alternative options to the customers as well as add the distribution channel of Thanapiriya to cover as much area of Chiang Rai Province as possible.

The Company basically aims to expand more supermarket stores in Chiang Rai Province for the purpose of customer base expansion as well as strong branding recognition of Thanapiriya. Until then, the Company shall expand new branches in suburb districts and neighboring provinces including the border line adjacent to Republic of the Union of Myanmar (hereinafter referred to as “Myanmar”) and Laos which are considered the significant economic zone.

4.1.6 Risk from Not Being Able to Lease Desired Business Locations or Extend the Lease Agreement

As of now, the Company has altogether 6 land and building lease agreements with the third parties. These agreements are divided into 5 long-term lease agreements with leasing period of 10-20 years and 1 short-term lease agreement with leasing period of 3 years and the Company has the right to renew the lease agreements upon advice. Should the Company be unable to extend the lease agreement, such supermarket store may have to be shutdown which may cause the crucial revenue loss together with the relevant expenditures such as demolition expenditure, asset transfer expenditure, staff dismissal expenditure and etc. This risk may also cause significant impact to the overall performance of the Company.

However, the Company and the lesser have been in compliance with all terms and conditions and have never encountered any disputes at all. Besides, most of the lease agreements are long-term agreements and the Company has the right to renew the lease agreements prior to other lessees. Currently, the Company only has 1 short-term lease agreement with the third party at Mae Jan supermarket store. Such lease agreement stated that the Company has the right to renew the lease agreement for 4 more periods and each period shall cover 3 years. Therefore, the Company expects to be successfully extended the lease agreement in the future while trusts that this risk shall not occur. In addition, the Company is confident in leasing the desired locations for branch expansion in the future for the reason that the Company has set out the plans for branch expansion in advance while strictly follows the stated procedures. Moreover, Thanapiriya Supermarket Stores do not require unique specifications or huge piece of land or building which could be considered business obstacle.



4.1.7 Risk from Shortage of Branch Operational Staff

The Company has planned to continuously expand new branches in order to service as much customers as possible, therefore, branch operational staff is considered one of the crucial components in driving the retail business. Each supermarket store requires 10-20 staff for Sales, Cashier and Inventory so if the staff employment could not be performed in time, the branch expansion plan could be delayed while service quality could also be under the Company's specified standard. This risk may then impact the business growth and the Company's overall performance in the future as well.

In realizing the importance of recruiting and developing staff for branch expansion, the Company's executives shall advise the plan on new branch expansion to all department heads as well as jointly plan with Human Resources Department in selecting qualified staff for the new supermarket stores especially the position of Supermarket Store Manager. This manager shall be trained in various departments such as Sales, Cashier and Inventory so as to see the overall business picture as well as understand each position for the sake of effective management. All new branch staff are also required to be trained both theoretically and practically in accordance with the specified courses so that the staff clearly understand the organizational culture and are capable to perform their tasks up to the Company's standard. Moreover, the Company organizes necessary capability training for staff on a regular basis and sets policies for fair treatment in order for the staff to feel delighted and warm as in the same family. The Company also performs regular salary and benefit survey so as to be competitive in the market while focuses on being the Wisdom Organization with training center for staff's career advancement. Thus, the Company trusts that qualified staff shall be recruited and developed in order to well support the branch expansion in the future.

4.1.8 Risk from Natural Disasters

Earthquake in Chiang Rai Province in May 2014 was considered the most severe earthquakes during the past 40 years. Although there were a number of aftershocks after the main earthquake, the Company's supermarket stores did not face any damages despite the fact that all stores are located in Chiang Rai Province.

Most of Thanapiriya Supermarket Stores are commercial buildings with 1-3 floors and these stores are not adjacent to the fault line. However, the Company realizes the risk from such natural disaster including flood and fire which may cause severe affect to the business operation as well as staff's safety in the future. Consequently, the Company has prepared the precaution plans such as attentive and careful inspection of new branch construction, new distribution center construction, new information technology center, compensation insurance coverage acquisition, emergency operational plans, staff training to cope with the natural disasters and communication to all relevant parties. This is to ensure all shareholders, staff, business partners as well as customers that the Company is well prepared when the natural disasters occur.

4.1.9 Risk from Fraud/Corruption

Fraud precaution plans as well as staff's honesty are considered essential in business operation as a consequence that the Company depends on staff to be in charge of the Company's assets in all supermarket stores. Therefore, the Company has set the following procedures to prevent from the risk from fraud/corruption:

- Fostering the honesty culture to all staff in the organization by arranging the ethics handbook, business morality and policies and anti-corruption guidelines.
- Arranging concisely internal audit process, duty and responsibility segregation, financial limit specification of authorized executives and cross audit among the executives.
- Specifying the maximum limit of cash management in the supermarket store by depositing cash into the bank account twice a day. Head Office staff shall examine if the deposited amount is equivalent to the sales volume shown in the system.

- Random checking the operation in each supermarket store once a week.
- Arranging staff's lockers outside the building so that staff's personal belongings are clearly separated from the sales and stock areas.
- Inspecting staff's body and personal bag before and after working on a daily basis.
- Random checking of daily stock for comparison with the remaining balance in the system.
- Surprised inventory checking by Internal Audit Department once a month.
- Inspecting through CCTV in all supermarket stores and maintaining the CCTV operation regularly.
- Corrupted staff shall be fined 50 times of the product cost.

4.1.10 Risk from Mae Sai Supermarket Store which is located near the border line of Republic of the Union of Myanmar

Mae Sai Supermarket Store, one of the Company's supermarket stores, is located only 6 kilometers away from the border line of Republic of the Union of Myanmar. In the case of dispute or turmoil between Thailand and Myanmar, Mae Sai Border may be closed in which Myanmar people shall be unable to purchase products from Mae Sai Supermarket Store. As a consequence, the closing of Mae Sai Border shall adversely affect the economy in the border boundary, customer's purchasing power as well as Mae Sai Supermarket Store's sales volume.

Nevertheless, the Company has evaluated Mae Sai Supermarket Store's customer database and found out that few Myanmar customers shall slightly affect the Company's performance as most of the customers are Thai people. Moreover, the Company's products are consumer products which are essential to people's daily life, thus, less impact is expected.

4.1.11 Risk From Legal and Governmental Policies

The Company transparently operates its retailing business by strictly complying with the relevant laws, regulations and policies from the government since the start of the business. These laws and regulations include Retail Act, Consumer Protection Act, Price Control Act, Food and Drug Act, Labor Act as well as each local's municipal regulations. Should the changes in the government or government sector's laws and regulations favor the Company's competitors or increase the number of stakeholders, such changes may significantly impact the Company's strategy, goal and business plan which shall result in the undetermined performance.

However, the Company is well prepared to cope with these changes by paying attention to updated news as well as planning for problems which may arise. The Company's adjustability in organization adaptation and risk management method ensures the Company to promptly deal with the situation as well as control the impact to an acceptable level.

4.1.12 Risk from Organizing City Planning

According to the announcement of Ministry of Interior on 13 March 2015 about the retail construction ban of more than 300 square meters within the boundary of 1 kilometer from the historic site of Chiang Rai Province, the Company is required to reduce the utility space to not more than 300 square meters although most of Thanapiriya Supermarket Store's current utility space is more than 300 square meters. This utility space excludes the space for product storage, office space and other spaces. As a consequence, utility space reduction shall result in less area for product placement which could lead to less investment returns and impact the Company's performance as well.

At present, the Company's 5 supermarket stores comprise of 350-400 square meters utility space. With vast experiences in organizing the product placement in limited space, the Company is confident in coping with such changes by managing the product placement area to the maximum benefit while using the filling system in analyzing the quantity and category of products in each supermarket store as well. From the above stated reasons, the Company is certain that the supermarket store's sales area shall be efficiently managed.

4.2 Risk from Operational Management

4.2.1 Risk from Depending on Specific Executives

The Company is established by Mr. Thawatchai Phutthiphiya and Mrs. Amorn Phutthiphiya, who play significant role in successfully managing Thanapiriya Supermarket Stores to be well acknowledged by Chiang Rai Province and neighboring provinces. From their vast vision, the Company possesses strong financial situation and continuous great performance but at the same time, the Company is facing the risk from depending on both of them. Without Mr. Thawatchai Phutthiphiya and Mrs. Amorn Phutthiphiya, the Company's management and performance could be impacted.

By this time, it can be seen that the Company's structure decentralizes operational management and defines the scope of duty and responsibility of executives in each department in accordance with their capability and experience. Each executive is free to express their comments and participate in the business plans as well as other business estimation. These practices are relevant with the Company's operation strategies while preventing the power domination at the same time. The Company also clearly specifies the scope of authority in the Company's organization and authority chart. This authority decentralization enables the Company to depend less on the above mentioned executives.

4.2.2 Risk from Shareholders with more than 50% Shareholding

As of now, the Phutthiphiya family is the major shareholder of the Company with 580,000,000 shares or equivalent to 72.50 percent. In any of the meeting's resolution, the Phutthiphiya family may hold the majority vote, as a result, other shareholders may encounter the risk in collecting votes in order to balance and audit the issues raised by the major shareholder group.

Nevertheless, the Company's management structure has transparently specified the scope of authority, duty and responsibility of the Board of Directors, Audit Committee, Executive Committee and Nomination and Remuneration Committee. Moreover, directors, major shareholders, management executives and person with conflict of interest are required to report the connected transaction. Person with conflict of interest shall not be allowed to vote in agenda which needs an approval. Hence, Audit Committee is independent to consider and make a decision transparently as well as ensure the shareholders' confidence that the Company's management structure is well balanced with efficient operational management.



5. Securities Information and Shareholders

5.1 Ordinary Share

As of 29 April 2015, the Company has the registered capital of Baht 200,000,000 which was divided into 800,000,000 ordinary shares at the par value of Baht 0.25 per share. The Company's paid up registered capital was Baht 150,000,000 which was divided into 600,000,000 ordinary shares at the par value of Baht 0.25 per share. The Extraordinary General Meeting of Shareholders No. 1/2015 held on 20 April 2015, passed the resolution for the Company to register in mai as well as increase the registered capital of Baht 50,000,000 which shall be divided into 200,000,000 ordinary shares at the par value of Baht 0.25 per share as the Company's Initial Public Offering (IPO). After the offering, the Company shall have the paid up registered capital of Baht 200,000,000 which is divided into 800,000,000 ordinary shares at the par value of Baht 0.25 per share

As of 31 December 2015, the Company has the paid up registered capital of Baht 200,000,000 which was divided into 800,000,000 ordinary shares at the par value of Baht 0.25 per share.



5.2 Shareholder Structure

As of 25 November 2015, the first 10 major shareholders of the Company are as follows:

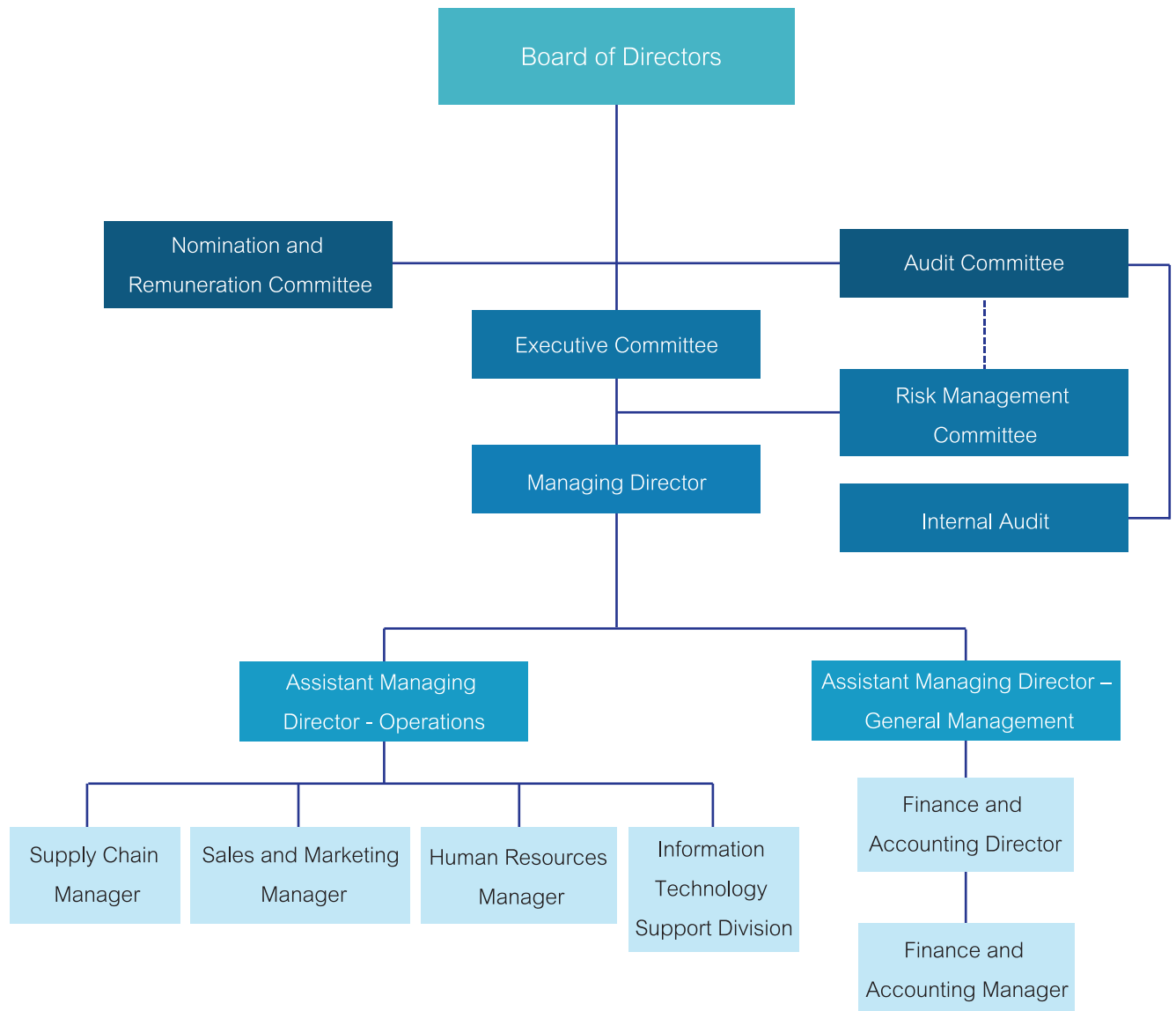
| | Name of Shareholder | No. of Share | Percentage |
|----|----------------------------------|--------------------|--------------|
| 1 | The Phutthiphiya Family | | |
| | 1.1 Mr. Thawatchai Phutthiphiya | 245,000,000 | 30.63 |
| | 1.2 Mrs. Amorn Phutthiphiya | 245,000,000 | 30.63 |
| | 1.3 Mr. Thanaphoom Phutthiphiya | 30,000,000 | 3.75 |
| | 1.4 Mr. Thanapong Phutthiphiya | 30,000,000 | 3.75 |
| | 1.5 Master Thanapat Phutthiphiya | 30,000,000 | 3.75 |
| | Total Phutthiphiya Group | 580,000,000 | 72.50 |
| 2 | The Panwongklom Family | | |
| | 2.1 Mr. Yanyong Panwongklom | 17,500,000 | 2.19 |
| | 2.2 Mrs. Waraporn Panwongklom | 5,500,000 | 0.69 |
| | 2.3 Mr. Yuenyong Panwongklom | 2,205,400 | 0.28 |
| | Total Panwongklom Group | 25,205,400 | 3.15 |
| 3 | Mr. Suwich Sirikraiwanawong | 9,500,000 | 1.19 |
| 4 | Mr. Oamrat Yangjering | 5,555,500 | 0.69 |
| 5 | Mr. Wasan Anurakwongsri | 5,300,000 | 0.66 |
| 6 | Mr. Ronnakit Sripacharawut | 5,000,000 | 0.63 |
| 7 | Ms. Woranan Poompakdeepan | 4,000,000 | 0.50 |
| 8 | Ms. Pannanee Supamongkol | 3,679,900 | 0.46 |
| 9 | Mr. Surapol Tangkprasert | 3,000,000 | 0.38 |
| 10 | Mrs. Nanta Chokewanichpong | 3,000,000 | 0.38 |
| | Other Shareholders | 155,759,200 | 19.46 |
| | Total Shareholders | 800,000,000 | 100 |

6. Dividend Payment Policy

The Company has set a policy in paying the dividend to shareholders at not less than 40 percent of the net profit reported in the Separate Financial Statements after deduction of the corporate income tax and all provisional reserves as specified in the applicable laws. The Company shall consider the payment of the dividend with subject to various factors which shall provide the maximum benefit to the shareholders. The dividend ratio is subject to the Company's financial position, liquidity, investment plans in each year, relevant operational factors as well as other requirements and considerations as determined by the Board of Directors. The Board of Directors may consider paying the annual dividend with approval from the Annual General Meeting of Shareholders, except payment of interim dividend in which the Board of Directors is authorized to approve periodically when the Company's profit deems it appropriate. The interim dividend payment shall be reported at the following Shareholders' Meeting.

7. Organization Chart

7.1 Organization Chart



7.2 Board of Directors

The Board of Directors consists of 7 directors as follows:

| Name | Position |
|--------------------------------|--|
| 1. Dr. Pisanu Kantipong | Chairman of the Board of Directors/Independent Director/Chairman of Audit Committee |
| 2. Dr. Wathana Yeunyong | Independent Director/Audit Committee Member |
| 3. Dr. Chalermchai Khamsaen | Independent Director/Audit Committee Member |
| 4. Mr. Thawatchai Phutthiphiya | Director |
| 5. Mrs. Amorn Phutthiphiya | Director |
| 6. Mrs. Chularat Ngamloetlee | Director |
| 7. Ms. Busakorn Tadthapong | Director |

Authorized Directors

Mr. Thawatchai Phutthiphiya, Mrs. Amorn Phutthiphiya and Mrs. Chularat Ngamloetlee are the Company's authorized directors. Any two of these 3 directors sign with Company's stamp.

Board of Directors' Meetings

| Name | No. of Attendance/Total No. of Meetings |
|--------------------------------|---|
| | 2015 |
| 1. Dr. Pisanu Kantipong | 8/8 |
| 2. Dr. Wathana Yuenyong | 8/8 |
| 3. Dr. Chalermchai Khamsaen | 8/8 |
| 4. Mr. Thawatchai Phutthiphiya | 8/8 |
| 5. Mrs. Amorn Phutthiphiya | 8/8 |
| 6. Mrs. Chularat Ngamloetlee | 8/8 |
| 7. Ms. Busakorn Tadthapong | 7/8 |

7.3 Audit Committee

The Audit Committee consists of 3 directors as follows:

| Name | Position |
|-----------------------------|-----------------------------|
| 1. Dr. Pisanu Kantipong | Chairman of Audit Committee |
| 2. Dr. Wathana Yuenyong | Audit Committee Member |
| 3. Dr. Chalermchai Khamseen | Audit Committee Member |

Note: Dr. Wathana Yuenyong is the Audit Committee Member who possesses knowledge and experience in finance and accounting.

Audit Committee Meetings

| Name | No. of Attendance/Total No. of Meetings |
|-----------------------------|---|
| | 2015 |
| 1. Dr. Pisanu Kantipong | 8/8 |
| 2. Dr. Wathana Yuenyong | 8/8 |
| 3. Dr. Chalermchai Khamseen | 8/8 |

The Audit Committee Meeting No. 1/2015 held on 26 January 2015 passed the resolution to appoint Ms. Valdee Sriboonruang as the Audit Committee Secretary.

7.4 Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of 3 directors as follows:

| Name | Position |
|------------------------------|---|
| 1. Dr. Wathana Yuenyong | Chairman of Nomination and Remuneration Committee |
| 2. Dr. Chalermchai Khamsaen | Nomination and Remuneration Committee Member |
| 3. Mrs. Chularat Ngamloetlee | Nomination and Remuneration Committee Member |

7.5 Risk Management Committee

The Risk Management Committee consists of 7 directors as follows:

| Name | Position |
|--------------------------------|--|
| 1. Mr. Thawatchai Phutthiphiya | Chairman of Risk Management Committee |
| 2. Mrs. Amorn Phutthiphiya | Risk Management Committee Member |
| 3. Mr. Pittaya Chitmase | Risk Management Committee Member |
| 4. Ms. Janya Charoensuk | Risk Management Committee Member |
| 5. Mr. Tanit Yosdee | Risk Management Committee Member |
| 6. Ms. Pitchakorn Ngernkhao | Risk Management Committee Member |
| 7. Mrs. Duangjai Yoo-in | Risk Management Committee Member and Risk Management Committee Secretary |

7.6 Executive Committee

The Executive Committee consists of 5 directors as follows:

| Name | Position |
|--------------------------------|---------------------------------|
| 1. Mr. Thawatchai Phutthiphiya | Chairman of Executive Committee |
| 2. Mrs. Amorn Phutthiphiya | Executive Committee Member |
| 3. Mr. Pittaya Jitmase | Executive Committee Member |
| 4. Mrs. Rungnapa Piboonsri | Executive Committee Member |
| 5. Mrs. Bongkot Chantachit | Executive Committee Member |

Executive Committee Meetings

| Name | No. of Attendance/Total No. of Meetings |
|----------------------------------|---|
| | 2015 |
| 1. Mr. Thawatchai Phutthiphiriya | 8/8 |
| 2. Mrs. Amorn Phutthiphiriya | 8/8 |
| 3. Mr. Pittaya Jitmase | 8/8 |
| 4. Mrs. Rungnapa Piboonsri | 8/8 |
| 5. Mrs. Bongkot Chantachit | 8/8 |

7.7 Company Secretary

The Board of Directors' Meeting No. 1/2015 held on 26 January 2015 passed a resolution to appoint Mr. Pittaya Jitmase as the Company's Company Secretary, as stated in the Securities and Exchange Act B.E. 2535 (including the amendment). Mr. Pittaya Jitmase shall participate in the Company Secretary Program (CSP), arranged by Thai Institute of Directors (IOD) batch CSP 68/2015 during 21-22 January 2016.

Duties and responsibilities of the Company Secretary

The Board of Directors' Meeting No. 1/2015 held on 26 January 2015 passed a resolution to specify the duties and responsibilities of the Company Secretary as follows:

1. Preparing and storing important documents as follows:
 - The registration of the Company's directors
 - The invitation letter and minutes of the Board of Directors' Meetings and the Company's Annual Report
 - The invitation letter and minutes of the Shareholders' Meetings
2. Storing the reports on conflicts of interest filed by directors or management executives.
3. Submitting the copy of the reports on conflicts of interests in accordance with 89/14 Act to the Chairman of the Board of Directors and the Chairman of Audit Committee within 7 days of the receipt of each report. Storing the stated documents or relevant evidences properly in which they can be audited at least within 10 years of the preparation of each report.
4. Performing any other tasks as specified by the Capital Market Supervisory Board.

7.8 Management Executives

The Company has 7 Management Executives with the names and positions as follows:

| Name | Position |
|--------------------------------|---|
| 1. Mr. Thawatchai Phutthiphiya | Managing Director/Acting Assistant Managing Director – General Management |
| 2. Mrs. Amorn Phutthiphiya | Assistant Managing Director – Operations |
| 3. Mr. Pittaya Jitmase | Finance and Accounting Director |
| 4. Mrs. Duangjai Yoo-in | Finance and Accounting Manager |
| 5. Ms. Janya Charoensuk | Supply Chain Manager |
| 6. Mr. Tanit Yosdee | Sales and Marketing Manager |
| 7. Ms. Pitchakorn Ngernkhao | Human Resources Manager |

7.9 Remuneration for Directors and Management Executives

The Company has determined distinctly, transparently and properly remuneration for Directors and Management Executives in relevant to their duties and responsibilities and with maximum benefit to the Company and its shareholders.

Details are as follows:

7.9.1 Remuneration for Directors

Cash Compensation

Compensation Rate for Board of Directors

The Board of Directors' Meeting No. 1/2015 held on 26 January 2015 passed a resolution to specify the compensation for the Board of Directors, Audit Committee, Executive Committee and Nomination and Remuneration Committee with details as follows:

| Position | Meeting Allowance (Baht/Meeting) |
|---|----------------------------------|
| Chairman of the Board of Directors | 20,000 |
| Director | 15,000 |
| Chairman of Audit Committee | 15,000 |
| Audit Committee Member | 10,000 |
| Chairman of Nomination and Remuneration Committee | 15,000 |
| Nomination and Remuneration Committee Member | 10,000 |

Note:

- 1) Directors who also act as Management Executives or receive the compensation in the form of salary package shall not be entitled to receive the meeting allowance.
- 2) The Company shall consider the payment of special compensation or cash bonus within the total amount of not more than Baht 2.5 million.

Compensation Amount for Directors during 1 January 2015 – 31 December 2015

| Name | Compensation (Baht) | | | |
|--------------------------------|---------------------|-----------------|---------------------------------------|----------------|
| | Board of Directors | Audit Committee | Nomination and Remuneration Committee | Total |
| 1. Dr. Pisanu Kantipong | 160,000 | 120,000 | - | 280,000 |
| 2. Dr. Wathana Yuenyong | 120,000 | 80,000 | - | 200,000 |
| 3. Dr. Chalermchai Khamsaen | 120,000 | 80,000 | - | 200,000 |
| 4. Mr. Thawatchai Phutthiphiya | - | - | - | - |
| 5. Mrs. Amorn Phutthiphiya | - | - | - | - |
| 6. Mrs. Chularat Ngamloetlee | 120,000 | - | - | 120,000 |
| 7. Ms. Busakorn Tadthapong | 105,000 | - | - | 105,000 |
| Total | 625,000 | 280,000 | - | 905,000 |

Note:

- 1) Directors who also act as Management Executives or receive the compensation in the form of salary package shall not be entitled to receive the meeting allowance.

Other Compensation

- None –

7.9.2 Remuneration for Management Executives

The Company provides compensation for Management Executives in the form of salary, cash bonus, Social Security contribution and other forms of compensation such as position allowance, travelling expenses and etc. Details are as follows:

| Category | 2014 | 2015 |
|------------------------------|---------------------|---------------------|
| | Compensation (Baht) | Compensation (Baht) |
| Salary and Bonus | 3,692,000 | 8,853,000 |
| Other Compensation | 301,754 | 810,979 |
| Social Security Contribution | 35,790 | 44,145 |
| Total | 4,029,544 | 9,708,124 |

7.10 Personnel

As of 31 December 2015, the Company consists of 415 employees (excluding 7 management executives) which are divided into 198 Head Office employees and 217 Supermarket Stores employees. For Head Office, there are 119 full time employees and 79 daily workers while the Supermarket Stores consists of 176 full time employees and 41 daily workers.

Table showing number of employees in each division

| Division | No. of Employees as of 31 December 2014 | | No. of Employees as of 31 December 2015 | |
|-----------------------------|--|-----------|--|-----------|
| | Full time | Daily | Full time | Daily |
| 1. Finance Division | 3 | - | 4 | - |
| 2. Accounting Division | 17 | - | 20 | - |
| 3. Purchasing Division | 9 | - | 12 | 1 |
| 4. Inventory Division | 30 | 59 | 39 | 71 |
| 5. Delivery Division | 15 | 5 | 14 | 6 |
| 6. Sales Division | 3 | - | 5 | - |
| 7. Marketing Division | 5 | 1 | 6 | - |
| 8. Human Resources Division | 2 | 3 | 14 | 1 |
| 9. Audit Division | 2 | - | 5 | - |
| Total | 86 | 68 | 119 | 79 |

Table showing number of employees in each supermarket store

| Supermarket Store | No. of Employees as of 31 December 2014 | | No. of Employees as of 31 December 2015 | |
|-------------------------------------|--|-----------|--|-----------|
| | Full time | Daily | Full time | Daily |
| 1. Hor Nalika Branch | 17 | 3 | 18 | 2 |
| 2. Den Ha Retail Branch | 14 | 6 | 17 | 5 |
| 3. Sri Sai Mool Branch | 17 | 5 | 14 | 2 |
| 4. Baan Doo Branch | 16 | 4 | 17 | 5 |
| 5. Den Ha Wholesale Branch | 17 | 5 | 23 | 3 |
| 6. Mae Sai Branch | 12 | 7 | 11 | 5 |
| 7. Pa Kor Branch | 10 | 8 | 14 | 4 |
| 8. Huay Krai Branch | 9 | 7 | 10 | 1 |
| 9. Wiang Pa Pao Branch | 6 | 8 | 11 | 4 |
| 10. Mae Jan Branch | 6 | 11 | 14 | 2 |
| 11. Pan Branch | - | - | 16 | 2 |
| 12. Mae Fah Luang University Branch | | | 11 | 6 |
| Total | 124 | 64 | 176 | 41 |

1. Significant Change in Number of Employees in the past 3 years

-None-

2. Significant Labor Dispute in the past 3 years

-None-

3. Employee Compensation

The Company compensates all employees (excluding 7 management executives) in various forms which consist of salary, bonus, Provident Fund contribution and Social Security contribution. Details are as follows:

Table showing Employees Compensation

| Employee Compensation | For the year 2014 | | For the year 2015 | |
|------------------------------|-------------------|---------------------|-------------------|---------------------|
| | Number (person) | Compensation (Baht) | Number (person) | Compensation (Baht) |
| Salary and bonus | 342 | 35,148,227 | 415 | 49,412,216 |
| Other compensation | 342 | 1,134,968 | 415 | 137,213 |
| Social Security contribution | 342 | 1,451,693 | 415 | 2,078,606 |
| Total | 342 | 37,734,889 | 415 | 51,628,035 |

4. Policy in Human Resources Development

The Company has set policies in human resources development in order to develop skills and knowledge of its employees which shall result in higher potential competition as well as sustainable growth. The Company perceives the importance of continuous development in human resources, therefore, the Company concentrates in developing and maximizing the employees' capabilities with various knowledge guidelines and training courses. Together with the promising and proactive working environment, the Company also emphasizes on the employees' self-skill training and self-capability development. These practices shall strengthen the Company's performance as well as support the expansion in the future. In addition, the Company arranges a training room as well as training courses and employee manuals for each division so as to support the employees' development programs. Moreover, employees are encouraged to attend in various training courses with other institutions.

8. Personal Details on Directors, Authorized Management Executives and Company Secretary

Personal Details on Directors, Authorized Management Executives and Company Secretary of
Thanapiriya Public Company Limited

| Name – Surname / Position | Age (Years old) | Educational Qualification / Training | Shareholding (%) | Relationship between Director and Executive | Work Experience | | | |
|--|--------------------|--|---------------------|--|-----------------|---|--|------------------------|
| | | | | | Period | Position | Name of Employer | Type of Business |
| 1. Dr. Pisanu Kantipong Chairman of the Board of Directors / Chairman of Audit Committee / Independent Director | 60 | - Director Accreditation Program (DAP) batch 112/2014 of Thai Institute of Directors (IOD) - SASIN In-Depth Hospital Management Program, Kellogg School of Management, Northwestern University, Chicago, USA - SASIN In-Depth Hospital Management Program 5, KAIST College of Business, South Korea, CHA Medical Center and Asan Medical Center in Seoul, Republic of Korea - SASIN In-Depth Hospital Management Program 4, INSEAD, Fontainebleau, France - Diploma in Obstetricians and Gynaecologists, Rajvithi Hospital, Department of Medical Services - Doctor of Medicine in Faculty of Medicine, Chiang Mai University - Bachelor of Sciences in Faculty of Medical Sciences, Chiang Mai University | None | None | 2015 - present | Chairman of the Board of Directors / Chairman of Audit Committee / Independent Director | Thanapiriya Public Company Limited | Retailer / Whole-saler |
| | | | | | 2014 – present | Chairman of Developmental Program | Nan Hospital | Hospital |
| | | | | | 2013 - present | First Vice Chairman, Sub-committee of Maternal and Child Health | The Royal Thai College of Obstetricians and Gynaecologists | Hospital |
| | | | | | 2014 - 2015 | Advisor to Minister of Public Health | Ministry of Public Health | Public Health |
| | | | | | 2012 - 2014 | Director | Nan Hospital | Hospital |
| | | | | | 2010 – 2012 | Sub-committee of Ethics | The Royal Thai College of Obstetricians and Gynaecologists | Hospital |
| | | | | | 2010 – 2012 | Deputy Director, Medical Services | Chiang Rai Prachanukroh Hospital | Hospital |
| | | | | | | | | |

| Name – Surname / Position | Age (Years old) | Educational Qualification / Training | Shareholding (%) | Relationship between Director and Executive | Work Experience | | | |
|---|--------------------|--|---------------------|--|-------------------|---|--|----------------------------|
| | | | | | Period | Position | Name of Employer | Type of Business |
| 2. Dr. Wathana Yeunyong Independent Director / Audit Committee Member / Chairman of Nomination and Remuneration Committee | 53 | - Director Accreditation Program (DAP) batch 117/2015 of Thai Institute of Directors (IOD) - PhD in Accounting, Mahasarakham University - Master Degree in Managerial Accounting, Chulalongkorn University - Bachelor Degree in Business Administration and Accounting, Ramkhamhaeng University | None | None | 2015 - present | Independent Director / Audit Committee Member / Chairman of Nomination and Remunera- tion Committee | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 2013 - present | Vice Rector | Chiang Rai Rajabhat University | Educational Institution |
| | | | | | 2010 - 2012 | Assistant Rector | Chiang Rai Rajabhat University | Educational Institution |
| 3. Dr. Chalermchai Khamseen Independent Director / Audit Committee Member / Nomination and Remuneration Committee Member | 49 | - Director Accreditation Program (DAP) batch 117/2015 of Thai Institute of Directors (IOD) - PhD in Regional Development Strategies, Chiang Rai Rajabhat University - Master Degree in Business Administration, Chiang Mai University - Bachelor Degree in Marketing, Payap University | None | None | 2015 - present | Independent Director / Audit Committee Member / Nomination and Remunera- tion Committee Member | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 1993 - present | Vice Rector, Faculty of Manage- ment Science | Chiang Rai Rajabhat University | Educational Institution |
| 4. Mr. Thawatchai Phutthipiriya Director / Chairman of Executive Committee / Chairman of Nomination and Remuneration Committee / Managing Director | 49 | - Director Accreditation Program (DAP) batch 111/2014 of Thai Institute of Directors (IOD) - Bachelor Degree in Biotechnology, Kasetsart University | 30.63 | Spouse of Mrs. Amorn Phutthipiri- ya | 2015 - present | Chairman of Executive Committee / Chairman of Nomination and Remunera- tion Committee / Managing Director | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 2012 - present | Director | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 2013 - present | Director | Thanaphoom Property 2013 Company Limited | Real Estate |

| Name – Surname / Position | Age (Years old) | Educational Qualification / Training | Shareholding (%) | Relationship between Director and Executive | Work Experience | | | |
|---|--------------------|---|---------------------|--|-------------------|---|--|--------------------------|
| | | | | | Period | Position | Name of Employer | Type of Business |
| 5. Mrs. Amorn Phutthipiriya Director / Executive Committee Member / Nomination and Remuneration Committee Member / Assistant Managing Director - Operations | 48 | - Director Accreditation Program (DAP) batch 111/2014 of Thai Institute of Directors (IOD) - Bachelor Degree in Pharmacy, Mahidol University | 30.63 | Spouse of Mr. Thawatchai Phutthipiriya | 2015 - present | Executive Committee Member / Nomination and Remuneration Committee Member / Assistant Managing Director - Operations | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 2012 - present | Director | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 2013 - present | Director | Thanaphoom Property 2013 Company Limited | Real Estate |
| 6. Mrs. Chularat Ngamloetlee Director / Nomination and Remuneration Committee Member | 54 | - Director Accreditation Program (DAP) batch SEC/2015 of Thai Institute of Directors (IOD) - Bachelor Degree in Business Administration, University of the Thai Chamber of Commerce University | None | Sister of Mrs. Amorn Phutthipiriya | 2015 - present | Director / Nomination and Remuneration Committee Member | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 2004 - present | Entrepreneur | Poj Electrical Store | Retailer |
| | | | | | 2002 - 2003 | Branch Manager | Bangkok Bank | Bank |
| 7. Ms. Busakorn Tadthapong Director | 46 | - Director Accreditation Program (DAP) batch SEC/2015 of Thai Institute of Directors (IOD) - Bachelor Degree in Business Administration, Pibulsongkram Rajabhat University | None | Sister of Mrs. Amorn Phutthipiriya | 2015 - present | Director | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 2000 - present | Entrepreneur | Busakorn Agricultural Store | Retailer |
| | | | | | 1990-2000 | Finance Officer | Thai Military Bank Public Company Limited | Bank |

| Name – Surname / Position | Age (Years old) | Educational Qualification / Training | Shareholding (%) | Relationship between Director and Executive | Work Experience | | | |
|---|--------------------|--|---------------------|--|-------------------|--|--|--------------------------------|
| | | | | | Period | Position | Name of Employer | Type of Business |
| 8. Mr. Pittaya Jitmase Executive Committee Member / Nomination and Remuneration Committee Member / Company Secretary / Finance and Accounting Director | 36 | - Master Degree in Business Administration (Accounting), Ramkhamhaeng University - Bachelor Degree in Business Administration (Accounting), Ramkhamhaeng University - Certified Public Accountant (Thailand) - Company Secretary Program (CSP) 68/2015 of Thai Institute of Directors (IOD) | None | None | 2015 - present | Executive Committee Member / Nomination and Remuneration Committee Member / Company Secretary | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 2014 - present | Finance and Accounting Director | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 2013 - 2014 | Nomination and Remuneration Committee Member | Thiensurat Public Company Limited | Household Products |
| | | | | | 2011 - 2014 | Finance and Accounting Manager | Thiensurat Public Company Limited | Household Products |
| | | | | | 2002 - 2011 | Audit Manager | IVL Audit Company Limited | Audit and Internal Audit |
| 9. Mrs. Duangjai Yoo-in Finance and Accounting Manager / Risk Management Committee Member / Risk Management Committee Secretary | 41 | - Diploma in Accounting | None | None | 2015 - present | Risk Management Committee Member / Risk Management Committee Secretary | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 2015 - present | Director | Thanaphoom Property 2013 Company Limited | Real Estate |
| | | | | | 2014 - present | Finance and Accounting Manager | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 2012 - 2014 | Head of Accounting Department | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 2008 - 2012 | Accounting Officer | Thanipiriya Public Company Limited | Retailer / Wholesaler |

| Name – Surname / Position | Age (Years old) | Educational Qualification / Training | Shareholding (%) | Relationship between Director and Executive | Work Experience | | | |
|---|--------------------|--|---------------------|--|-------------------|--|--|--------------------------|
| | | | | | Period | Position | Name of Employer | Type of Business |
| 10. Ms. Janya Charoensuk Supply Chain Manager / Risk Management Committee Member | 32 | - Bachelor Degree in General Management, Chiang Rai Rajabhat University | None | None | 2015 - present | Risk Management Committee Member | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 2014 - present | Supply Chain Manager | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 2011 - 2013 | Human Resources Development Officer | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 2010 - 2010 | Promotion / Branch Activities Officer | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 2009 - 2009 | Purchasing Officer | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| 11. Mr. Tanit Yosdee Sales and Marketing Manager / Risk Management | 31 | - Bachelor in Plant Science, Chiang Rai Rajabhat University | None | None | 2015 - present | Risk Management Committee Member | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 2014 - present | Sales and Marketing Manager | Thanaphoom Property 2013 Company Limited | Real Estate |
| | | | | | 2014 - 2014 | Human Resources Development Officer | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 2013 - 2013 | Mae Sai Supermarket Store Manager | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 2011 – 2012 | Baan Doo Supermarket Store Manager | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 2011 - 2011 | Den Ha Supermarket Store Wholesale Manager | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 2010 - 2010 | Hor Nalika Supermarket Store Manager | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 2009 - 2009 | Head of Sales Department, Den Ha Supermarket Store | Thanipiriya Public Company Limited | Retailer / Wholesaler |

| Name – Surname / Position | Age (Years old) | Educational Qualification / Training | Shareholding (%) | Relationship between Director and Executive | Work Experience | | | |
|---|--------------------|---|---------------------|--|-------------------|--|---|--------------------------|
| | | | | | Period | Position | Name of Employer | Type of Business |
| 12. Ms. Pitchakorn Ngernkhao Human Resources Manager / Risk Management Committee Member | 37 | - Certificate in Senior High School | None | None | 2015 - present | Risk Management Committee Member | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 2014 - present | Human Resources Manager | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 2012 - 2013 | Human Resources Development Officer | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 2010 - 2011 | Den Ha Supermarket Store Manager | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 2009 - 2009 | Head of Cashier | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| 13. Mrs. Rungrapa Piboonsri Executive Committee Member / Head of Finance Department | 34 | - Bachelor Degree in Business Administration, Chiang Rai Rajabhat University | None | None | 2015 - present | Executive Committee Member | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 2014 - present | Head of Finance Department | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 2008 - 2014 | Finance Officer | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| 14. Mrs. Bongkot Chantachit Executive Committee Member / Head of Human Resources Development Department | 38 | - Bachelor Degree in Banking and Finance, Payap University | None | None | 2015 - present | Executive Committee Member | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 2014 - present | Head of Human Resources Development Department | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 2013 - 2014 | Supermarket Store Wholesale Manager | Thanipiriya Public Company Limited | Retailer / Wholesaler |
| | | | | | 2010 - 2013 | Den Ha Supermarket Store Retail Manager | Thanipiriya Public Company Limited | Retailer / Wholesaler |

9. Corporate Governance

9.1 Corporate Governance Policy

Our company gives priority to good corporate governance which complies to the principle set off by the Stock Exchange of Thailand (SET) as it reflects our operation that meets the international standard, promotion of transparency, and effective management, that bring about confidence to the shareholders, investors, and all parties of stakeholders. All of these lead us to stability and progress, as they are tools for adding value and enhance sustainable growth. Our company has established the Principles of Good Corporate Governance for Listed Companies, 2012, according to the guidelines given by the Stock Exchange of Thailand, which comprise of the 5 sections of Corporate Governance as follows:

1. Rights of shareholders
2. Treating shareholders equally
3. Roles of stakeholders
4. Disclosure of information and transparency
5. Responsibility of directors

Section 1: The Rights of Shareholders

Our company has the policy to treat every shareholder equally according to the principles specified by the laws and related government agencies. The process of shareholders meeting will be disclosed, transparent, and fair whereas every shareholder will have equal rights as follows:

Rights of Shareholders

1. Right of ownership by controlling the company via appointing the board of directors to work on their behalf.
2. Right to purchase/sell or transfer stocks.
3. Right to attend the shareholders' conference and vote as well as providing opinion and joining the decision making for important changes.
4. Right for assigning others to join the conference and vote on their behalf.
5. Right to appoint and remove any of the directors.
6. Right to vote for appointing and specifying the payment for the auditor
7. Right to consistently and timely know information, results of operation, and management policy
8. Right to receive proportioned profit equally.
9. Right to receive information on related executed transactions.

Conference of Shareholders**1. Specifying date, time, and place for shareholders' conference**

The company's board of directors will specify the date, time, and place for shareholders' conference where shareholders can participate conveniently.

2. Invitation letter for joining the conference

The company will send the invitation letter for joining the conference, agenda, opinion of the directors, as well as complete information, which are necessary for consideration and decision making on each of the agenda. This letter will be sent prior to the meeting date, and it will comply to the principles set off by laws and related government agencies.

3. Proposing additional agenda(s) prior to the conference

Every shareholder can propose additional agenda(s) prior to the conference by submitting the agenda(s) and details in written format to the company, at least 3 days before the conference date, so that the board of directors can consider whether the proposed agenda should be a part of the conference or not.

4. Conference participation and registration

Every shareholder has the right to participate the conference and vote or authorizing others to attend the conference and vote on his/her behalf. The company allows the shareholder to register to attend the conference before the official conference time. The company will also set the system to enable the shareholders to register completely and quickly.

5. Inquiry, opining, voting, and recording the minute of meeting

The company's board of directors will give equal opportunity to every shareholder to audit the company's business operation during every of the shareholders' conference. The shareholders can fully make inquiry, give opinion and suggestions. The consideration and decision making for every matter will be of free-vote whereas 1 share equals to 1 vote. This is the same to every shareholder. The company will record the minute of meeting which includes the inquiry, suggestions, meeting resolution, and vote results, either agreed, disagreed, or vote abstention, for each of the agenda, in written format. This allows the shareholders and relater persons to be able to examine. In addition, they will be publicized in the conference report via the company's website after the conference ended.

6. Conference participation by company's board of directors

The company's board of directors realizes in the significance of the shareholder conference, it is a duty of every director to attend every shareholder conference in order to present various complete information to the shareholder, listen to opinions and welcome suggestions from shareholders. In addition, the directors have to give opportunities to shareholders to ask questions whereas they will respond with accurate information.

Section 2: The Equitable Treatment of Shareholders

The company has the guideline for treating every shareholder, either those who are executives or non-executives, the major shareholder or the minor shareholder, as well as the foreign shareholder, equally and fairly. The company specifies the good guideline as follows:

1. Providing information prior to the shareholder conference

- 1) The company will send an invitation letter to inform about the meeting, meeting agenda, opinion from the company's board of directors, and complete documented information, which are adequate for making consideration and decision for each of the meeting agenda, per the Public Company Limited Act. When the company completed the registration to become a company in the Stock Exchange of Thailand, the company will send an invitation letter to all shareholders in advance within the time frame set off by the The Securities and Exchange Commission or The Stock Market of Thailand in order to allow the shareholders to have time for studying the information prior to attending the conference. Besides, the shareholders will receive information via electronic means of the Stock Exchange of Thailand, the company's website, and newspaper according to the Public Company Limited Act.
- 2) Our company will notify the shareholders about regulations required for the meeting, the voting procedure, and the right to vote according to each type of share.

2. Protection on Rights of Minor Shareholders

- 1) Our company will specify the criteria that allows the minor shareholders to make propose additional topic to the meeting agenda prior to the date of meeting in order to express our fairness and transparency in considering whether we should add topic proposed by the minor shareholders to the agenda or not.
- 2) Unless it is necessary, the chairperson of the meeting will not add topics to the agenda if it was not notified in advance especially the important topic that shareholders have to spend time to study information prior to making decision.
- 3) Our company will specify the method for minor shareholders to propose individuals to take the post of board members. The candidate names must be proposed to the Selecting Committee prior to the meeting date of shareholders altogether with the information on qualification to be considered and the consent from the proposed individuals.

3. Prevention on Usage of Internal Information

Our company has specified the guideline for securing and protecting the use of internal information in written format. Such guideline must be observed by everyone in the organization. Every board member and executive has the duty to report about their possession according to the laws. The report must be submitted to the committee regularly and disclosed in the annual report.

4. Stakeholding of the Board Members

- 1) Specifying the board members to report their stakeholding prior to the consideration per agenda and record their report into the minute of meeting of the committees.
- 2) The board members who have considerable stakeholding that may cause such board members to be unable to give opinion freely may not take part in the meeting to consider per the agenda.

Section 3: The Role of Stakeholders

Our company realizes and acknowledges the significance of governing the internal stakeholders namely the shareholders, staffs, and external stakeholders namely customers, ventures, creditor, competitor, and other work units including the related nearby communities. The company will look after the stakeholders according to the right provided by related laws or agreement made with the company. The company will not take any action that violate the individual rights of the stakeholders whereas the company already specified policy and guideline for dealing with different stakeholders as follows:

1. The Practices to be Observed by Executives

The executives mean employees who have subordinates. In addition to following every of the ethical codes as an employee of the company, the executive need to have a good practice in order to promote good management. Also, as the boss of the staffs, the executives need to have leadership and being the good role model for other staffs in general. Thus, the guidelines for executives are specified as the followings:

1) How should the executives treat the shareholders

The executives have to perform their duties honestly, carefully, prudently, and visionally. The executives must not seek for the benefits for themselves and their parties from the organization's information which is not disclosed to the outsiders. In addition, the executives must not take any action that may cause conflicts of interest.

2) How should the executives treat the staffs

The executives must treat the staffs fairly without prejudice. The executives should support the staffs in enhancing work performance, progress, and efficiency, as well as promoting staffs to understand the ethical codes that the staffs have to observe. In addition, the executives have to provide appropriate welfare and treat the staffs honestly by reasonably welcome their opinion and suggestions.

3) How should the executives treat the customers

The executives must treat customers in such a way that strictly complies to the business ethical codes specified by the company.

4) How should the executives treat the joint ventures

The executives have to treat the joint ventures fairly without asking for or receiving any benefits that are unfair to the joint ventures. If the executives cannot obey any of the conditions, they have to notify the joint ventures in advance in order to seek for mutual solutions.

5) How should the executives treat the competitors

The executives have to treat the business competitors within the framework of rules and good competition. In addition, the executives must not acquire the confidential information of the business competitors dishonestly.

6) How should the executives treat the society and environment

The executives have to treat or supervise the compliance to laws and related regulations as well as being responsible toward the society. Moreover, the executives must cooperate, assist, support, and volunteer to do the activities that are beneficial for the community and society.

2. The Practices to be Observed by Staffs

In order to promote sound and effective working, the staffs should observe the following practices:

- 1) The staffs should do their works honestly, enduringly, and diligently. They should improve their work performance to be even better for their own and the company's benefits.
- 2) The staffs should strictly observe the company's regulations and work requirements.
- 3) The staffs should respect and be obedient to their supervisors who give orders that comply to the company's policy and regulations.
- 4) Staffs should work harmoniously by assisting each other and do not cause conflicts that may lead to company's or others' damage.
- 5) Staffs should respect and honour each other. They should avoid the disclosure of others' information or matter either related or unrelated to work operation as well as personal matters. They should not criticize in such a way that causes damage to other staffs and the company.
- 6) Staffs should avoid receiving gifts that may cause them to feel uncomfortable in performing their duties in the future. If it is unavoidable, the staffs should inform their supervisors immediately.
- 7) The staffs should not use their position or advantage from their work duty to seek for personal benefits or the benefits of their parties or doing business that compete with the company.
- 8) Staffs should treat customers and joint ventures honestly without discrimination.
- 9) Staffs should strictly keep the customers', joint ventures', and organization's confidential information.
- 10) The staffs should report the matters that they come across to their supervisors without delay if such matter may cause impact to their operation or the company's reputation.
- 11) The staffs should look after the benefits and assets of the company to be in good condition, yielding maximum benefit, economical, un wasteful, useful, undamaged, or not improperly depreciated.

Punishment

In case that the executives and staffs behave in such a way that causes conflict of interest with the company, it will be considered according to the company's organization structure and work regulations. Each work unit will make consideration in the primary stage and conclude the issue and forward to the superior supervisor and related work unit in order to make judgement and identify the appropriate punishment. If the conflict of interest is severe and causes much damage that is unbearable by the responsible work unit, the matter may be forwarded to the company's executives in order to consider, conclude, and specify punishment further.

| | | |
|-------------------|----|--|
| Punishment | 1) | Verbal notification |
| | 2) | Written notification |
| | 3) | Decreasing salary |
| | 4) | Suspend from work |
| | 5) | Terminate employment without recompense according to the Labour Protection Laws. |
| | 6) | Taking legal actions. |

Section 4: Disclosure and Transparency

Our company requires the Board Members to disclose information, either financial information or other information, adequately and completely. The information must be reliable and given in time so that the company's shareholders can receive the information equally. The company's information must be created in such a way that it is prudent, clear, precise, understandable, and transparent. Both positive and negative information must be disclosed regularly. In addition, the board members have to be careful not to cause confusion in the factual information.

The company's Board of Directors is committed to seriously overlook the compliance to laws, enforcement, and regulations, which are related to the disclosure of information and transparency, to be publicized via the company's website, both in Thai and English. Also, it should be publicized via the mass media, the media of the Stock Exchange of Thailand, so that the shareholders and other related persons know about the company's information. The adjustment to the information will be made in compliance to the guideline enforceable by the Stock Exchange of Thailand and the Securities and Exchange Commission.

The company also provides the staffs for Investor Relations who communicate with the investors or shareholders as well as investing institutes and minor shareholders. Our company will organize the meeting for analyzing the results of operation regularly, and we will publicize the company's information, either financial or other information, to the shareholders, stock analyzer, rating company, and related government agencies via various channels such as the report to the Stock Exchange of Thailand, The Securities and Exchange Commission, and the company's website. In addition, our company also gives priority to regular disclosure of information both in Thai and English, so the shareholders will receive information frequently, via the company's website. The information provided on website will be updated regularly, whether they are the vision, mission, financial statement, news, annual report, organization structure, executives, and the structure of shareholding by the major shareholders.

In addition, our company also gives priority to financial report which indicates the financial status and the true result of operation of our company. These are based on the correct, complete, and adequate generally accepted accounting procedure and standard. Our company will disclose the information about each board member, their roles and duties as the members of board of directors and the sub-committee of the company in the annual report (form 56-2) and the Annual Information Form (form 56-1) which disclose the salary of Board Members and top executives.

Section 5: Board Responsibilities

1. Components of the Company's Board of Directors

The company's board of directors has components as follows:

1. According to the company's requirement, the company's board of directors must comprise of at least 5 members whereas no less than a half of the total board members must live in Thailand. The company's board members must have qualifications required by laws. They may or may not be the shareholders of the company.
2. The company's board members comprise of the executive board members, non-executive board members, and independent committee. There should be at least 1/3 of independent committee, and the total number of independent committee must not be less than 3 persons. The independent committee must have qualifications per the specification of the Stock Exchange of Thailand.
3. The company's Board of Directors elects one non-executive board member to be the chairperson.
4. The company's Board of Directors selects one person to be the secretary of the Board of Directors whereas the secretary may or may not be a member of the board.
5. The company's Board of Directors select one person to take the post of company secretary.

2. Selecting and Considering Benefit Payment Committee

In addition to the Audit Committee which must be established according to the requirement of the Stock Exchange of Thailand, the company's Board of Directors has to establish the Selecting and Considering Benefit Payment Committee for the sake of good governance with the following conditions:

1. The committee must comprise of no less than 3 members of the Board. Most of the committee members should be independent committee and non-executive board members.
2. The company's Board Members have to appoint independent committee who is a member of the Selecting and Considering Benefit Payment Committee to be the chairperson of the Selecting and Considering Benefit Payment Committee.

The selecting and considering benefits payment committee can specify the number of meetings as it deems appropriate in order to do its duty as assigned. However, the number of meeting should not be less than once a year. They are also responsible for reporting the result of their operation to the members of company's board after every meeting. In addition, they have to report the result of their operation to the meeting of shareholders.

3. Roles, Duties, and Responsibilities of Board Members

1. The Board of Directors has duties and responsibilities covering the following issues:
 - (a) Considering and approving important matters related to company's operation such as vision, mission, strategy, financial goal, risk, work plan, and budget.
 - (b) Following up and overlooking the management to work effectively and efficiently in such a way that complies to the policy and specified plan.
 - (c) The internal control and risk management as well as mechanism in receiving complaints and processing the case where hints or clues are given.
 - (d) Looking after the business operation in the long run as well as the plan for developing staffs and succession plan.
2. The company's Board of Directors creates the written policy for supervising and overlooking the company as well as approving the aforesaid policy during the Board of Directors' meeting no. 1/2558 on 26 January 2015. The company's Board of Directors has to revise the policy and the compliance to the stated policy regularly at least once a year.
3. The company's Board of Directors promote the directors, executives, and staffs to understand the ethical standard which the company implements to its business operation. The business ethical code is also created in written format. There must also be serious observance of such ethical codes.
4. The company's Board of Directors has to consider the conflict of interest issues prudently and create the policy to reduce the conflict of interest by having the guideline for making consideration on matters that have clear conflict of interest for the benefit of the company and overall shareholders. The stakeholders must not take part in the decision making, and the company's Board of Directors has to supervise the compliance to the requirements on the complete and accurate procedure and disclosure of information that involve the conflict of interest.
5. The company's Board of Directors has the direct responsibility to provide and maintain the internal control system as well as revising the performance of the internal control system regularly in order to secure the invested money of shareholders and assets of the company. The internal control includes financial control, work procedure, supervising and overlooking operation to comply to the laws and related regulations, as well as risk management, the internal control system provided by the company will help to reassure reasonably about the achievement of objectives and goals set forth for the reliable and accurate information system and financial report.
6. The company's Board of Directors has to set the policy in managing risk for all over the organization systematically. The Risk Management Committee needs to be established to create the policy, set the system, and estimate possible risk which may occur from external factors and management and organizational operation as well as setting the guideline for management and handling risk to be in the acceptable level. There should be communications, and organizing the practical seminars for staffs as well as realizing the significance of risk management and the process of the company's risk management.

4. The Meeting of Company Board of Directors

Our company specify the criteria for meeting of company's Board of Directors as follows:

1. The company's Board of Directors must organize meetings to acknowledge the results of company's operation at least once every 3 months. During the meeting, the Board members have to give opinions and use their consideration freely. Every Board member should attend every meeting except in case of urgency. If so, they have to notify the secretary of the company's Board of Directors in advance. The company has to report the number of Board members' meeting attendance in the annual report. In each meeting of the Board members, in order to allow the Board members to know in advance, the secretary of the Board has to send invitation letter to every Board member to inform about the date, time, venue of meeting, as well as meeting agenda. These information should arrive Board members at least 7 days in advance. The secretary also has to gather all the necessary documents from Board members and the management in order to send to the Board members in advance. Such documents must provide adequate information for decision making under free thinking of the Board members. The secretary has to record the issues in the meeting in order to create the minute of meeting with complete details within 15 days after the end of meeting in order to propose to the Chairperson of the Board of Directors to sign. These documents should be very well filed in such a way that it is convenient to retrieve and remain confidential.
2. For any member of the Board of Directors who is a stakeholder in any issue, he will not be able to vote on such issue.
3. The vote made during the meeting of the company's Board of Directors will take into account of the majority vote as winning. In case that the vote count breaks even, the Chairperson of the meeting is eligible to make one additional vote. However, the opinions of Board members who disagree with the resolution should be specified in the minute of meeting as well.

5. Benefits Payment

The company's Board of Directors has to make resolution to appoint the Selecting and Specifying Benefit Payment Committee in order to allow the Committee to seek for appropriate individuals to take the post as Board members and top managements as well as considering the form and criteria for paying benefits to Board members and top managements as follows:

1. Considering the criteria on paying benefits to Board members and top managements in order to make it appropriate by revising the appropriateness of the current criteria in comparison with the information on benefits payment of other companies in the same industry. In addition, the committee has to specify the appropriate criteria that brings about expected work results and fairness as well as offering worthwhile benefits to those who help our company to make achievement.
2. Revising all the forms of benefit payment such as regular benefit payment, benefit payment based on

work achievement, meeting allowance, by taking into account of the practices that are commonly observed by those in the same industry, results of business operation and size of business, and responsibility, knowledge, capability, and experience of each Board members and top managements.

3. Considering the criteria for estimating the operational results of the Managing Director, members of the executive board for each line, and top managements per the assignment given by the Board of Directors.
4. Specifying the annual benefits payment for Board members, Managing Director, members of the Executive Board in each line, and top management, according to the benefit payment criteria already made, and propose to the Board of Directors in order to approve the benefits payment for the Managing Director, members of the Executive Board in each line, and top managements. For the members of Board of Directors, the Board members have to propose to the meeting of shareholders.
5. Considering the appropriateness and making approval in case that there is a propose to sell new shares to Board members and staffs. It should take into account of the fairness for shareholders and create incentives for Board members and staffs to continue their duty in such a way that adds value to the shareholders in the long run and being able to keep the quality personnel with the company.
6. The Developing of Board Members and Executives

In order to enhance the operation performance for Board members, our company will support the Board members and top executives to attend seminars which are beneficial to their duties as well as giving them the opportunities to meet and exchange their opinions with Board members and executives of other organizations regularly whether such seminars are organized by the Training Professional and the training provided by the public sector or private organizations such as the seminar for Board members of the Thai Institute of Directors which the Securities and Exchange Commission specifies that Board members of registered company must attend at least one seminar namely Directors Certification Program (DCP), Directors Accreditation Program (DAP) and Audit Committee Program (ACP), so they can use the knowledge and experience to develop their company further.

9.2 The Structure of Company's Board Members

The structure of company's Board members comprises of the Board of Directors and 3 sub-committees namely the Audit Committee, the selecting and specifying benefits Committee, the Executive Board, and the Risk Management Committee. The meeting of the Board of Directors no. 1/2558 on 26 January 2015 had made a resolution to give the scope of power and duty as follows:

9.2.1 The Company's Board of Directors

The Scope of Power and Duty of The Company's Board of Directors

The company's Board of Directors has the scope of power, duty, and responsibility as follows:

1. Doing their duties in compliance to the laws, company's objectives and regulations, and resolutions of the shareholders' meeting.
2. Approve the appointment of individuals who are qualified and have not prohibited characteristics as specified in the Public Company Act 1992 and the laws on Stock Exchange and Stock Market, the regulations and/or rules about the position of Board members in case that the position is vacant due to the causes other than the end of term.
3. Appoint members of the Executive Board by selecting from the members of Board of Directors as well as specifying the scope of power, duty, and responsibility of the Executive Board Members.
4. Appoint the independent committee and Audit Committee by considering the qualifications and prohibited characteristics of independent committee and Audit Committee according to laws on Stock and Stock Market as well as the declaration and/or related regulations of the Stock Market or propose to the meeting of the shareholders to appoint independent committee and the Audit Committee of the company further.
5. Specify and amend or change the name of director who has power that is binding to the company.
6. Appointing any other individuals to operate the company's business under the supervision of the Board of Directors or making the power of attorney to allow such individuals to have power and/or within the timeframe that is deemed appropriate by the Board Members whereas the Board Members may terminate, revoke, amend, or change such power.
7. Approve the transactions on acquiring or selling the company's assets except in the case that they must be approved by the shareholders' meeting. Such approval must comply to the declaration, enforcement, and/or related regulations of the Stock Market.
8. Approve the interconnected transactions except in the case that such transactions have to be approved by the shareholders' meeting. The approval must comply to the declaration, enforcement, and/or regulations which are related to the Stock Market.
9. Approve interim dividend to the shareholders when they see that the company has enough profit to do so. Also, they have to report the dividend payment to the meeting of the shareholders to be acknowledged.

10. Specifying the vision, policy, and operational direction, business strategy, and annual budget as well as supervising and monitoring the managements to effectively and efficiently operate in compliance to the specified policy in order to add the maximum economic value to the shareholders for the sake of sustainable growth.
11. Being responsible for the shareholders regularly by operating in such a way that maintains the benefits of shareholders. Disclose essential information to investors accurately and completely with good standard and transparency.
12. Estimating the result of operation and specify the benefits payment for Board members and top executives.
13. Supervising and monitoring the executives to have risk management system which is appropriate and efficient.
14. Making decision on important issues such as the policy and business plan for large investment, managing power, the acquiring or selling of assets, and other transactions as required by laws.
15. Specify the power and level of approval for each business transaction and take procedures which are related to the company's work for group(s) or individual(s) as they deem appropriate in such a way that complies to the related laws by creating the operational power handbook which should be revised at least once a year.
16. Establishing the accounting system, financial report, and accounting audit which is reliable as well as supervising and monitoring the establishment of procedure for estimating the appropriateness of the internal control.
17. Giving approval for the proposed accounting auditor and consider the benefit payment for the annual accounting audit in order to propose to the meeting of the shareholders for further approval and appointment.
18. Report the responsibilities of the Board of Directors in creating the financial report by presenting altogether with the accounting auditor's report in the annual report which includes significant issues according to the policy to be well observed by Board members of company registered to the Stock Market of Thailand.
19. Supervising and monitoring the operation of various sub-committees to comply the specified charter.
20. The Board of Directors has to assess their own operation and assess the overall operational results.

9.2.2 The Audit Committee

The Audit Committee's Scope of Power and Duty

The Audit Committee has the scope of power and responsibility as follows:

1. Verify the financial reports in order to reassure that they are accurate and reliable as well as disclosing information adequately by way of coordinating with the external accounting auditor and executive who is responsible for creating the financial report either quarterly or annually.
2. Verifying for the company to have internal control and internal audit which are appropriate and effective as well as considering the freedom of Internal Audit and approve the consideration to appoint, move, and terminate employment of the head of internal audit or other unit that is responsible for the internal audit. The committee may propose the verification or investigation on any transaction as they deem necessary and important altogether with providing suggestions to the company's board of directors for improvement and correction on the internal audit by verifying jointly with the external accounting auditor and the manager of internal audit.
3. Verifying the compliance to laws of stocks and stock exchange market or specifications of stock exchange market, policy, rules, regulations, enforcement, and other laws related to the company's business.
4. Consider to choose and appoint individuals who can freely perform the duty as accounting auditor as well as considering and proposing the benefit payment for the company's accounting auditor to the Board of Directors. In addition, the committee has to attend the meeting with the accounting auditor without participation from the management at least once a year.
5. Verifying the company's internal audit plan according to the methodology and standard which are generally acceptable.
6. Consider the interconnected transactions or transactions that may have conflicts of interest and make them comply to the laws and the specifications of the Stock Exchange Market as well as the disclosure of company's information on such issue to be accurate and complete. This is to assure that the aforesaid transactions are reasonable and beneficial the most for the company.
7. Verify for the company to have the appropriate and effective risk management system.
8. Report the results of Audit Committee's operation to the company's Board of Directors at least 4 times per year.
9. Create the report of the Audit Committee to be publicized in the company's annual report. Such report must be signed by the Chairperson of the Audit Committee and comprise of, at least, the following information:
 - (1) Opinion on accuracy and completeness which are reliable as the company's financial report.
 - (2) Opinion about the adequacy of the company's internal audit system.
 - (3) Opinion about the compliance to laws on Stock and Stock Exchange Market, specifications of

Stock Exchange Market, or laws related to the company's business.

- (4) Opinion about the appropriateness of the accounting auditor.
 - (5) Opinion about the interconnected transactions or transactions that may have conflict of interest.
 - (6) Number of meetings of the Audit Committee and the meeting participation of each Audit Committee.
 - (7) The overall opinion or remark that the audit committee receives from their compliance to the charter.
 - (8) Other transactions that the shareholders and investors should know under the scope of duty and responsibility assigned by the company's Board of Directors.
10. Jointly provide opinion in considering the appointment, removal, and assessment of the internal audit staffs.
 11. For their operation within the scope of duty, the Audit Committee will be given power to invite the related executives or staffs to give opinion, attend meeting or submit documents as they deem related or necessary.
 12. Giving power to hire advisors or the third parties according to the company's regulations to provide opinion or consultancy in case of necessity.
 13. The Audit Committee has to assess the result of their operation by self- assessment and report the result of assessment as well as problems and obstacles in their operation which may prevent them from achieving the objectives in establishing the Audit Committee to the company's Board of Directors every year.
 14. Considering the review and improvement of charter of the Audit Committee at least once a year.
 15. Other operations assigned by the company's Board of Directors under the scope of duty and responsibility of the Audit Committee.

9.2.3 The Committee on Selecting and Specifying Benefits

Scope of Power and Duty of the Committee on Selecting and Specifying Benefits

The Committee on Selecting and Specifying Benefits has the scope of power, duty, and responsibility as follows:

• On Selecting

1. Specifying the method for selecting the appropriate individuals to become the board members in such a way that is suitable to the organization's business operation by specifying required qualifications, knowledge, and capability in specific fields.
2. Finding board members. When it is time to propose the candidates to the company's Board of Directors for consideration, the current Board members may be reappointed to the positions. Otherwise, the committee may give the opportunity to shareholders to nominate individuals or they may request other company to recruit the right persons or consider those who are listed in the Professional Director List or requesting each board member to nominate appropriate individuals.
3. Consider the proposed list of individuals and selecting the individuals who meet the specified qualification.
4. Checking that the proposed individuals meet the qualifications required by laws and specifications of related agencies.
5. Inviting individuals who meet the required qualifications to reassure that such individuals are willing to take the positions as the member of company's Board of Directors, if they are appointed by the shareholders.
6. Proposing the names of individuals to the committee to consider and list their names in the shareholders meeting agenda to be considered for appointment by the resolution from shareholders meeting.
7. Find the candidates for the position of C.E.O. and Managing Directors per the assignment from the company's Board of Directors.

• Specifying The Benefits

1. Consider the criteria for paying appropriate benefits of C.E.O. and Managing Director by reviewing the appropriateness of the current criteria in comparison to the information on benefit payment from other companies in the same industry. Also, the committee has to specify the appropriate criteria that will yield outcomes as expected which are fair for the individuals who help our company to make achievement.
2. Review the forms of benefits payment such as regular benefit, benefit per result of operation and meeting allowance by taking in to account of the practices of the similar industry, result of business operation, size of our company's business, responsibility, knowledge, capability, and experience of the C.E.O. and Managing Director per the company's expectation.
3. Considering the criteria for estimating the achievement of C.E.O. and Managing Director per the assignment from the company's Board of Directors.
4. Specifying the annual benefit payment of Board Members, C.E.O., and Managing Director according to the considered criteria for payment and propose to the company's board members in order to approve

the benefit payment for the C.E.O. and the Managing Director. For Board Members, the Board has to propose to the meeting of shareholders for approval.

5. Consider the appropriateness and approve in case that there is an offer to sell new shares to board members and staffs. The committee must take into account of the fairness for shareholders and create incentives for board members and staffs to continue their duty in such a way to add value to shareholders in the long run and able to maintain the quality personnel.

9.2.4 Board of Executives

he Board of Executives' Scope of Power and Duty

The Board of Executives has the scope of power, duty, and responsibility as follows:

1. Members of the Board of Executives must be appointed by the Board of Directors. The Board of Executives comprises of directors and staffs who are executives, altogether no less than 5 individuals to form the Board of Executives.
2. They are responsible for controlling the company's management to comply to the policy given by the Board of Directors. They have to report the result of operation to the Board of Directors. The meeting of Board of Executives must have no less than a half of the total executive members. The resolution of the Board of Executives is made possible with the majority vote which is at least a half of the total vote from all of the executive members of the Board.
3. Consider to specify the power and level of approval of each individual appropriately as well as separating duties that may allow corruption to occur. In addition, they have to specify the process and transaction execution methodology with major shareholders, directors, executives, or those who are related to the aforesaid individuals, appropriately in order to prevent the transfer of benefit. They have to propose these to the Board of Directors in order to approve the principle as well as controlling the compliance on approved principle and requirements.
4. Consider the annual budget and the process for spending on the budget, to be proposed to the company's Board of Directors. They also have to control and supervise the spending of budget approved by the company's Board of Directors.
5. Consider to improve the business operation plan to be appropriate for the benefit of the company.
6. Consider to approve investment and specify budget for investment according to the power specified in the operation power handbook.
7. Consider to engage in legal agreement which brings about binding to the company according to the operation power handbook.
8. Responsible for providing important information of the company adequately to be used by the Board of Directors of the company and shareholders in making decisions as well as creating reliable financial report which complies to the good standard and transparent.

9. Consider the income and loss of the company and propose the annual dividend payment to the company's Board of Directors.
10. Consider to run new business or terminate business to be proposed to the company's Board of Directors.
11. Allowing the process for operation staffs to report situation, wrongdoings, or illegal actions, to the Board of Executives promptly. In the case that such situations bring about significant impact, it must be reported to the company's Board of Directors in order to seek for solution within an appropriate timeframe.
12. Taking any actions to support the above solutions or according to the opinions of the company's Board of Directors or per power given by the company's Board of Directors.
13. Taking actions to propose to the Board of Executives on any issues which are the resolution and/or approval from the meeting of the Board of Executives, to be reported to the company's Board of Directors on their very next meeting.
14. The Board of Executives is unable to approve the transaction that they themselves or individuals may have conflict with or being a stakeholder, or having conflict of interest in any other form with the company or the subsidiary company.

9.2.5 Risk Management Committee

The Scope of Power and Duty of Risk Management Committee

The Risk Management Committee has the scope of power, duty, and responsibility as follows:

1. Specifying the policy and structure of risk management in order to propose to the Board of Executives in such a way that they comply to the guideline on risk management of the Stock Exchange of Thailand and the Internal Auditor Association of Thailand.
2. Specify the strategy that complies to the risk management policy which enables the company to estimate, follow up, and control each type of risk to be in the acceptable level by allowing different work units to take part in managing and controlling the risk.
3. Estimating the risk at organizational level and specify the methodology for risk management to control it to be in the acceptable level as well as allowing the risk management according to the specified methods.
4. Revise the policy in managing risk and improve it to be adequately effective and efficient so that the risk can be controlled.
5. Having the power to request related individuals to explain or appoint and specify the roles for staffs at all level to have the duty to manage risk per appropriateness and to report to the Risk Management Committee so that the objectives of risk management are achieved.
6. Report the outcomes of risk management to the Board of Executives and Audit Committee in order to propose to the Board of Directors quarterly.
7. Create the risk management handbook.

8. Identify risks in various aspects as well as analyzing and estimate the possible risks and the possible impacts toward the company.
9. Create the work plan to prevent or decrease risks.
10. Estimate and create the report on risk management.
11. Set up the integrated risk management system by connecting the information technology system.
12. Other operations as the Board of Directors deems appropriate.

9.2.6 Managing Director

Scope of Power of the Managing Director

The managing director has the scope of power, duty, and responsibility as follows:

1. Controlling the business operation, planning the strategies for operation, and managing daily works of the company
2. Making decisions on important issues of the company, specifying mission, objectives, guideline, and policy of the company as well as controlling the management of various lines of work.
3. Being the authorized person who gives orders, contact, command, as well as engaging in legal agreement, directions, and notifications as specified in the operation power handbook.
4. Having the power to employ, appoint, reposition, an individual as he deems appropriate as well as specifying the scope of power, duty, and appropriate benefits, and having power to remove staffs of different levels from their positions according to the power operation handbook.
5. Having power to specify the trade conditions for the benefit of the company.
6. Considering investment in the new business or terminate business in order to propose to the Members of the Executive Board and/or Board of Directors.
7. Approve and appoint the advisors on various aspects which are necessary for operation
8. Taking actions as assigned by the Executive Board and/or Board of Directors.

The authorizing of duties and responsibilities of the managing director must not be in the characteristic of sub-authorizing that results the managing director and/or the one who is authorized by the managing director to approve transactions that oneself or individuals who have conflicts (as defined in the declaration of The Securities and Exchange Commission or The declaration of the Capital Market Supervisory Board, as a stakeholder, or may receive benefit in any form or having the conflict of interest with the company, the subsidiary company, except that it is the approval of transactions according to normal business operation and trade conditions.

9.2.7 Power to Approve Important Transaction

| Position | Purchase Products for Sale | Investment in New Branch | Purchasing Assets | Office Procurement | Other Expenditures |
|-----------------------|----------------------------|--------------------------|------------------------|------------------------|------------------------|
| The Managing Director | No more than 15,000,000 | - | No more than 2,000,000 | No more than 2,000,000 | No more than 2,000,000 |
| Board of Executives | No more than 20,000,000 | No more than 50,000,000 | No more than 5,000,000 | No more than 5,000,000 | No more than 5,000,000 |
| Company Board Members | Unlimited | Unlimited | Unlimited | Unlimited | Unlimited |

9.3 The Finding and Appointing of Board Members and C.E.O.

9.3.1 Finding Independent Committees

In selecting individuals to take the position as independent committees, the committee for selecting and specifying the benefits will jointly consider and specify the principle and policy in selecting individuals to become independent committees by considering the qualifications according to the Public Company Limited Act 1992, the laws on Stock and Stock Exchange, declaration of the Securities and Exchange Commission and Stock Market of Thailand, declaration of the Capital Market Supervisory Board as well as the declaration, enforcement, and/or other related regulations. Our company has the policy to appoint the independent committees at least 1/3 of the total number of committee, and it should not be less than 3 individuals.

Qualifications of Independent Committee

The company Board of Directors specifies the qualifications of independent committee to comply to the requirement of Stock Exchange of Thailand as follows:

1. Holding shares no more than 1% of total shares that are eligible to vote of the company, the head company, the subsidiary company, the joint company, the major shareholder or the one who has power to govern the company. This includes the shareholding of those who are related to such independent committee.

2. Never be or not used to be a board member who takes part in managing work, employee, staffs, advisor who receives monthly salary, or the authorized person who govern the company, head company, subsidiary company, joint company, subsidiary companies in the same level, the major shareholder, or of the authorized person who can govern the company, except that such individual has been freed from such characteristic(s) for more than 2 years prior to the date of submitting the request for permission to the Securities and Exchange Commission. The aforesaid prohibitions do not include the case that such independent committee used to be a government officer or the advisor of public sector who is the major shareholder or the authorized person who governs the company.
3. Not being the person who have biological relationship or legally registered relationship like parents, spouse, siblings, and children, as well as the married spouses of children of the executives, the major shareholder, the authorized person who governs, or the individuals who will be nominated to be the executives or the authorized person who governs the company or the subsidiary company.
4. Never have or used to have business relationship with the head company, subsidiary company, joint company, the major shareholder, or the one who has power to govern the company, in the manner that may obstruct the free consideration of oneself, as well as never be or used to be the considerable shareholders or the one who has power to govern of those who have business relationship with the company, head company, subsidiary company, joint company, the major shareholder, or the one who has power to control the company, except that such person has been free from such characteristics for at least 2 years prior to the appointing to become an independent committee.
5. Never be and never used to be the accounting auditor of the company, head company, subsidiary company, joint company, the major shareholder, the one who has power to govern the company, and never be the considerable shareholders, the one who has power to control, or the partner of the accounting auditor office who works for the company, the head company, the subsidiary company, the joint company, the major shareholder, or the one who has power to control the company, except that such person has been freed from the aforesaid characteristics for at least 2 years prior to the appointment to hold the position of an independent committee.
6. Never be or never used to be any profession service provider which includes the offering of service as legal advisor or financial advisor who receives service fee more than 2 million baht from the company, head company, subsidiary company, joint company, the major shareholder, or the one who has power to govern the company, and never be a considerable shareholder, the one who has power to control or the partner of such profession service provider except that such person has been freed from the aforesaid characteristics for at least 2 years prior to the date of appointing to the position of an independent committee.

7. Never be a board member who is appointed to be the representative of the board of directors of the company, the major shareholder, or the shareholder who is related to the major shareholder.
8. Never operates the business with the similar condition and considerable compete with the business of the company, the subsidiary company, or never be the considerable partner of the partnership or being the board members who take part in managing work, employees, staffs, the advisor who receives monthly salary, or holding other company's shares more than 1% of the total shares which are eligible to vote whereas such company has the similar business operation and compete with our company's or our subsidiary company's business.
9. Never have any other characteristic that cause one to be unable to freely give opinion about the company's business operation.

9.3.2 Selection of Company's Board Members

To select individuals to be our company's board members, the recruiting and specifying benefit committees will jointly specify the principle and policy for finding and selecting company's board members in order to propose to the board members and/or the meeting of shareholders. The candidates who are entitled to become the board members must have complete qualifications according to Public Company Limited Act 1992, the laws on stock and stock exchange, the declaration of board members on stock supervision and stock exchange, the declaration of funding market board members, as well as declaration, regulations and/or other related rules. The company regulations require that there must be at least 5 members of company's board. In addition, no less than a half of the total number of board members must live in the kingdom. The meeting of shareholders can appoint the board members per the following principles:

1. A shareholder has one vote count per one share.
2. To select the board members, there may be voting to select one or more board members. This depends on the resolution of the shareholders meeting. The vote count of shareholders will comply to (1). The vote count cannot be given more or less to specific individuals. Therefore, a shareholder cannot divide his or her vote for appointing a board member according to article 70, section 1, of the Public Company Limited Act. The voting must be non-cumulative voting only.
3. Individuals who receive vote count respectively from highest to below will be selected to be the board members equal to the number of board members to be voted for in such election. In case that the candidates receive equal vote count but exceed the possible number of board members for such election, the chairperson of the meeting will make the absolute ruling.
4. The company board members are responsible for governing the company's business operation. They have their term according to the company's regulation. When having a general annual meeting of shareholders, 1/3 of the board members will be removed from the positions. If the number of board members cannot be perfectly divided into 3 parts, the number of board members to be removed will be closest to 1/3. The removed board members may be reelected to become board

members again. For specific committees such as the audit committee, selecting and considering benefit committee, the term for their position is 3 year. For each year, it means the period from the date of shareholders annual general meeting when they are elected/appointed until the date of next shareholders annual general meeting. The committees who are removed from the positions may be nominated and reselected to the positions again.

5. In addition to leaving one's position according to the term, the board members may leave their positions in any of the following cases:
 - (a) Passing away
 - (b) Resignation
 - (c) Does not meet qualification or having the disqualifications according to the laws on Public Company Limited or Stock and Stock Exchange.
 - (d) The meeting of shareholders has the resolution to remove such board members before the end of his or her term with the vote count of $\frac{3}{4}$ of shareholders who attend the meeting and eligible to vote. In addition, the total share counted must not be less than a half of the total shares held by shareholders who attend the meeting and eligible to vote.
6. Any board member who wishes to resign has to submit the resign letter to the company. The resignation will be effective from the date that the company receives the letter according to the first section whereas the board member may notify the registrar about his or her resignation.
7. In case of that the position of board member is vacant due to any cause other than the end of term, the nominating committees who have to nominate individuals who are not disqualified according to the Public Company Limited laws or the laws on stock and stock exchange to become the board members during the next meeting of nominating committees except that the term of nominating committees is less than two (2) months. The individual who will be selected to take the vacant position of board member will be in the post for the remaining period of term. The resolution of the committee in section one is possible with no less than $\frac{3}{4}$ of the vote count of the remaining committees.
8. The company's board members who will take the position of other company's board members must be approved by the board of directors first.

9.4 Governance Over The Subsidiaries

Our company had specified the governing structure for our subsidiaries in order to be able to supervise and control their management and be responsible for the subsidiaries' operation as if they are units of our company. We also follow up the subsidiaries' management for the company's benefits which are the results of company's investment as the followings:

1. Our company will send individuals who are capable in the professions related to the subsidiary companies to hold the position of board members or executives according to the proportion of our company's stock holding. The sending of individual to hold the position of board members or executives of subsidiary companies must be approved by the company's board of directors.

Besides, our company has clearly specified the scope for duty and responsibility of individuals that our company sends to hold position as the board member or executive of our subsidiary companies.
2. Our company has clearly specified the framework of power exercising in considering to send individuals to hold the position of board member at the subsidiary companies. The voting of such individuals during the board members meeting on important issues must be approved by the board of directors of our company first.
3. Our company has to follow up the subsidiary companies to disclose the complete and accurate information on financial status and results of operation, the engaged transaction, and the acquiring or selling of significant assets.
4. Our company has followed up the board members and executives of subsidiary companies to comply to their duties and responsibilities required by laws.
5. Our company has the mechanism in governing the following business transactions that must be approved by the board of directors or the stockholders first:
 - a) Making transaction between the subsidiary company and related party
 - b) Acquiring or selling of assets
 - c) Making other transactions by the subsidiary company

9.5 Governance on Use of Internal Information

Our company has the policy in preventing the use of internal information and supervising the board members, executives, and staffs (including their spouses and youth children) who receive the company's information as follows:

1. Educate the board members, executives, and executives in the line of accounting or finance who are managers or equivalent or above, about the duties that they have to do and submit the report on their, their spouses', and their youth children's stock holding, to the Stock Exchange Supervision Board and the Stock Exchange according to article 59 and the punishment per article 275 of the

Stock and Stock Exchange Act 1992.

2. Specify that the board members and executives as well as executives in the line of accounting or finance from the level of manager and above or equivalent has to complete and submit the report of their, their spouses', and their youth children's stock holding to our company's secretary prior to forwarding to the board members of Stock and Stock Exchange every time. The report creation and submission must be completed within 30 days from the date they are appointed to the position of board member or executive. Moreover, they have to submit the report within 3 days after there is a change to stock holding such as the purchasing, selling, transferring, or receiving of such stocks.
3. Specify that the board members, executives, as well as executives in the line of accounting or finance from the level of manager or equivalent, and related staffs, to know the internal information which affects the change in price of stocks. It is necessary to suspend the trading of company's stock during the time or before the financial statement is disclosed to the public. Our company will make written notification to the board members and executives, as well as executives in the line of accounting or finance, or equivalent, to suspend their stock trading, at least 30 days prior to the disclosure of information to the public. In addition, they should wait for 24 hours after the disclosure of information to the public. They are not allowed to disclose essential information to the third party.
4. Specify the disciplinary punishment in case of violation on using the internal information for personal benefit. Our company will make written notification first, followed by decreasing salary, and temporarily suspend the individual from working, or the individual may be fired. The punishment will be considered based on the intention and severity of wrongdoing.

9.6 Payment for Auditor

Our company pays the service fee for financial audit for the fiscal year 2013 – 2015 to A.N.S. Audit Co., Ltd. as follows:

| Payment for accounting audit | 2013 | 2014 ⁽¹⁾ | 2015 ⁽¹⁾ |
|------------------------------|---------|---------------------|---------------------|
| Service Fee (Baht) | 500,000 | 1,200,000 | 1,295,000 |

Note: (1) Service fee for financial audit of the company and subsidiaries

10. Corporate Social Responsibility

10.1 Corporate Social Responsibility Policy and Anti-corruption Policy

The Company has the intention to operate its business with responsibility to the society, environment and stakeholders. Stakeholders include shareholders, customers, business partners, employees and the community. The Company also strives to develop stable and sustainable business growth, therefore, the Company, specifies the Corporate Social Responsibility (CSR) Policy and Anti-corruption Guidance in which all management executives and employees shall participate and be responsible in such policies. This aims to ethically achieve the operational management with good corporate governance. Details are as follows:

Policies in Corporate Social Responsibility

- 1) The Company shall honestly conduct its business with Corporate Social Responsibility by complying with the laws and ethical business practices as well as benefiting people, community and the environment.
- 2) The Company shall treat all customers fairly in both product and service aspects without any discrimination.
- 3) The Company shall perform its operation by using standardized system with excellent control, applying its capability carefully with sufficient information and relevant references together with strictly complying with the relevant laws and regulations.
- 4) The Company shall not disclose customer's information obtained from the operation unless required by the laws.
- 5) The customers are welcome to make a complaint regarding the incomplete product and service.
- 6) The Company shall disclose the accurate and complete information of product and service.
- 7) The Company shall fairly comply with all conditions and agreements agreed with the customers. Should the Company be unable to comply with the above statement, the Company shall immediately advise the customer and mutually solve such problem.

Policies in Anti-corruption

The Committee's directors, management executives and employees shall not conduct any actions which may lead to both directly and indirectly corruption whether they are aimed for their own benefit, their family, the acquaintances of their business. Review of anti-corruption policies and guidelines shall be performed on a regular basis as well as update the operational regulations to be in accordance with the changing in business, rules and regulations of the relevant laws.

Guidelines for Anti-corruption

- 1) The Company sets the anti-corruption guidelines for directors, management executives and all employees in order to strictly avoid the following actions:

- Giving or Receiving Bribes

The Company prohibits all forms of giving or receiving bribes, both by oneself or assigning others to.

- Giving or Receiving Gifts, Entertaining and other Benefits

The Company stated that giving or receiving gifts, entertaining and other benefits from customers, business partners or other relevant parties has to strictly follow the Company's Code of Ethics.

- Donating for Charity, Public Benefit and Supporting Fund

The Company sets condition in donating for charity, public benefit and supporting fund as follows:

- a) Such action must be performed transparently in accordance with the relevant laws and morality as well as avoided from public's disadvantage.

- b) Such donation must be complied with the Company's rule and regulations.

- 2) The Company is determined in creating and preserving the organizational culture with the emphasis that corruption is unacceptable in both government and private sectors.
- 3) Directors, management executives and all employees should not neglect upon acknowledging of the corruption concerning the Company's business. They should report to their supervisor or responsible party as well as cooperate in the fact examination.
- 4) The Company shall protect and give fair treatment to employees who deny the corruption or report about the corruption concerning the Company's business. There shall neither be punishment nor negative impact to employees who deny the corruption although such action may lead the Company to lose its business opportunity.
- 5) These anti-corruption guidelines shall cover the human resources process starting from the recruitment, promotion, training and performance appraisal procedures. All level of supervisors shall communicate with employees for better understanding and effective action.

10.2 Business Operation

The Company conducts its business operation in accordance with the overall business operation guidelines in relevant to the Corporate Social Responsibility as follows:

- 1) Business Operation according to the Guidelines

The Company focuses in educating all employees to well understand the Company's goals so as to perform their tasks along with the Corporate Social Responsibility by communicating through the Company's human resources training and developing programs. This is to ensure that all employees shall correctly perform in the same direction. Moreover, the Company also encourages all employees to participate in the trainings which shall promote their capabilities as well as regularly join in the activities which benefit the social and environment.

10.3 Activities Benefiting the Social and Environment (After process)

One of the Company's goals is to operate its business at the same time with nurturing the social and environment. This sustainable development includes performing good deeds as well as being a part of the society. As a result, the Company organized projects and activities to develop the community surrounding the Company on a yearly basis. Samples of such projects and activities are as follows:

- The Company donated Baht 42,780 as a supporting fund to 2014 Children's Day organized by various organizations.
- The Company donated Baht 78,500 to various charities.
- The Company donated Baht 20,000 to the coordination center of Association of the Physically Handicapped in Chiang Rai Province.
- The Company donated Baht 59,300 as educational support to educational institutes in Chiang Rai Province.

Photos of some activities



10.4 Business Operation which may impact the Corporate Social Responsibility

The Company has never been examined or accused by any parties that its business operation has impact to the social and environment or that the Company failed to follow the stated policies in the Corporate Social Responsibility.

11. Internal Audit Control and Risk Management

11.1 Board of Directors' Comments regarding the Company's Internal Audit Control

The Company realizes the importance of appropriate and efficient internal audit control which shall assist in transparently operations as well as undisclosed inside information control. The Audit Committee takes charge in Internal Control and Internal Audit while may also suggest the special revision or audit on any necessary or significant transactions. Moreover, the Audit Committee reviews the operations of each department with the assistance from the auditors and management executives as well as reviews the financial statements for adequate and reliable disclosure.

The Board of Directors' Meeting No. 3/2015 held on 27 April 2015 with the presence of 3 Audit Committee members, evaluated the internal audit control by interviewing and inquiring the management executives and relevant employees according to the assessment of the adequacy of the internal control system regulated by The Securities and Exchange Commission (SEC) This assessment includes 5 aspects as follows:

1. Environment of the Organization
2. Risk Assessment
3. Management Operations Control
4. Information Technology System
5. Reporting and Follow up System

The Board of Directors commented that the Company has appropriate and adequate internal control system for the Company's business operations. These 5 aspects of the internal control system are effective for the transactions with major shareholders, directors, management executives or relevant parties. In addition, the Company has recruited sufficient employees in operating the internal control system and follow up with the Group's operations in order to prevent the misuse or unauthorized use of the Company's assets as well as transactions with person with conflict of interests or relevant parties. For efficient and well balance of the audit, the Company has hired IVL Audit Company Limited to audit and provide additional comments for complete internal control system. The Internal Auditor shall prepare a quarterly report on the internal control assessment to the Audit Committee so as to enable the Company to improve and develop the internal control system which shall lead to the Company's good corporate governance in the long run.

11.2 Audit Committee's Comments regarding the Company's Internal Audit Control

Upon the consideration of the Company's assessment of the adequacy of the internal control system with the presence of 3 Audit Committee members, the Audit Committee has no contradiction to the Board of Directors' comments.

The internal auditor has been appointed before the board of director appointment the Audit committee on January 26, 2015 after that the audit committee has reviewed and approved the internal audit plan which was presented by the internal auditor. The consideration to appoint, move, and terminate employment of the head of internal audit. Must be approved by the audit committee.

11.3 Details of Head of Internal Audit Section

The Company outsourced the Internal Audit Section to IVL Audit Company Limit (hereinafter referred to as “IVL”) whereas IVL appointed Ms. Valdee Siboonruang as the Head of Internal Auditors. Details are as follows:

| Name – Surname / Position | Age (Years old) | Educational Qualification / Training / Certificate | Shareholding (%) | Relationship between Director and Executive | Work Experience | | | |
|---|--------------------|--|---------------------|--|-------------------|--------------------------------------|--|--|
| | | | | | Period | Position | Name of Employer | Type of Business |
| Ms. Valdee Siboonruang Head of Internal Auditors Position : Audit Partner | 50 | Bachelor Degree in Commerce and Accountancy, Chulalongkorn University | None | None | 1994 - present | Audit Partner | IVL Audit Company Limited | Audit and Internal Audit |
| | | Certified Public Accountant (Thailand) No. 3829 | | | 1990 - 1994 | Finance and Accounting Manager | Mandom Corporation Limited | Cosmetics Manufacturer and Distributor |
| | | Director Accreditation Program (DAP) batch 32/2005 | | | 1986 - 1990 | Audit Senior | Deloitte Touche Tohmatsu Jaiyos Company Limited | Audit |
| | | Audit Committee Program (ACP) batch 4/2005 | | | | | | |

The Audit Committee has considered the qualifications of IVL Audit Company Limited and deemed IVL the proper Internal Auditor to conduct the Company's Internal Audit, due to IVL is independent as well as possesses vast experiences in acting as the Internal Auditor for various listed companies.

12. Connected Transactions

12.1 Person with Conflict of Interests and Relationship

The Company and its subsidiary performed connected transactions with person or juristic person which may have conflict of interests in the year 2014 and 2015 as follows:

| Person / Juristic person which may have conflict of interests | Relationship |
|--|--|
| Mr. Thawatchai Phutthiphiya ("Mr. Thawatchai") | The Company's director and major shareholder |
| Mrs. Amorn Phutthiphiya ("Mrs. Amorn") | The Company's director and major shareholder |
| Mr. Boonchai Phutthiphiya ("Mr. Boonchai") | Father of Mr. Thawatchai Phutthiphiya |
| Thanaphoom Property 2013 Company Limited ("Thanaphoom"), a real estate agent and developer | A subsidiary of the Company |

12.2 Details in the Connected Transactions

12.2.1 The connected transactions which the Company and its subsidiary performed with person or juristic person which may have conflict of interests in the year 2014 and 2015 are as follows:

| Person / Juristic person which may have conflict of interests | Transaction | Transaction value (million Baht) | | Necessity and Reasonability |
|---|---|----------------------------------|---------|---|
| | | 2015 | 2014 | |
| 1. Mr. Thawatchai Phutthiphiya | The Company lent a sum from Mr. Thawatchai. | | | - Short-term loan as a working capital with no interest charge. |
| | Loan at the beginning of the year | - | 73.06 | - The Company has repaid all short-term loan of Baht 74.46 million in December 2014. |
| | Increase during the loan period | - | 1.40 | |
| | (decrease) during the loan period | - | (74.46) | |
| | Outstanding Balance | - | - | - The Company has no such transaction in 2015. |
| | The Company rented land and building as a location for Hor Nalika Branch. | 0.90 | 0.90 | - Monthly rental fee of land and building for Hor Nalika Branch is Baht 75,000. This fee excludes the utility bills. Rental fee estimation is performed by independent appraisal who has been authorized by SEC. |

| Person / Juristic person which may have conflict of interests | Transaction | Transaction value (million Baht) | | Necessity and Reasonability |
|---|--|----------------------------------|---------|--|
| | | 2015 | 2014 | |
| 2. Mrs. Amorn Phutthiphiya | Mrs. Amorn lent a sum from Thanaphoom. | | | - This is a supporting fund for director and major shareholder with no interest charge. |
| | Loan at the beginning of the year | - | 10.50 | - Mrs. Amorn has repaid all short-term loan of Baht 13.15 million in December 2014. |
| | Increase during the loan period | - | 2.65 | - The Company has no such transaction in 2015. |
| | (decrease) during the loan period | - | (13.15) | |
| | Outstanding Balance | - | - | |
| | The Company rented a piece of land as a location for Den Ha Wholesale Store. | 0.40 | - | - Monthly rental fee of land for Den Ha Wholesale Store is Baht 33,000. This fee excludes the utility bills. Rental fee estimation is performed by independent appraisal who has been authorized by SEC. |
| | The Company rented a piece of land and building as a location for Rop Wiang Distribution Center. | 0.77 | 0.24 | - Monthly rental fee of land and building for Rop Wiang Distribution Center is Baht 64,000. This fee excludes the utility bills. Rental fee estimation is performed by independent appraisal who has been authorized by SEC. |
| | The Company rented a piece of land as a location for Warehouse 2. | 0.17 | - | - Monthly rental fee of land for Warehouse 2 is Baht 14,000. This fee excludes the utility bills. Rental fee estimation is performed by independent appraisal who has been authorized by SEC. |
| | The Company rented a piece of land as a location for Warehouse 3. | 0.23 | - | - Monthly rental fee of land for Warehouse 3 is Baht 18,800. This fee excludes the utility bills. Rental fee estimation is performed by independent appraisal who has been authorized by SEC. |
| | The Company rented a piece of land as a location for Warehouse 4. | 0.12 | - | - Monthly rental fee of land for Warehouse 4 is Baht 10,000. This fee excludes the utility bills. Rental fee estimation is performed by independent appraisal who has been authorized by SEC. |
| | | | | |

| Person / Juristic person which may have conflict of interests | Transaction | Transaction value (million Baht) | | Necessity and Reasonability |
|---|--|----------------------------------|------|---|
| | | 2015 | 2014 | |
| 3. Mr. Boonchai Phutthiphiya | The Company rented a piece of land as a location for Warehouse 2. | - | 0.72 | <ul style="list-style-type: none"> - Monthly rental fee of land for Warehouse 2 is Baht 60,000. This fee is mutually agreed among the contract parties. - The Company has no such transaction in 2015. |
| 4. Mr. Thawatchai Phutthiphiya and Mrs. Amorn Phutthiphiya | The Company purchased Thanaphoom's stocks from Phutthiphiya Group for the Group restructuring project. | - | 60.0 | <ul style="list-style-type: none"> - The Company purchased 99.99% of Thanaphoom's paid up registered capital at Baht 60 million for the Group restructuring project. Total stock purchasing was paid in December 2014. |

12.2.2 The guarantee and mortgage transactions between the Company and person which may have conflict of interests as of 31 December 2015 are as follows:

| Connected Transaction | Details of Credit Line | Amount of Loan (Million Baht) | Necessity and Reasonability |
|---|------------------------|-------------------------------|--|
| The Company Group applies business credit line with 2 financial institutions with the guarantee of land and building belonging to director and major shareholder. Besides, personal guarantee is provided by Mr. Thawatchai and Mrs. Amorn. These guarantee practices are in accordance with the regulation of the financial institutions and shall cover the full amount of loan. The said guarantee does not gain any compensation. | Overdraft account | 40.00 | This is to guarantee the business credit line acquired from the financial institutions and the practices are in accordance with the regulations of the financial institutions. |
| | Loan agreement | 30.00 | |
| | Promissory Note | 35.00 | |
| | Total | 105.00 | |

12.3 Necessity and Reasonability of Connected Transactions

The Audit Committee Meeting No. 1/2016 held on 15 February 2016 considered the Company's connected transactions in the year 2014 and 2015 together with the enquiry from management executives as well as the review from the auditor's notes in the financial statements. The Audit Committee then passed the comments that the Company's connected transactions as of 31 December 2014 and 31 December 2015 were fair, reasonable and in accordance with the general business conditions or general contract transactions with proper bargaining power in case one of the parties is person which may have conflict of interests. There was no benefit transfer between the Company and person or juristic person which may have conflict of interests.

12.4 Measures or Procedures in the Connected Transactions Approval

The Board of Directors' Meeting No. 10/2014 held on 3 December 2014 considered and approved the measures or procedures for connected transactions between the Company and person or juristic person which may have conflict of interests in order that the transactions are performed transparently as well as beneficially to the Company. Such measures or procedures are as follows:

12.4.1 Connected Transactions which are Trade Agreements with General Trading Conditions

General business transactions and supporting general business transactions such as land and building lease as well as utility services are considered trade agreements with general trading conditions with fairly charges. These transactions are comparable with connected transactions between the Company and general parties or connected transactions between person which may have conflict of interests and general parties or similar transactions performed by other business companies. The Company's management executives are capable in performing such transactions as per the approval from the Board of Directors. Moreover, a report stating details in these transactions is required to be submitted to the Audit Committee on a quarterly basis whereas the Company is required to follow the related laws, rules and regulations as stated by the Stock Exchange of Thailand including the regulations on the connected transaction disclosure.

12.4.2 Connected Transactions which are Trade Agreements without General Trading Conditions

The Company's Audit Committee shall consider and comment in the necessity and price appropriation in performing connected transactions which are trade agreements without general trading conditions prior to reporting to the Board of Directors and/or the Shareholders' Meeting as the case may be, for further approval. In the event that the Audit Committee has no experience in such connected transactions, the Company shall arrange for an independent estimator, independent expertise or the Company's auditor to comment on such connected transactions. Then the Audit Committee shall use such comments in making a decision and reporting to the Board of Directors and/or the Shareholders' Meeting as the case may be, for approval before starting such transactions. Hence, the Company shall disclose these connected transactions in the notes of the financial statements which are audited by the Company's auditor, Annual Registration Statement (Form 56-1), Annual Report (Form 56-2) as stated in the rules and regulations of the Stock Exchange of Thailand. As a result, the approval on the connected transactions has to be performed under the Securities and Exchange Act, rules and regulations of the Stock Exchange of Thailand whereas the person which may have conflict of interests in such connected transaction, shall not be entitled to vote in that agenda.

12.5 Policy or Trend in Connected Transactions in the Future

The Company expects some connected transactions in the future and they shall be examined and approved by the Board of Directors and/or the Audit Committee and/or the Shareholders' Meeting. Such connected transactions are as follows:

Land and building lease from major shareholder group which is considered necessary and reasonable general business transactions. The rental fee increase shall not be more than 10 percent of the existing rental fee. In addition, the rental fee adjustment shall not be higher than the comparable market price at that time. Details are as follows:

| | |
|---|--|
| <u>Hor Nalika Supermarket Store</u> Land and building lease | Lessor : Mr. Thawatchai Phutthiphiya Lessee : The Company Rental Fee : Baht 75,000 per month Rental Period : 3 years from 1 January 2015 to 31 December 2017 The Company is entitled to extend the rental contract 4 more times at 3 years each. |
| <u>Den Ha Wholesale Center</u> Land lease | Lessor : Mrs. Amorn Phutthiphiya Lessee : The Company Rental Fee : Baht 33,000 per month Rental Period : 3 years from 1 January 2015 to 31 December 2017 The Company is entitled to extend the rental contract 4 more times at 3 years each. |
| <u>Rop Wiang Distribution Center</u> Land and building lease | Lessor : Mrs. Amorn Phutthiphiya Lessee : The Company Rental Fee : Baht 64,000 per month Rental Period : 3 years from 1 January 2015 to 31 December 2017 The Company is entitled to extend the rental contract 4 more times at 3 years each. |
| <u>Warehouse 2</u> Land lease | Lessor : Mrs. Amorn Phutthiphiya Lessee : The Company Rental Fee : Baht 14,000 per month Rental Period : 3 years from 1 January 2015 to 31 December 2017 The Company is entitled to extend the rental contract 4 more times at 3 years each. |

| | |
|---------------------------|--|
| Warehouse 3 Land lease | Lessor : Mrs. Amorn Phutthiphiya Lessee : The Company Rental Fee : Baht 18,800 per month Rental Period : 3 years from 1 January 2015 to 31 December 2017 The Company is entitled to extend the rental contract 4 more times at 3 years each. |
| Warehouse 4 Land lease | Lessor : Mrs. Amorn Phutthiphiya Lessee : The Company Rental Fee : Baht 10,000 per month Rental Period : 3 years from 1 January 2015 to 31 December 2017 The Company is entitled to extend the rental contract 4 more times at 3 years each. |

The Board of Directors' Meeting No. 2/2015 held on 28 March 2015 has set policies in the connected transactions that should the Company be necessary to conduct the connected transactions with person which may have conflict of interests with the Company in the future, the Company is required to properly and fairly conduct in accordance with the Measures and Procedures of Connected Transactions as well as approval process as stated by the Company. These connected transactions have to be trade agreements with general trading conditions and can be referred to the same trading conditions between the Company and the third party. Nevertheless, the Audit Committee shall review and comment on the necessity and reasonability of such connected transactions. In the event that the Audit Committee has no experience in such connected transactions, the Company shall arrange for an independent estimator, independent expertise or the Company's auditor to comment on such connected transactions. Then the Audit Committee shall use such comments in reporting to the Board of Directors and/or the Shareholders' Meeting for further approval, as the case may be. Hence, the Company shall disclose these connected transactions in the notes of the financial statements which are audited by the Company's auditor. Should the Company's securities are registered in the mai, the Company shall then disclose such transactions in the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2) as stated in the rules and regulations of the Stock Exchange of Thailand. Person which may have conflict of interests in such connected transaction shall not be entitled to vote in that agenda.

13. Significant Financial Information

13.1 Independent Auditor and the Independent Audit's Report

13.1.1 Name of the Independent Auditor

For the Company's financial statements as of 31 December 2013

Mr. Yuttapong Chuamuangpan

Certified Public Accountant (Thailand) No. 9445

ANS Audit Company Limited

For the Company and its subsidiaries' financial statements as of 31 December 2014

Mr. Yuttapong Chuamuangpan

Certified Public Accountant (Thailand) No. 9445

ANS Audit Company Limited

For the Company and its subsidiaries' financial statements as of 31 December 2015

Mr. Yuttapong Chuamuangpan

Certified Public Accountant (Thailand) No. 9445

ANS Audit Company Limited

13.2.2 The Independent Auditor's Report

The Independent Auditor's Report on the financial statements as of 31 December 2013

The Independent Auditor has audited the Company's financial statements and expressed the qualified opinion that the Independent Auditor did not have the opportunity in observing the inventory counting or using other audit procedures in satisfactorily verifying the inventory balance on 31 December 2012, at the approximate value of Baht 85.86 million due to the reason that the Independent Auditor was not yet nominated to be the Company's auditor. As a result, the Independent Auditor was not able to use other audit procedures in order to verify the remaining inventories as well as the value of building which was included in the Land, Buildings and Equipments category as of 31 December 2013 at approximately Baht 10.46 million. Such transactions occurred in the past whereas the Company was not able to prepare documents for the audit at the time the Independent Auditor performed the audit, therefore, the Independent Auditor was not able to use other audit procedures in order to satisfactorily verify the value of such building.

Apart from the impact which may be arisen from these qualified opinions, the Independent Auditor believes that the Company's financial statements as of 31 December 2013 and the operations performance for the year then ended, were presented fairly, in all material respects and in accordance with Thai Financial Reporting Standards.

The Independent Auditor's Report on the financial statements as of 31 December 2014

The Independent Auditor has audited the Company's financial statements and expressed the qualified opinion that the Independent Auditor did not have the opportunity in observing the inventory counting or using other audit procedures in satisfactorily verifying the inventory balance at the beginning period on 31 December 2013. Such inventory balance at the beginning of the period has an impact to the operations performance, therefore, the Independent Auditor was not able to comment if the Company is required to improve their operations performance and the beginning retained earnings as of 1 January 2013. As a result, the Independent Auditor expressed the qualified opinion for the Company's financial statements as of 31 December 2013 in the abovementioned transactions. Moreover, the Independent Auditor expressed the qualified opinion for the Company's current financial statements in the abovementioned transactions as well due to a possible impact between the current sum and the comparable sum.

Apart from the impact which may be arisen from these qualified opinions, the Independent Auditor believes that the Company and its subsidiaries' consolidated financial statements and the Company's separate financial statements as of 31 December 2014, the operations performance, the consolidated cash flows statements and the separate cash flows statements for the year then ended, were presented fairly, in all material respects and in accordance with Thai Financial Reporting Standards.

The Independent Auditor drew attention to Note No. 26 to the financial statements after the Company presented the audited financial statements as of 31 December 2014 to the public, that the Company's management executives had amended the Note No. 21; expenses by nature, employees compensation in the consolidated financial statements and separate financial statements as of 31 December 2013 and 2014, from Baht 41.76 million to Baht 19.00 million and from Baht 36.01 million to Baht 23.80 million respectively. The Independent Auditor did not express the qualified opinion in these transactions.

The Independent Auditor's Report on the financial statements as of 31 December 2015

The Independent Auditor has audited the Company and its subsidiaries' consolidated financial statements and separate financial statements as of 31 December 2015 and expressed the unqualified opinion that the consolidated and separate financial statements as of 31 December 2015, consolidated and separate cash flows statements for the year then ended, and notes, were presented fairly, in all material respects and in accordance with Thai Financial Reporting Standards

13.2 Financial Highlights and Operations Performance

Statement of Financial Position

| Description | Consolidated Financial Statements | | | | | |
|---|-----------------------------------|--------------|------------------------|--------------|------------------------|--------------|
| | As of 31 December 2013 | | As of 31 December 2014 | | As of 31 December 2015 | |
| | Audited (amended) | | Audited | | Audited | |
| | Million Baht | % | Million Baht | % | Million Baht | % |
| Current Assets | | | | | | |
| Cash and Cash equivalents | 40.9 | 12.5 | 27.1 | 7.1 | 15.6 | 2.3 |
| Temporary investment | 0.0 | 0.0 | 0.0 | 0.0 | 260.3 | 38.3 |
| Trade account receivable | 40.2 | 12.3 | 41.1 | 10.7 | 28.8 | 4.2 |
| Other account receivable | 14.0 | 4.3 | 3.6 | 0.9 | 7.7 | 1.1 |
| Short-term loans to related parties | 10.5 | 3.2 | - | 0.0 | - | 0.0 |
| Inventories – net | 124.2 | 37.9 | 147.7 | 38.5 | 167.4 | 24.7 |
| Total Current Assets | 229.8 | 70.1 | 219.5 | 57.3 | 479.8 | 70.7 |
| Non-current Assets | | | | | | |
| Deposits in financial institutions | 0.1 | 0.0 | - | 0.0 | - | 0.0 |
| pledged as collateral | 4.3 | 1.3 | 7.0 | 1.8 | 6.3 | 0.9 |
| Leasehold – net | 90.7 | 27.7 | 152.4 | 39.8 | 188.0 | 27.7 |
| Land, Building and Equipment – net | 1.3 | 0.4 | 2.3 | 0.6 | 2.2 | 0.3 |
| Intangible assets – net | 0.3 | 0.1 | 0.5 | 0.1 | 0.7 | 0.1 |
| Deferred income tax – net | | | | | | |
| Other non-current assets | | | | | | |
| Total Non-current Assets | 98.0 | 29.9 | 163.7 | 42.7 | 199.0 | 29.3 |
| Total Assets | 327.8 | 100.0 | 383.1 | 100.0 | 678.8 | 100.0 |
| Current Liabilities | | | | | | |
| Bank overdrafts from financial institutions | - | 0.0 | 12.1 | 3.2 | 1.0 | 0.2 |
| Trade account payable | 117.5 | 35.8 | 120.3 | 31.4 | 113.0 | 16.6 |
| Other account payable | 11.0 | 3.3 | 19.7 | 5.1 | 9.6 | 1.4 |
| Short-term loans from related parties | 73.1 | 22.3 | - | 0.0 | - | 0.0 |
| Income tax payable | 4.4 | 1.3 | 10.4 | 2.7 | 1.9 | 0.3 |
| Total Current Liabilities | 205.9 | 62.8 | 162.5 | 42.4 | 125.6 | 18.5 |
| Non-current Liabilities | | | | | | |
| Employee benefit obligation | 0.2 | 0.0 | 0.2 | 0.1 | 2.5 | 0.4 |
| Total Non-current Liabilities | 0.2 | 0.0 | 0.2 | 0.1 | 2.5 | 0.4 |
| Total Liabilities | 206.1 | 62.9 | 162.7 | 42.5 | 128.2 | 18.9 |

| Description | Consolidated Financial Statements | | | | | |
|---|-----------------------------------|--------------|------------------------|--------------|------------------------|--------------|
| | As of 31 December 2013 | | As of 31 December 2014 | | As of 31 December 2015 | |
| | Audited (amended) | | Audited | | Audited | |
| | Million Baht | % | Million Baht | % | Million Baht | % |
| <u>Shareholders' Equity</u> | | | | | | |
| Authorized share capital | 50.0 | 15.1 | 145.0 | 37.4 | 200.0 | 29.5 |
| Issued and fully paid-up shares | 50.0 | 15.1 | 145.0 | 37.4 | 200.0 | 29.5 |
| Premium on share capital | - | 0.0 | - | 0.0 | 297.6 | 43.8 |
| Retained earnings | | | | 1.3 | | |
| Appropriated – legal reserve | 5.0 | 1.5 | 5.0 | 18.4 | 10.2 | 1.5 |
| Unappropriated | 25.1 | 7.7 | 70.4 | 0.0 | 42.5 | 6.3 |
| Other components of shareholders' equity | - | 0.0 | 0.0 | | 0.2 | 0.0 |
| Total Equity of the Company | 80.1 | 24.4 | 220.4 | 57.5 | 550.6 | 81.1 |
| Non-controlling interests of the subsidiaries | 41.6 | 12.7 | - | 0.0 | - | 0.0 |
| Total Shareholders' Equity | 121.7 | 37.1 | 220.4 | 57.5 | 550.6 | 81.1 |
| Total Liabilities and Shareholders' Equity | 327.8 | 100.0 | 383.1 | 100.0 | 678.8 | 100.0 |

Statements of Comprehensive Income

| Description | Consolidated Financial Statements | | | | | |
|--|-----------------------------------|-------------|------------------------|-------------|------------------------|-------------|
| | As of 31 December 2013 | | As of 31 December 2014 | | As of 31 December 2015 | |
| | Audited (amended) | | Audited | | Audited | |
| | Million Baht | % | Million Baht | % | Million Baht | % |
| Revenue from sales and service | 1,036.6 | 99.7 | 1,197.8 | 99.7 | 1,316.2 | 99.5 |
| Cost of sales and service | 949.4 | 91.3 | 1,065.1 | 88.6 | 1,163.8 | 88.0 |
| Gross Profit | 87.2 | 8.4 | 132.7 | 11.0 | 152.4 | 11.5 |
| Other Revenues ¹ | 3.0 | 0.3 | 3.9 | 0.3 | 6.1 | 0.5 |
| Selling expenses | 32.4 | 3.1 | 47.9 | 3.9 | 59.7 | 4.5 |
| Administrative expenses | 36.6 | 3.5 | 31.9 | 2.7 | 51.2 | 3.9 |
| Total Selling and Administrative Expenses | 69.1 | 6.6 | 79.8 | 6.6 | 110.9 | 8.4 |
| Profit before Finance Cost and Income Tax | 21.2 | 2.0 | 56.9 | 4.7 | 47.6 | 3.6 |
| Finance cost | 0.00 | 0.0 | 0.01 | 0.0 | 2.1 | 0.2 |
| Profit before Income Tax | 21.2 | 2.0 | 56.9 | 4.7 | 45.5 | 3.4 |
| Income tax expenses | 4.6 | 0.4 | 11.5 | 1.0 | 6.4 | 0.5 |
| Profit for the year | 16.6 | 1.6 | 45.4 | 3.8 | 39.1 | 3.0 |
| Other comprehensive income | | | | | | |
| Gain (loss) on re-measuring available for sales investments – net of tax | - | 0.0 | 0.0 | 0.0 | 0.2 | 0.0 |
| Loss on defined benefit plan actuarial | - | 0.0 | 0.0 | 0.0 | (1.8) | (0.1) |
| Total Comprehensive Income for the year | 16.6 | 1.6 | 45.4 | 3.8 | 37.5 | 2.8 |
| Gain (loss) per share² | | | | | | |
| Gain (loss) per share (Baht) | | 0.08 | | 0.22 | | 0.06 |
| Number of weighted average ordinary shares (Million Shares) | | 196,975,200 | | 203,123,200 | | 618,794,521 |

Remarks 1) Other revenues include lease revenue, fee revenue, gain on sales of investment, interest received, and etc.

2) Share price was adjusted from Baht 100 per share in the year 2013 to Baht 0.25 per share in the year 2014 so as to be able to compare the same par value.

Cash Flows Statement

| Description | Consolidated Financial Statements | | |
|--|-----------------------------------|---------------|----------------|
| | 2013 | 2014 | 2015 |
| | Million Baht | Million Baht | Million Baht |
| <u>Cash Flows from Operating Activities</u> | | | |
| Profit before income tax | 21.2 | 56.9 | 45.5 |
| Adjustments to reconcile on profit before income tax received (paid) – net from Operating Activities | | | |
| Depreciation and amortization | 9.1 | 11.7 | 15.9 |
| Bad debt | 0.5 | 0.1 | - |
| Reserve for lost products (reversal) | 1.5 | 0.9 | (0.2) |
| Gain on sales of temporary investments | (0.0) | (0.1) | (0.0) |
| Gain on sales of fixed assets | - | 0.0 | 0.0 |
| Provision for employee benefits | 0.2 | 0.0 | 0.0 |
| Interest expenses | 0.0 | 0.0 | 2.1 |
| Net Profit before changes in operating assets and liabilities | 32.4 | 69.4 | 63.4 |
| (Increase) Decrease in changes in operating assets | | | |
| Trade account receivable and other account receivables | (7.1) | 9.4 | 8.3 |
| Inventories | (42.8) | (24.4) | (19.5) |
| (Increase) Decrease in changes in operating liabilities | | | |
| Trade account payable and other account payables | 26.3 | 8.5 | (14.3) |
| Cash received from Operating Activities | 8.8 | 62.9 | 37.8 |
| Cash paid for interest expenses | (0.0) | (0.0) | (2.1) |
| Cash paid for income tax | (2.6) | (5.7) | (14.8) |
| Net Cash Received from Operating Activities | 6.2 | 57.3 | 20.9 |
| <u>Cash Flows from Investing Activities</u> | | | |
| Cash received from sales of temporary investment | 1.9 | 46.0 | 11.5 |
| Cash paid for purchase of temporary investment | (1.9) | (45.9) | (271.5) |
| Cash received from short-term loans repayment from related parties | - | 13.2 | - |
| Cash paid to short-term loans of related parties | (10.5) | (2.7) | - |
| (Increase) Decrease in bank deposits pledged as collateral | (0.0) | 0.1 | - |
| Cash paid for leasehold | - | (3.2) | - |
| Cash received from sales of fixed assets | - | 0.0 | 0.0 |
| Cash paid for purchase of fixed assets | (51.6) | (69.5) | (53.5) |
| Cash paid for purchase of intangible assets | (0.2) | (1.3) | (0.3) |
| Increase in other non-current assets | (0.2) | (0.2) | (0.1) |
| Net Cash Provided (Used) from Investing Activities | (62.5) | (63.5) | (313.9) |

| Description | Consolidated Financial Statements | | |
|--|-----------------------------------|--------------|--------------|
| | 2013 | 2014 | 2015 |
| | Million Baht | Million Baht | Million Baht |
| <u>Cash Flows from Financing Activities</u> | | | |
| Increase in bank overdrafts and short-term loans from financial institutions | - | 12.1 | (11.1) |
| Increase in short-term loans from related parties | 78.1 | 1.4 | - |
| Cash paid as short-term loans repayment to related parties | (87.9) | (74.5) | - |
| Cash received from capital increment | 46.0 | 95.0 | 367.2 |
| Direct expenses for the sales of capital increment | - | - | (14.6) |
| Cash paid as dividend | (5.0) | - | (60.0) |
| Increase (decrease) of shareholders' equity | 41.6 | (41.6) | - |
| Net Cash Provided (Used) from Financing Activities | 72.7 | (7.6) | 281.6 |
| Net increase (decrease) in cash and cash equivalents | 16.4 | (13.8) | (11.5) |
| Cash and cash equivalents at the beginning of the year | 24.5 | 40.9 | 27.1 |
| Cash and cash equivalents at the end of the year | 40.9 | 27.1 | 15.6 |

13.3 Table showing Key Financial Ratios

| Key Financial Ratios | Unit | Consolidated Financial Statements | | |
|-----------------------------------|------|-----------------------------------|---------|-------|
| | | 2013 | 2014 | 2015 |
| Liquidity Ratio | | | | |
| Liquidity Ratio | Time | 1.1 | 1.4 | 3.8 |
| Quick Liquidity Ratio | Time | 0.4 | 0.4 | 2.5 |
| Cash Flow Liquidity Ratio | Time | 0.0 | 0.3 | 0.1 |
| Trade Account Receivable Turnover | Time | 26.2 | 29.5 | 37.6 |
| Average Collection Period | Days | 13.8 | 12.2 | 9.7 |
| Inventory Turnover | Time | 9.2 | 7.8 | 7.4 |
| Average Selling Period | Days | 39.3 | 45.9 | 49.6 |
| Payable Turnover | Time | 8.7 | 9.0 | 10.0 |
| Credit Term | Days | 41.5 | 40.2 | 36.6 |
| Cash Cycle | Days | 11.5 | 18.0 | 22.7 |
| Profitability Ratio | | | | |
| Gross Profit Margin | % | 8.4 | 11.1 | 11.6 |
| Operating Profit Margin | % | 1.8 | 4.4 | 3.2 |
| Other Profit Margin | % | 0.3 | 0.3 | 0.5 |
| Profit margin on cash | % | 34.2 | 108.2 | 50.3 |
| Net Profit Margin | % | 1.6 | 3.8 | 3.0 |
| Return on Equity | % | 23.0 | 26.5 | 10.4 |
| Efficiency Ratio | | | | |
| Return on Assets | % | 6.2 | 12.8 | 7.4 |
| Return on Fixed Assets | % | 36.3 | 46.2 | 31.7 |
| Asset Turnover | Time | 3.9 | 3.4 | 2.5 |
| Financial Ratio | | | | |
| Debt to Equity Ratio | Time | 1.7 | 0.7 | 0.2 |
| Interest Coverage Ratio | Time | 19,067.9 | 9,993.3 | 17.9 |
| Debt Coverage Ratio | Time | 0.1 | 0.5 | 0.1 |
| Dividend Payout | % | 30.1 | - | 153.3 |

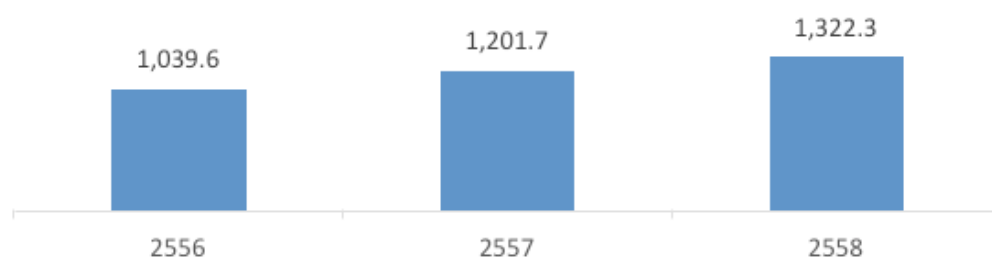
14. Management Discussion and Analysis

14.1 Management Discussion, Analysis and Operating Performance

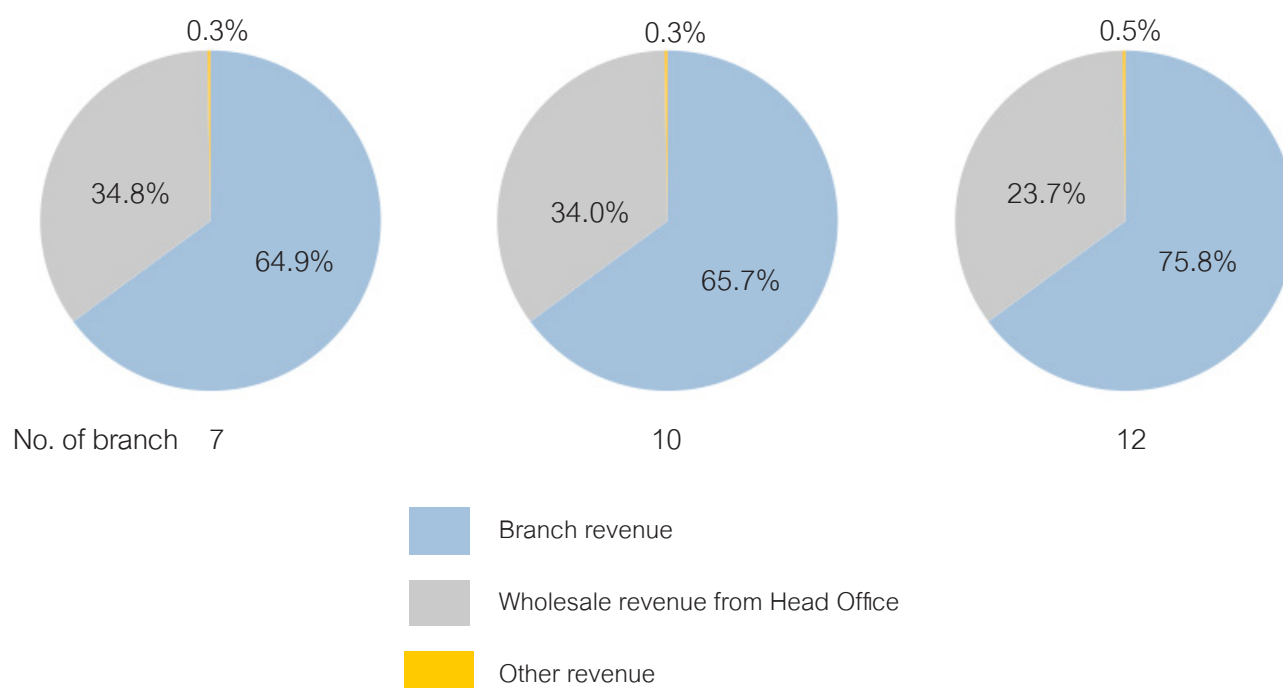
The financial statements and operating performance presented in the Company's consolidated financial statements derived from retailing and wholesaling of consumer products excluding fresh food under the name of "Thanapiriya". The Company's sales revenue derives from 2 categories which are sales revenue from supermarket stores and sales revenue from the Head Office. At present, the Company owns and operates 12 stores dividing into 11 supermarket stores and 1 wholesale store in which all are located in Chiang Rai Province. Thanapiriya business format is the perfect combination between modern trade's economical retail price with variety of products and convenience store's easiness. The Company sets an objective to be Thai local store which focuses in good quality products and well service in order to support all consumer's needs.

Overview of Operating Performance

Total revenue (Million Baht)



Revenue Structure



It can be seen that the Company's revenue grows consecutively as the financial statements for the year 2013 - 2015 showed the increase in the consolidated revenue from Baht 1,039.6 million, Baht 1,201.7 million and Baht 1,322.3 million respectively. This compound annual growth rate (CAGR) for the past 3 years was 11.8 percent per year. The main revenue increase derived from the new branch expansion during the past 3 years which was relevant to the urban community expansion as well as the changing in lifestyles of Chiang Rai population in accessing services from modern trade stores. Likewise, the continuous new branch expansion results the Company in reaching more target consumers in Chiang Rai Province. In conjunction with the Company's well understanding of the community's needs, Thanapiriya supermarket stores' services are different from other modern trade stores. Together with the flexibility in immediate change in the marketing strategy for any circumstances which may arise, the Company is deemed competitively advantageous which results in the continuous performance growth.

During the year 2013 – 2015, the Company expanded 7 new branches, therefore, the revenue from the branch operation significantly increased when compared with the Company's consolidated revenue. This higher gross profit derived from the average retail price which was higher than the wholesale price of the Head Office. As a result, new branch expansion is considered the main objective of the Company.

Below are the management analysis and financial statements for the year 2013 – 2015.

Operating Performance

| | 2013 | | 2014 | | 2015 | |
|---------------------------------|--------------|------------|--------------|------------|--------------|------------|
| | Million Baht | Percentage | Million Baht | Percentage | Million Baht | Percentage |
| Revenue from sales and services | 1,036.6 | 100.0 | 1,197.8 | 100.0 | 1,316.2 | 100.0 |
| Cost of sales and services | 949.4 | 91.6 | 1,065.1 | 88.9 | 1,163.8 | 88.4 |
| Gross Profit | 87.2 | 8.4 | 132.7 | 11.1 | 152.4 | 11.6 |

| Branch Expansion | 2013 | 2014 | 2015 |
|--|------|------|------|
| No. of branch at the beginning of year | 5 | 7 | 10 |
| Opening (closing) branch | 2 | 3 | 2 |
| No. of branch at the end of the year | 7 | 10 | 12 |

Revenue from Sales and Services

During the year 2013 – 2015, the Company's sales and services revenue was Baht 1,036.6 million, Baht 1,197.8 million and Baht 1,316.2 million respectively or equivalent to the growth rate at 10.0 percent, 15.6 percent and 9.9 percent respectively. This revenue growth derived from the opening of 2 new branches in 2013, 3 new branches in 2014 and 2 new branches in 2015. As a result, the Company consisted of 12 supermarket stores as of 31 December 2015. The increasing in number of branches lead to the higher revenue proportion in each branch, however, the Company expected the decreasing revenue proportion from the Head Office wholesale revenue due to the tendency of consumers' convenience in buying products from the closest supermarket store.

The Head Office's wholesale revenue refers to the product sales through sales officers at the Head Office. Consumers are able to purchase high quantity of products in the wholesale price and, in addition, the Company arranges product delivery for the consumers' convenience as well.

Cost of Sales and Services

The main component of cost of sales is the cost of products which the Company purchases for retail and wholesale sales. During the year 2013 – 2015, the cost of sales was Baht 949.4 million, 1,065.1 million and 1,163.8 million or equivalent to 91.6 percent, 88.9 percent and 88.4 percent respectively. The consecutive declining in cost of sales and services ratio derived from the change in branch revenue structure as well as the revenue from Head Office's wholesale sales during the past 3 years. The opening of 7 new branches during the year 2013 – 2015 caused the branch revenue proportion to increase together with the higher average retail price than the Head Office's wholesale price. From the reasons stated above, the cost of sales and services decreased, therefore, the Company improved the purchasing process to be more efficient, well managed the inventory in order to reflect the correct quantity of inventory in each branch as well as improved the product filling system to be more accurate. These practices shall enable the Company in efficiently and timely control the product delivery to each branch. Moreover, the distribution center assists in controlling and minimizing the delivery cost as well.

Gross Profit and Gross Profit Margin

During the year 2013 – 2015, the Company's gross profit was Baht 87.2 million, Baht 132.7 million and Baht 152.4 million or equivalent to the margin of 8.4 percent, 11.1 percent and 11.6 percent respectively. This gross profit margin has continuously increased as a result of branch revenue growth, new structure of sales revenue as well as the improvement in the inventory management.

Sales and Administrative Expenses

During the year 2013 – 2015, the Company's sales and administrative expenses were Baht 69.1 million, Baht 79.8 million and Baht 110.9 million or equivalent to 6.6 percent, 6.6 percent and 8.4 percent of the consolidated revenue respectively. The main expenses were employee's compensation (mainly branch employees and warehouse employees), depreciation expenses, utility expenses, supplies and repair expenses.

Selling Expenses

During the year 2013 – 2015, the Company's selling expenses were Baht 32.4 million, Baht 47.9 million and Baht 59.7 million respectively. In the year 2015, the Company's selling expenses increased from the previous year at Baht 11.8 million or equivalent to 24.6 percent due to the higher amount of new employees in order to support the new branch expansion. In addition, the new branch expansion expenses include utility expenses, depreciation expense and etc.

Administrative Expenses

During the year 2013 – 2015, the Company's administrative expenses were Baht 36.6 million, Baht 31.9 million and Baht 51.2 million respectively. In the year 2015, the Company's administrative expenses increased from the previous year at Baht 19.3 million due to the increase in salary structure of employees, partially salary increase of management executives as well as the increase in some type of compensations such as bonus, benefit and etc., when compared with the previous year.

Profit before Finance Costs and Income Tax Expenses

During the year 2013 – 2015, the Company's profit before finance costs and income tax expenses was Baht 21.2 million, Baht 56.9 million and Baht 47.6 million or equivalent to 2.0 percent, 4.7 percent and 3.6 percent respectively. In the year 2014, the increase of profit before finance costs and income tax expenses derived from the increased revenue from the new branch expansion and efficient inventory management. However, in the year 2015, the Company's profit before finance costs and income tax expenses decreased at Baht 9.3 million or equivalent to 16.3 percent from the previous year due to the increase in selling and administrative expenses.

Finance Costs

The Company's finance costs consisted of interest from bank overdraft account and loan from financial institutions. During the year 2014 – 2015, the Company's finance costs were Baht 0.01 million and Baht 2.1 million respectively. After the offering of newly ordinary shares in late 2015, the Company has fully repaid the loan to the financial institutions.

Net Profit

During the year 2013 – 2015, the Company's net profit was Baht 16.6 million, Baht 45.4 million and Baht 39.1 million or equivalent to 1.6 percent, 3.8 percent and 3.0 percent respectively. The increase in 2014 net profit derived from the growth in new branch expansion which resulted in higher consolidated revenue and gross profit margin as well as efficient cost management.

In the year 2015, the Company's net profit decreased due to the increase in selling and administrative expenses for the new branch expansion such as employees' compensation, utility expenses and etc.

Financial Analysis

Total assets

As of 31 December 2014, the Company's total assets were Baht 383.1 million which increased at Baht 55.3 million or equivalent to 16.9 percent from 31 December 2013 with the following main reasons:

- (1) The decrease in cash flow and cash equivalents at Baht 13.8 million as a result of short-term loan repayment to the connected persons.
- (2) The decrease in account receivable and other receivables at Baht 9.5 million.
- (3) The increase in inventory at Baht 23.5 million as a result of sufficient daily products preparation for the new branch expansion.
- (4) The increase in land, building and equipments at Baht 61.6 million due to the Company's additional investment in land, building, building expansion, decoration and office supplies for the branch expansion in Wiang Pa Pao, Huay Krai and Mae Jan supermarket stores.

As of 31 December 2015, the Company's total assets were Baht 678.8 million which increased at Baht 295.7 million or equivalent to 77.2 percent from 31 December 2014 with the following main reasons:

- (1) The increase in temporary investment at Baht 260.3 million. This amount was derived from the IPO and shall be utilized as per the specified objectives.
- (2) The decrease in account receivable and other receivables at Baht 8.2 million due to the continuous decrease in the Head Office's wholesale revenue.
- (3) The increase in inventory at Baht 19.7 million as a result of sufficient daily products preparation for the new branch expansion.
- (4) The increase in land, building and equipments at Baht 35.6 million, mainly due to the Company's additional investment in land, building and office equipments for the branch expansion in Pan, Mae Fah Luang supermarket stores and new distribution center.

Current Assets

Cash and Cash Equivalents

As of 31 December 2013, 2014 and 2015, the Company's cash flow and cash equivalents were Baht 40.9 million, Baht 27.1 million and Baht 15.6 million or equivalent to 12.5 percent, 7.1 percent and 2.3 percent of total assets respectively.

Account Receivable

Most of the Company's account receivable is the Head Office's wholesale customers with the credit term of less than 30 days. As of 31 December 2013, 2014 and 2015, the Company's account receivable was Baht 40.2 million, Baht 41.1 million and Baht 28.8 million or equivalent to 12.3 percent, 10.7 percent and 4.2 percent of total assets respectively. With regarding to the efficiency of the collection during the year 2013 – 2015, the Company's average collection period was 13.8 days, 12.2 days and 9.7 days respectively. Thus, the continuous decrease of the collection period derived from the new branch expansion which decreased the revenue of the Head Office's wholesale revenue as well as the consecutive decline of account receivable and shorter collection period.

Other Receivables

The Company's other receivable includes employee loan, advance product payment, advance insurance premium, advance rental fee and etc. As of 31 December 2013, 2014 and 2015, the Company's other receivables were Baht 14.0 million, Baht 3.6 million and Baht 7.7 million or equivalent to 4.3 percent, 0.9 percent and 1.1 percent of total assets respectively. The changes in amount of other receivables derived from both the increase and decrease of advance product payment which was the short-term payment to suppliers.

Inventory

The Company has no policy in manufacturing the products but shall directly purchase them from the manufacturers or distributors, therefore, 100 percent of the Company's inventory are in the form of finished products.

| (Unit : Million Baht) | As of 31 December | | |
|--|-------------------|--------------|--------------|
| | 2013 | 2014 | 2015 |
| Finished products | 128.7 | 153.0 | 172.6 |
| Deduction : reserves for lost products | (4.5) | (5.4) | (5.2) |
| Total Inventory | 124.2 | 147.7 | 167.4 |
| Average selling period (days) | 39.3 | 45.9 | 49.6 |

As of 31 December 2013, 2014 and 2015, the Company's inventory was Baht 124.2 million, Baht 147.7 million and Baht 167.4 million or equivalent to 37.9 percent, 38.5 percent and 24.7 percent of total assets respectively. The increase in the Company's inventory derived from the necessity in carrying sufficient products for the new branch operations.

As of 31 December 2013, 2014 and 2015, the Company's average selling period was 39.3 days, 45.9 days and 49.6 days respectively. As a result of the opening of 3 new branches in the fourth quarter of 2014, 1 new branch in the second quarter of 2015 and 1 new branch in the third quarter of 2015 caused the average selling period in 2014 and 2015 longer than that in the past. However, after the complete new branch operations with full year revenue recognition, the average selling period shall be back to normal which is relevant to the Company's efficient inventory management. The Company shall also use the product filling system in managing the inventory in each supermarket store. This system shall analyze the turnover of each product and each supermarket store shall have different outcome so as to reduce the inventory in the warehouse to the sufficient amount only. Moreover, this system prevents the overabundant of inventory turnover or less products on shelves which may cause the Company to lose the business opportunity.

Non-current Assets

Land, Buildings and Equipments

| Land, Buildings and Equipments - Net | As of 31 December | | | | | |
|--|-------------------|----------------------|--------------|----------------------|--------------|----------------------|
| | 2013 | | 2014 | | 2015 | |
| | Million Baht | Percent ¹ | Million Baht | Percent ¹ | Million Baht | Percent ¹ |
| Land | 26.2 | 8.0 | 56.8 | 14.8 | 74.9 | 11.0 |
| Building and improvement | 27.7 | 8.5 | 37.4 | 9.8 | 51.8 | 7.6 |
| Leasehold improvement | 8.0 | 2.4 | 13.0 | 3.4 | 12.2 | 1.8 |
| Furniture, fixtures and office equipment | 19.4 | 5.9 | 31.2 | 8.1 | 34.2 | 5.0 |
| Vehicles | 9.5 | 2.9 | 12.1 | 3.2 | 14.6 | 2.2 |
| Work in progress | - | - | 1.8 | 0.5 | 0.3 | 0.1 |
| Total | 90.7 | 27.7 | 152.4 | 39.8 | 188.0 | 27.7 |

Note : 1 – proportion to total assets

As of 31 December 2013, 2014 and 2015, the Company's net value in land, building and equipments was Baht 90.7 million, Baht 152.4 million and Baht 188.0 million or equivalent to 22.7 percent, 39.8 percent and 27.7 percent of total assets respectively. The Company continuously invested in the non-current assets during the past 3 years while most of the investment resulted from the new branch expansion.

Leasehold improvements

The Company's leasehold improvements includes land and building leasehold for the new branch expansion with the period of 10 -15 years. At present, the Company's 3 leaseholds are Sri Sai Moon, Baan Doo and Wiang Pa Pao supermarket stores.

As of 31 December 2013, 2014 and 2015, the Company's net leasehold improvements was Baht 4.3 million, Baht 7.0 million and Baht 6.3 million with the leasehold amortization of Baht 0.3 million, Baht 0.5 million and Baht 0.6 million respectively.

Liquidity

Cash Flow

| (Unit – Million Baht) | 2013 | 2014 | 2015 |
|---|--------|--------|---------|
| Net cash flow received from operating activities | 6.2 | 57.3 | 20.9 |
| Net cash flow used in investing activities | (62.5) | (63.5) | (313.9) |
| Net cash flow from (used) in financing activities | 72.7 | (7.6) | 281.6 |
| Cash flow and cash equivalents at the beginning of the year | 16.4 | (13.8) | (11.5) |
| Cash flow and cash equivalents at the end of the year | 24.5 | 40.9 | 27.1 |
| Cash flow and cash equivalents at the end of the year | 40.9 | 27.1 | 15.6 |

In the year 2014, the Company received cash flow from general business operations at Baht 57.3 million whereas it mainly derived from the increase of cash flow from general business operations and operating assets while the account receivable and other receivables decreased. The cash flow in investing activities of Baht 63.5 million derived from the increase in land, building and equipments for the new branch expansion while the cash flow in funding activities of Baht 7.6 million derived from the repayment of short-term loan to connected persons as well as cash flow received from the capital increase during the year. Therefore, the Company's net cash flow decreased at Baht 13.8 million which resulted in the Company's cash flow and cash equivalents of Baht 27.1 million in 2014.

In the year 2015, the Company received cash flow from general business operation at Baht 20.9 million whereas it mainly derived from the increase of cash flow from general business operation. The cash flow used in investing activities of Baht 313.9 million mainly caused from the temporary investment of Baht 271.5 million which derived from the offering of ordinary shares in late 2015, land and building investment for Pan and Mae Fah Luang supermarket stores as well as the new distribution center. The cash flow in funding activities of Baht 281.6 million derived from the issuance and selling of newly ordinary shares of Baht 352.6 million, dividend payment of Baht 60.0 million and loan repayment of Baht 11.1 million, therefore, the Company's net cash flow decreased at Baht 11.5 million and resulted in the Company's cash flow and cash equivalents at Baht 15.6 million.

Liquidity Ratio

The Company's liquidity ratio in the year 2013, 2014 and 2015 was 1.1, 1.4 and 3.8 while the quick ratio was 0.4, 0.4 and 2.5 respectively. With reference to the Company's business operations in cash more than 60 percent, high quick ratio together with 30 – 60 days credit term from suppliers, the Company, therefore, has pretty low account receivable and inventory. However, the liquidity ratio in the year 2014 increased due to the full short-term repayment to connected persons while the Company received fund from the offering of newly ordinary share for capital increase during the year 2015.

| Cash Cycle (Unit : Days) | As of 31 December | | |
|-------------------------------|-------------------|-------------|-------------|
| | 2013 | 2014 | 2015 |
| Average Collection Period | 13.8 | 12.2 | 9.7 |
| Average Selling Period | 39.3 | 45.9 | 49.6 |
| Average Loan Repayment Period | 41.5 | 40.2 | 36.6 |
| Cash Cycle | 11.5 | 18.0 | 22.7 |

The Company's average collection period in the year 2013, 2014 and 2015 was 13.8 days, 12.2 days and 9.7 days respectively. It can be seen that the average collection period consecutively declined according to the decreased revenue from the Head Office's wholesale revenue. The Company's average selling period was 39.3 days, 45.9 days and 49.6 days respectively which resulted from the opening of 3 new branches in the fourth quarter of 2014, 1 new branch in the second quarter of 2015 and 1 new branch in the third quarter of 2015. As a consequence, the average selling period in the year 2014 and 2015 was longer than in the past. Moreover, the Company's average loan repayment period was 41.5 days, 40.2 days and 36.6 days respectively which was in accordance with the credit term previously agreed with the suppliers.

Upon consideration of the cash cycle, the Company's cash cycle in the year 2013, 2014 and 2015 was 11.5 days, 18.0 days and 22.7 days respectively. The annual increase of cash cycle derived from the longer period in the average selling period as well as the loan repayment period.

Sources of Investment Fund

Total Liabilities

As of 31 December 2014, the Company's total liabilities were Baht 162.7 million which mainly consisted of account payable and other payables of Baht 140.0 million or equivalent to 36.5 percent of total liabilities and shareholder's equity. The decline of Baht 43.4 million from the previous year mainly resulted from the short-term repayment to connected persons of Baht 74.5 million.

As of 31 December 2015, the Company's total liabilities were Baht 128.2 million which mainly consisted of account payable and other payables of Baht 122.6 million or equivalent to 18.1 percent of total liabilities and shareholder's equity. The decrease of Baht 36.9 million from the previous year mainly resulted from the repayment to bank overdraft account of Baht 11.1 million, repayment to account payable and other payables of Baht 17.4 million as well as the payment of income tax payable of Baht 8.5 million.

Account Payable and Other Payables

| (Unit : Million Baht) | As of 31 December | | |
|--|-------------------|-------|-------|
| | 2013 | 2014 | 2015 |
| Account Payable | 117.5 | 120.3 | 113.0 |
| Other Payable | 11.0 | 19.7 | 9.6 |
| Total Account Payable and Other Payables | 128.5 | 140.0 | 122.6 |
| Average Repayment Period (days) | 41.5 | 40.2 | 36.6 |

As of 31 December 2013, 2014 and 2015, the Company's account payable was Baht 117.5 million, Baht 120.3 million and Baht 113.0 million or equivalent to 35.8 percent, 31.4 percent and 16.6 percent of total liabilities and shareholders' equity respectively. Moreover, the Company's average repayment period during the year 2013 – 2015 was 41.5 days, 40.2 days and 36.6 days respectively which was relevant to 30 – 60 days credit term previously agreed with the suppliers.

The Company's other payables consisted of accrued bonus, rental payable, accrued expenses and etc. As of 31 December 2013, 2014 and 2015, the Company's other payables were Baht 11.0 million, Baht 19.7 million and Baht 9.6 million or equivalent to 3.3 percent, 5.1 percent and 1.4 percent of total liabilities and shareholders' equity respectively. As of 31 December 2015, other payables decreased due to the payment for property purchase and accrued bonus for the year 2014.

Shareholders' Equity

As of 31 December 2014, the Company's shareholders' equity was Baht 220.4 million which consisted of paid up registered capital of Baht 145.0 million, legal reserve of Baht 5.0 million and unappropriated retained earnings of Baht 70.4 million. The change in shareholders' equity derived from the increase of net profit during the year of Baht 45.4 million and the paid up registered capital during the year of Baht 95.0 million.

As of 31 December 2015, the Company's shareholders' equity was Baht 550.61 million in which Baht 330.17 million or equivalent to 149.77 percent was increased from the previous year. This increase resulted from increased its share capital the first on April 22, 2015 of 20 million shares, and the second, an initial public offering (IPO) on November 16, 2015 a total of 200 million shares. The Company's fund after deduction of the total cost of Baht 352.7 million and 2015 comprehensive income was Baht 37.53 million with the dividend payment during the year at Baht 60.0 million.

Capital Structure Determination

As of 31 December 2013, 2014 and 2015, the Company's debt to equity ratio was 1.7, 0.7 and 0.2 respectively. The ratio in the year 2014 decreased from that of the year 2013 mainly resulted from the increase of paid up registered capital of Baht 95.0 million and the short-term loan repayment to connected persons of Baht 74.5 million. The debt to equity ratio in the year 2015 decreased from that of the year 2014 mainly resulted from the increase in shareholders' equity from the offering of newly ordinary share during the year.

As a result of the Company's business operations, it can be seen that the Company's account payable as of 31 December 2013, 2014 and 2015 was 35.8 percent, 31.4 percent and 16.6 percent of total liabilities and shareholders' equity respectively. However, the interest bearing debt to equity ratio during the year 2013 – 2015 was 0.0, 0.5 and 0.0 respectively which was considered low, therefore, the Company is still flexible in acquiring the loan from the financial institutions in order to increase the Company's liquidity.

Report on the Board of Directors' Responsibility towards the Financial Statements

The Board of Directors is responsible for the Company and its subsidiaries' consolidated financial statements as well as financial information system which were presented in the Company's Annual Report. The financial statements were prepared in accordance with generally accepted accounting standards, using appropriate and consistent accounting policy, careful consideration, most appropriate estimation with sufficient significant information disclosed in the notes to the financial statements. Thus, the Company's financial statements were audited with unqualified opinions by the authorized external auditors.

The Board of Directors consecutively recognizes and promotes the importance of Good Corporate Governance as well as the Board of Directors' structure development in order to be able to operate the Company's business efficiently and transparently. The Board of Directors, therefore, appointed the Audit Committee which comprises of three independent directors to be responsible for the quality of financial reports, internal audit and internal control system. The Audit Committee's opinion is stated in the Audit Committee Report which is included in the Company's Annual Report.

As a result, the Board of Directors believes that the Company's internal control system is appropriate and adequate so as to ensure the reliability of the Company's financial statements as of 31 December 2015.



(Dr. Pisanu Kantipong)

Chairman of the Company

AUDITOR'S REPORT

To the Shareholders and the Board of Directors of Thanapiriya Public Company Limited and its subsidiary

I have audited the accompanying consolidated and separate financial statements of Thanapiriya Public Company Limited and its subsidiary, and of Thanapiriya Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at December 31, 2015, and the related consolidated and separate statements of profit or loss and other comprehensive income, of changes in shareholders' equity and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory note.

Management's Responsibility for the Consolidated and Separate Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial position of Thanapiriya Public Company Limited and its subsidiary and of Thanapiriya Public Company Limited respectively as at December 31, 2015, and the consolidated and separate financial performance and the consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



(Yuttapong Chuamuangpan)

Certified Public Accountant

Registration Number 9445

ANS Audit Co., Ltd.

Bangkok, February 15, 2016

THANAPIRIYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015

Unit: Baht

| | | Consolidated financial statements | | Separate financial statements | |
|-------------------------------------|-------|-----------------------------------|----------------|-------------------------------|----------------|
| | Notes | 2015 | 2014 | 2015 | 2014 |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 6 | 15,612,277.82 | 27,079,380.98 | 15,492,304.87 | 25,116,723.77 |
| Temporary investment | 7 | 260,286,569.83 | 18,918.00 | 260,286,569.83 | 18,918.00 |
| Trade and other receivables | 5, 8 | 36,453,439.72 | 44,706,548.70 | 36,703,378.40 | 44,850,558.13 |
| Inventories - net | 9 | 167,400,266.01 | 147,674,990.79 | 167,400,266.01 | 147,674,990.79 |
| Total current assets | | 479,752,553.38 | 219,479,838.47 | 479,882,519.11 | 217,661,190.69 |
| Non-current assets | | | | | |
| Investments in subsidiary | 10 | - | - | 60,000,000.00 | 60,000,000.00 |
| Leasehold rights - net | 11 | 6,323,192.09 | 6,964,347.85 | 6,323,192.09 | 6,964,347.85 |
| Property, plant and equipment - net | 12 | 187,972,247.57 | 152,352,278.80 | 127,794,236.75 | 91,918,403.65 |
| Intangible assets - net | 13 | 2,237,560.83 | 2,295,238.03 | 2,237,560.83 | 2,295,238.03 |
| Deferred tax assets - net | 14 | 1,847,613.80 | 1,534,763.39 | 1,847,613.80 | 1,393,491.08 |
| Other non-current assets | | 653,386.36 | 510,100.00 | 607,321.00 | 499,100.00 |
| Total non-current assets | | 199,034,000.65 | 163,656,728.07 | 198,809,924.47 | 163,070,580.61 |
| Total assets | | 678,786,554.03 | 383,136,566.54 | 678,692,443.58 | 380,731,771.30 |

THANAPIRIYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
 STATEMENTS OF FINANCIAL POSITION
 AS AT DECEMBER 31, 2015

| | | Unit: Baht | | | |
|---|----|-----------------------------------|-----------------------|-------------------------------|-----------------------|
| | | Consolidated financial statements | | Separate financial statements | |
| Notes | | 2015 | 2014 | 2015 | 2014 |
| Liabilities and shareholders' equity | | | | | |
| Current liabilities | | | | | |
| Bank overdrafts from financial institutions | 15 | 1,047,243.20 | 12,097,482.72 | 1,047,243.20 | 12,097,482.72 |
| Trade and other payables | 16 | 122,641,586.64 | 139,974,054.10 | 122,591,149.74 | 136,993,469.64 |
| Accrued income tax | | 1,946,183.88 | 10,415,388.91 | 1,946,183.88 | 10,415,388.91 |
| Total current liabilities | | 125,635,013.72 | 162,486,925.73 | 125,584,576.82 | 159,506,341.27 |
| Non-current liabilities | | | | | |
| Employee benefit obligations | 17 | 2,536,744.00 | 200,594.00 | 2,536,744.00 | 200,594.00 |
| Total non-current liabilities | | 2,536,744.00 | 200,594.00 | 2,536,744.00 | 200,594.00 |
| Total liabilities | | 128,171,757.72 | 162,687,519.73 | 128,121,320.82 | 159,706,935.27 |
| Shareholders' Equity | | | | | |
| Share capital | 18 | | | | |
| Authorized share capital | | | | | |
| 1,450,000 ordinary shares, at Baht 100 each | | | 145,000,000.00 | | 145,000,000.00 |
| 800,000,000 ordinary shares, at Baht 0.25 each | | 200,000,000.00 | | 200,000,000.00 | |
| Issued and fully paid-up | | | | | |
| 1,450,000 ordinary shares, at Baht 100 each | | | 145,000,000.00 | | 145,000,000.00 |
| 800,000,000 ordinary shares, at Baht 0.25 each | | 200,000,000.00 | | 200,000,000.00 | |
| Premium on common shares | | 297,640,733.80 | | 297,640,733.80 | |
| Retained earnings | | | | | |
| Appropriated | | | | | |
| Legal reserve | 19 | 10,225,848.89 | 5,000,000.00 | 10,225,848.89 | 5,000,000.00 |
| Unappropriated | | 42,526,628.39 | 70,448,920.74 | 42,482,954.84 | 71,024,709.96 |
| Other components of shareholders' equity | | 221,585.23 | 126.07 | 221,585.23 | 126.07 |
| Total shareholders' equity of the company | | 550,614,796.31 | 220,449,046.81 | 550,571,122.76 | 221,024,836.03 |
| Non-controlling interests | | - | - | - | - |
| Total shareholders' equity | | 550,614,796.31 | 220,449,046.81 | 550,571,122.76 | 221,024,836.03 |
| Total liabilities and shareholders' equity | | 678,786,554.03 | 383,136,566.54 | 678,692,443.58 | 380,731,771.30 |

THANAPIRIYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
 STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED DECEMBER 31, 2015

| | | Unit: Baht | | | |
|--|----------|-----------------------------------|--------------------|-------------------------------|--------------------|
| | | Unaudited but reviewed | | | |
| | | Consolidated financial statements | | Separate financial statements | |
| | Notes | 2015 | 2014 | 2015 | 2014 |
| | 3, 5, 22 | | | | |
| Revenues from sales and services | | 1,316,200,865.76 | 1,197,793,731.44 | 1,316,195,124.76 | 1,197,793,731.44 |
| Costs of sales and services | | (1,163,773,756.84) | (1,065,101,622.65) | (1,163,773,756.84) | (1,065,101,622.65) |
| Gross profit | | 152,427,108.92 | 132,692,108.79 | 152,421,367.92 | 132,692,108.79 |
| Other incomes | | 6,134,512.96 | 3,940,460.54 | 6,171,156.04 | 3,938,424.57 |
| Profit before expenses | | 158,561,621.88 | 136,632,569.33 | 158,592,523.96 | 136,630,533.36 |
| Expenses | | | | | |
| Selling expenses | | (59,733,569.77) | (47,841,768.86) | (60,924,830.44) | (48,428,478.24) |
| Administrative expenses | | (51,201,874.61) | (31,932,720.24) | (50,835,798.97) | (31,512,002.04) |
| Total expenses | | (110,935,444.38) | (79,774,489.10) | (111,760,629.41) | (79,940,480.28) |
| Profit before finance costs and income tax | | 47,626,177.50 | 56,858,080.23 | 46,831,894.55 | 56,690,053.08 |
| Finance costs | | (2,105,841.20) | (6,298.96) | (2,105,841.20) | (6,298.96) |
| Profit before income tax | | 45,520,336.30 | 56,851,781.27 | 44,726,053.35 | 56,683,754.12 |
| Income tax expense | 14 | (6,383,895.76) | (11,494,000.01) | (6,209,075.58) | (11,458,394.58) |
| Profit for the years | | 39,136,440.54 | 45,357,781.26 | 38,516,977.77 | 45,225,359.54 |
| Other comprehensive income | | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | | |
| Gain on revaluation of available-for-sale investment - net from tax | | 221,459.16 | 126.07 | 221,459.16 | 126.07 |
| Items that will not be reclassified subsequently to profit or loss | | | | | |
| Actuarial loss - net from tax | | (1,832,884.00) | - | (1,832,884.00) | - |
| Total comprehensive income for the years | | 37,525,015.70 | 45,357,907.33 | 36,905,552.93 | 45,225,485.61 |
| Profit attributable to | | | | | |
| Equity holders of the Company | | 39,136,440.54 | 45,357,781.26 | 38,516,977.77 | 45,225,359.54 |
| Non-controlling interests | | - | - | - | - |
| | | 39,136,440.54 | 45,357,781.26 | 38,516,977.77 | 45,225,359.54 |
| Total comprehensive income attributable to | | | | | |
| Equity holders of the Company | | 37,525,015.70 | 45,357,781.26 | 36,905,552.93 | 45,225,485.61 |
| Non-controlling interests | | - | - | - | - |
| | | 37,525,015.70 | 45,357,781.26 | 36,905,552.93 | 45,225,485.61 |
| Basic earnings per share (Baht) | 3 | 0.06 | 0.22 | 0.06 | 0.22 |
| Weighted average number of issued and fully paid-up common shares (shares) | | 618,794,521 | 203,123,288 | 618,794,521 | 203,123,288 |

THANAPIRIYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2015

| Unit: Baht | | | | | | | | | | |
|---|--------|-------------------------------------|------------------------------|-------------------------------|-------------------|---|---|-----------------------------|--|-----------------|
| Consolidated financial statements | | | | | | | | | | |
| | Notes | Issued and paid-up Share capital | Premiums on common shares | Appropriated Legal Reserve | Retained earnings | | Other components if shareholders' equity | | | Total |
| | | | | | Unappropriated | Gain on revaluation of available-for-sale investment | Total shareholders' equity to owners of Company | Non-controlling interest | | |
| Balance as at January 1, 2014 | | 50,000,000.00 | - | 5,000,000.00 | 25,091,139.47 | - | 80,091,139.48 | 41,625,000.00 | | 121,716,139.48 |
| Shares capital increased | 18 | 95,000,000.00 | - | - | - | - | 95,000,000.00 | - | | 95,000,000.00 |
| Total comprehensive income for the year | | - | - | - | 45,357,781.26 | 126.07 | 45,357,907.33 | - | | 45,357,907.33 |
| Non-controlling interest decreased | | - | - | - | - | - | - | (41,625,000.00) | | (41,625,000.00) |
| Balance as at December 31, 2014 | | 145,000,000.00 | - | 5,000,000.00 | 70,448,920.73 | 126.07 | 220,449,046.81 | - | | 220,449,046.81 |
| Shares capital increased | 18 | 55,000,000.00 | 312,200,000.00 | - | - | - | 367,200,000.00 | - | | 367,200,000.00 |
| Directly attributable expenses of the initial public offering | 18 | - | (14,559,266.20) | - | - | - | (14,559,266.20) | - | | (14,559,266.20) |
| Legal reserve | 19, 20 | - | - | 5,225,848.89 | (5,225,848.89) | - | - | - | | - |
| Dividend paid | 20 | - | - | - | (60,000,000.00) | - | (60,000,000.00) | - | | (60,000,000.00) |
| Total comprehensive income for the year | | - | - | - | 37,303,556.54 | 221,459.16 | 37,525,015.70 | - | | 37,525,015.70 |
| Balance as at December 31, 2015 | | 200,000,000.00 | 297,640,733.80 | 10,225,848.89 | 42,526,628.38 | 221,585.23 | 550,614,796.31 | - | | 550,614,796.31 |

THANAPIRIYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2015

| | | Unit: Baht | | | | | | |
|---|--------|-------------------------------------|------------------------------|-------------------------------|-----------------|---|---|-----------------|
| | | Separate financial statements | | | | | | |
| | Notes | Issued and paid-up Share capital | Premiums on common shares | Appropriated legal reserve | Unappropriated | Other components of shareholders' equity | | Total |
| | | | | | | Retained earnings | Gain on revaluation of available-for-sale investment | |
| Balance as at January 1, 2014 | | 50,000,000.00 | - | 5,000,000.00 | 25,799,350.42 | - | - | 80,799,350.42 |
| Shares capital increased | 18 | 95,000,000.00 | - | - | - | - | - | 95,000,000.00 |
| Total comprehensive income for the year | | - | - | - | 45,225,359.54 | 126.07 | - | 45,225,485.61 |
| Balance as at December 31, 2014 | | 145,000,000.00 | - | 5,000,000.00 | 71,024,709.96 | 126.07 | - | 221,024,836.03 |
| Shares capital increased | 18 | 55,000,000.00 | 312,200,000.00 | - | - | - | - | 367,200,000.00 |
| Directly attributable expenses of the initial public offering | 18 | - | (14,559,266.20) | - | - | - | - | (14,559,266.20) |
| Legal reserve | 19, 20 | - | - | 5,225,848.89 | (5,225,848.89) | - | - | - |
| Dividend paid | 20 | - | - | - | (60,000,000.00) | - | - | (60,000,000.00) |
| Total comprehensive income for the year | | - | - | - | 36,684,093.77 | 221,459.16 | - | 36,905,552.93 |
| Balance as at December 31, 2015 | | 200,000,000.00 | 297,640,733.80 | 10,225,848.89 | 42,482,954.84 | 221,585.23 | - | 550,571,122.76 |

THANAPIRIYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015

| | Unit: Baht | | | |
|--|-----------------------------------|-----------------|-------------------------------|-----------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Profit before income tax | 45,520,336.30 | 56,851,781.27 | 44,726,053.35 | 56,683,754.12 |
| Adjustments to reconcile profit before income tax to cash provided by (used in) operating activities | | | | |
| Depreciation and amortization | 15,883,418.92 | 11,658,018.09 | 15,627,554.59 | 11,390,070.25 |
| Bad debt | - | 103,463.26 | - | 103,463.26 |
| (Reversal) Allowance for losses on inventories | (194,544.79) | 851,033.69 | (194,544.79) | 851,033.69 |
| Gain on disposal of temporary investment | (9,614.94) | (102,529.80) | (9,614.94) | (102,529.80) |
| Loss on disposal of fixed assets | 12,847.97 | 19,156.37 | 12,847.97 | 19,156.37 |
| Estimation of employee benefit obligations | 45,045.00 | 41,337.00 | 45,045.00 | 41,337.00 |
| Interest expenses | 2,105,841.20 | 6,298.96 | 2,105,841.20 | 6,298.96 |
| Profit from operating activities before changes in operating assets and liabilities | 63,363,329.66 | 69,428,558.84 | 62,313,182.38 | 68,992,583.85 |
| Operating assets (increased) decreased | | | | |
| Trade and other receivables | 8,253,108.98 | 9,401,010.87 | 8,147,179.73 | 9,445,235.65 |
| Inventories | (19,530,730.43) | (24,364,661.23) | (19,530,730.43) | (24,364,661.23) |
| Operating liabilities increased (decreased) | | | | |
| Trade and other payables | (14,332,467.46) | 8,482,763.07 | (14,402,319.90) | 8,519,440.30 |
| Cash provided by operating activities | 37,753,240.75 | 62,947,671.55 | 36,527,311.78 | 62,592,598.57 |
| Interest paid | (2,105,841.20) | (6,298.96) | (2,105,841.20) | (6,298.96) |
| Income tax paid | (14,763,095.00) | (5,660,251.85) | (14,729,547.13) | (5,660,251.85) |
| | 20,884,304.55 | 57,281,120.74 | 19,691,923.45 | 56,926,047.76 |

THANAPIRIYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015

| | Unit: Baht | | | |
|--|-----------------------------------|------------------------|-------------------------------|-------------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Cash received from sale of temporary investment | 11,514,287.07 | 45,975,713.81 | 11,514,287.07 | 45,975,713.81 |
| Cash paid for acquisition of temporary investment | (271,495,500.00) | (45,886,776.95) | (271,495,500.00) | (45,886,776.95) |
| Cash received from short-term loans to related party | - | 13,150,000.00 | 1,000,000.00 | - |
| Cash paid for short-term loans to related party | - | (2,650,000.00) | (1,000,000.00) | - |
| Restricted deposit at financial institutions decreased | - | 54,823.73 | - | 54,823.72 |
| Cash paid for purchase of investment in a subsidiary | - | - | - | (60,000,000.00) |
| Cash paid for acquisition of leasehold rights | - | (3,155,262.28) | - | (3,155,262.28) |
| Cash received from disposal of fixed assets | 6,878.49 | 44,164.50 | 6,878.49 | 44,164.50 |
| Cash paid for acquisition of fixed asset | (53,483,308.19) | (69,540,194.36) | (50,483,308.19) | (41,888,539.36) |
| Cash paid for acquisition of intangible asset | (340,973.00) | (1,288,122.00) | (340,973.00) | (1,288,122.00) |
| Other non-current assets increased | (143,286.36) | (207,100.00) | (108,221.00) | (207,100.00) |
| | <u>(313,941,901.99)</u> | <u>(63,502,753.55)</u> | <u>(310,906,836.63)</u> | <u>(106,351,098.56)</u> |
| Increase (Decrease) in bank overdraft and short-term loans | | | | |
| from financial institutions | (11,050,239.52) | 12,097,482.72 | (11,050,239.52) | 12,097,482.72 |
| Cash received from short-term loans from related party | - | 1,402,931.91 | - | 1,402,931.91 |
| Cash paid on short-term loans from related party | - | (74,460,418.32) | - | (74,460,418.32) |
| Cash received from share capital increase | 367,200,000.00 | 95,000,000.00 | 367,200,000.00 | 95,000,000.00 |
| Directly attributable expenses of the initial public offering | (14,559,266.20) | - | (14,559,266.20) | - |
| Dividend paid | (60,000,000.00) | - | (60,000,000.00) | - |
| Decrease in non-controlling interests | - | (41,625,000.00) | - | - |
| | <u>281,590,494.28</u> | <u>(7,585,003.69)</u> | <u>281,590,494.28</u> | <u>34,039,996.31</u> |
| | <u>(11,467,103.16)</u> | <u>(13,806,636.50)</u> | <u>(9,624,418.90)</u> | <u>(15,385,054.49)</u> |
| | <u>27,079,380.98</u> | <u>40,886,017.48</u> | <u>25,116,723.77</u> | <u>40,501,778.26</u> |
| | <u>15,612,277.82</u> | <u>27,079,380.98</u> | <u>15,492,304.87</u> | <u>25,116,723.77</u> |
| Increase (decrease) in accounts payable for purchase of fixed assets | (3,000,000.00) | 3,000,000.00 | - | - |

THANAPIRIYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

1. GENERAL INFORMATION

Thanapiriya Public Company Limited (the “Company”) was incorporated in Thailand under the Thanapiriya Limited Partnership on May 23, 2000. The Company registered to convert to a limited company on December 21, 2012 and then became a public company limited on April 22, 2015. The Company is operates the retail and wholesale superstores. The Company owns 12 superstores and two distribution centers. The Company has its registered office at 661, Moo 24, Rob Wiang Sub-district, Muang Chiangrai District, Chiangrai, 57000, Thailand.

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements are prepared in accordance with Thai Accounting Standards (“TAS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”) and applicable rules and regulations of the Securities and Exchange Commission.

The financial statements are presented in compliance with stipulations of the Notification of the Department of Business Development, dated September 28, 2011, issued under the Accounting Act B.E. 2543.

The accompanying financial statements have been prepared in Thai language and are expressed in Thai Baht. Such financial statements have been prepared for domestic reporting purposes. For the convenience of the readers not conversant in the Thai language, an English translation of the Thai version of the financial statements is provided.

The accompanying financial statements are prepared on the historical cost basis, except as disclosed in respective accounting policies.

The preparation of the financial statements in conformity with Thai Financial Reporting Standard requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Subsequent actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Basis of consolidated financial statement preparation

- A) The consolidated financial statements included the financial statements of Thanapiriya Public Company Limited and its subsidiary (that together referred to as the “Group”).

The details of the subsidiary are as follows:

| Subsidiary | Business Type | % Equity interest owned by the Company |
|---------------------------------------|---------------------------------------|---|
| | | |
| Thanaphoom Property 2013 Co., Ltd. | Rent and Buy - Sell on Real Estate | 99.99 |

- B) The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.
- C) The financial statements of the subsidiary are prepared using the same significant accounting policies as the Company.
- D) The balances between the Company and its subsidiary, and significant intercompany transactions have been eliminated in the consolidated financial statements

On December 29, 2014, the Company acquired the ordinary shares in Thanaphoom Property 2013 Co., Ltd. resulting in an equity stake of 99.99 percent. The Company and the subsidiary have common shareholders and directors. The Company had control over this company prior the share acquisition. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences.

New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

(a) Financial reporting standards that became effective in the current year

The Company and its subsidiaries have adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the financial statements of the Company and its subsidiary. However, some of these standards involve changes to key principles, which are summarized below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognize actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognize such gains and losses immediately in profit or loss, or in

other comprehensive income, or to recognize them gradually in profit or loss. The management of the Company and its subsidiary believes that the standard does not significantly impact the financial statements.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 Consolidated and Separate Financial Statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

The management of the Company and its subsidiary believes that the standard does not significantly impact the financial statements.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the financial statements of the Company and its subsidiaries.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other accounting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognized prospectively.

Based on the preliminary analysis, the management of the Company and its subsidiary believes that this standard does not significantly impact the financial statements.

(b) Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The management of the Company and its subsidiary believe that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recognition of revenues and expenses

Revenue excludes value added taxes or other sales taxes and is arrived at after deduction of trade discounts. Revenue from the sale of goods is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. The Company will not recognize revenue if there is continuing control or management involvement with the goods sold or there are significant uncertainties regarding the measurement a recovery of the consideration due and associated costs, or the probable return of goods. Service income is recognized as services are provided. Dividend income is recognized when the Company has the right to receive dividend. Interest income is recognized on the accrual basis based on the effective interest rate. Other incomes and expenses are recognized on the accrual basis.

Cash and cash equivalents

Cash and cash equivalents presented in the statements of cash flows, comprise of cash in hand, deposits at financial institutions with a maturity period not over 3 months and no withdrawal restrictions.

Temporary investments

Temporary investments represent investments in Open-Ended Fund, which are classified in the statements of financial position as investments in available-for-sale. These are stated at fair value calculated by using the net asset value of the fund as of the reporting date. Gain or loss on valuation is realized in other comprehensive income. The Company calculated cost of the disposed securities during the year by the weighted average method.

Trade and other receivables

Trade and other receivables 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.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the average cost method. Costs of purchase comprise purchase price and costs directly attributable to the purchase of goods, such as taxes and transportation costs, less discounts and incentive from the supplier. Net realizable value is the estimated selling price in the ordinary course of business less the necessary expenses to product the finished goods and sale expenses. An allowance for losses is made for old, obsolete and lost inventories.

Investments in subsidiary

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

Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation. Leasehold rights are amortised on the straight-line basis over their estimated useful lives of 10 to 15 years

Property, plant and equipment - net

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of building and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

| | Years |
|--|------------------------------------|
| Building and improvements | 20 - 30 |
| Leasehold improvements | Over the period of lease agreement |
| Furniture, fixtures and office equipment | 5 - 10 |
| Vehicles | 5 - 10 |

Intangible asset

Intangible asset represents costs of computer software development. The amortization is calculated by the straight-line basis over their estimated useful lives of 10 years.

Long-term leases

The leases of assets which substantially transfer all the risks and rewards of ownership are classified as finance leases, and includes assets under service contracts used by the Company only carrying an obligation to pay if canceled before their expiration. Finance leases are capitalized at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The amount to be paid is allocated between the liability and finance expenses to generate the fixed interest rate calculated on outstanding liability considering each contract separately. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of assets which do not substantially transfer all the risks and rewards of ownership are classified as operating leases (Net consideration received from the lessor). Operating leases are recognized in profit and loss on a straight line basis over the lease term.

Expenses incurred on the cancellation of the operating lease before expiration, such as fines paid to the lessor, are recorded as expenses in the period in which the cancellation is made.

Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognized when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognized in the statement of profit or loss.

In the assessment of asset impairment, if there is any indication that previously recognized impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

Employee benefits

Short-term benefits

The Company recognized salaries, wages, bonus and social security contribution as expenses on an accrual basis.

Post-employment benefits – defined benefit plan

The employee benefit obligations for severance payment under labor law is recognized as a charge to results of operations over the employee's service period. It is calculated by estimating the amount of future benefit earned by employees in return for service provided to the Company in the current and future periods, with such benefit being discounted to determine the present value. The reference point for setting the discount rate is the yield rate of government bonds as at the reporting date. The calculation is performed by actuarial technique using the Projected Unit Credit Method.

When employee benefits are improved, the portion of the increased benefits relating to past service by employees is recognized in the statement of comprehensive income on a straight-line basis over the average period until the benefits become vested.

When the actuarial assumptions are changed, the Group recognized actuarial gains or losses in the statement of comprehensive income for the period in which they arise.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Income tax

Income tax expenses comprise current tax and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

The Group recognises deferred income tax on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period. The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised. At each reporting date, the Company and its subsidiary review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

Related party transactions

Related parties comprise enterprises and individuals that control or are controlled by the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company' operations.

Basic earnings per share

Basic earnings per share are calculated by dividing the net profit for the year ended by the weighted average number of ordinary shares in issue during the year ended as if the par value reduction has been made since January 1, 2014.

Financial information by segment

Segment performance reported to the Chairman of the board of directors of the Group (decision makers with highest authority over the operation) represents transactions directly from the operating segment, including the appropriate allocation items. Most unallocated items comprise corporate assets (property of head office), headquarter costs, and income tax expenses.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition

Impairment of investment in subsidiary

The Company treats investment in its subsidiary as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment of the management.

Property, plant and equipment and depreciation

In determining depreciation of property, plant and equipment, the management is required to make estimates of the useful lives and residual values of the property, plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodic basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgment regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognized in respect of temporary differences only to the extent that it is probable that taxable profit will be available against which these differences can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimate future profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

5. TRANSACTIONS WITH RELATED PARTIES

The following presents relationships with enterprises and individuals that control or are controlled by the Company, whether directly or indirectly, or have common directors or shareholders with the Company.

| Related party | Nature of relationships | % Equity interest |
|---------------------------------------|---|----------------------|
| | | owned by the Company |
| Thanaphoom Property 2013 Co., Ltd. | Subsidiary by share- holding and common directors | 99.99 |

The Company has related party transactions, both directly and indirectly in common stock and/or common directors. The effects of these transactions are reflected in the financial statements on the basis determined by the Company and those related parties. The Company had significant transactions for the year ended December 31, as follows:

| | Unit: Baht | | | |
|-----------------------------------|-----------------------------------|--------------|-------------------------------|--------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Subsidiary | | | | |
| Rental and service expenses | - | - | 1,447,125.00 | 884,299.00 |
| Utilities expenses | - | - | 260,349.74 | 283,248.00 |
| Interest income | - | - | 42,328.50 | - |
| Directors and shareholders | | | | |
| Rental and service expenses | 2,577,600.00 | 1,680,000.00 | 2,577,600.00 | 1,680,000.00 |

Management compensation - for key management personnel

Management compensation - for key management personnel for the year ended December 31, is as follows:

| | Unit: Baht | |
|--------------------------------------|--|---------------------|
| | Consolidated and Separate financial statements | |
| | 2015 | 2014 |
| Short-term benefits | 10,609,989.00 | 4,027,478.00 |
| Post-employment benefits | 3,135.16 | 2,066.00 |
| Total management compensation | 10,613,124.16 | 4,029,544.00 |

Significant balances with related parties at December 31, can be summarized as follows:

| | Unit: Baht | | | |
|-------------------|-----------------------------------|------|-------------------------------|------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Subsidiary | | | | |
| Accrued expenses | - | - | 937.32 | 159,207.80 |
| Prepaid rental | - | - | 250,000.00 | 230,000.00 |

Movements of short-term loans to related parties for the year ended December 31, are as follows:

| | Unit: Baht | | | |
|--|-----------------------------------|-----------------|-------------------------------|----------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Short-term loans to related parties | | | | |
| Directors | | | | |
| Balance at beginning of the year | - | 10,500,000.00 | - | - |
| Increase during the year | - | 2,650,000.00 | - | - |
| Decrease during the year | - | (13,150,000.00) | - | - |
| Balance at end of year | - | - | - | - |
| Subsidiary | | | | |
| Balance at beginning of the year | - | - | - | - |
| Increase during the year | - | - | 1,000,000.00 | - |
| Decrease during the year | - | - | (1,000,000.00) | - |
| Balance at end of year | - | - | - | - |

Short-term loans to the subsidiary are not governed by an agreement have no security, but bear interest rate at 7.5 per annum.

Movements of short-term loans from related parties for the year ended December 31, are as follows:

| | Unit: Baht | |
|--|--|-----------------|
| | Consolidated and Separate financial statements | |
| | 2015 | 2014 |
| Short-term loans from related parties | | |
| Directors | | |
| Balance at beginning of the year | - | 73,057,486.41 |
| Increase during the year | - | 1,402,931.91 |
| Decrease during the year | - | (74,460,418.32) |
| Balance at end of year | - | - |

Short-term loans to directors and short-term loans from directors are not governed by an agreement, have no security, and do not bear interest.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, consisted of:

| | Unit: Baht | | | |
|--|-----------------------------------|----------------------|-------------------------------|----------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Cash on hand | 2,500,215.00 | 2,565,673.00 | 2,500,215.00 | 2,565,673.00 |
| Cash at banks - current accounts | 5,667,957.23 | 13,020,825.91 | 5,663,107.23 | 12,870,825.91 |
| Cash at banks - savings accounts | 6,568,956.59 | 11,492,882.07 | 6,453,833.64 | 9,680,224.86 |
| Cheque due | 875,149.00 | - | 875,149.00 | - |
| Total cash and cash equivalents | 15,612,277.82 | 27,079,380.98 | 15,492,304.87 | 25,116,723.77 |

7. TEMPORARY INVESTMENTS- NET

Temporary investment as at December 31, consisted of:-

| | Unit: Baht | | | |
|---|--|-----------------------|------------------|------------------|
| | Consolidated and Separate financial statements | | | |
| | 2015 | | 2014 | |
| | Fair value | | Fair value | |
| | Cost price | Level 2 | Cost price | Level 2 |
| Open-end Fund-Debt securities - at cost | 260,009,588.29 | 260,009,588.29 | 18,760.42 | 18,760.42 |
| Add unrealized gain on investment revaluation | - | 276,981.54 | - | 157.58 |
| Total temporary investment - net | 260,009,588.29 | 260,286,569.83 | 18,760.42 | 18,918.00 |

The above table analyzes recurring fair value measurements for financial assets. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The levels applicable to the Company's investments are defined as follows.

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

8. TRADE AND OTHER RECEIVABLES

Trade and other receivables as at December 31, consisted of:

| | Unit: Baht | | | |
|--|-----------------------------------|----------------------|-------------------------------|----------------------|
| | Consolidated Financial Statements | | Separate Financial Statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Trade receivables | 28,798,065.15 | 41,132,226.32 | 28,798,065.15 | 41,132,226.32 |
| Other receivables | | | | |
| Loans to employees | 992,719.00 | 1,257,775.00 | 992,719.00 | 1,257,775.00 |
| Deposit for goods | 3,423,714.07 | 144,092.93 | 3,423,714.07 | 144,092.93 |
| Prepaid insurance premiums | 718,782.89 | 732,173.87 | 718,782.89 | 732,173.87 |
| Prepaid rental | 462,105.27 | 159,052.65 | 712,105.27 | 389,052.65 |
| Prepaid IPO expenses | - | 537,846.20 | - | 537,846.20 |
| Revenue Department receivable | 859,420.83 | - | 859,420.83 | - |
| Other | 1,198,632.51 | 743,381.73 | 1,198,571.19 | 657,391.16 |
| Total other receivables | 7,655,374.57 | 3,574,322.38 | 7,905,313.25 | 3,718,331.81 |
| Total trade and other receivables | 36,453,439.72 | 44,706,548.70 | 36,703,378.40 | 44,850,558.13 |

The Company has trade receivables classified by age analysis as follows:

| | Unit: Baht | |
|--------------------------------|--|----------------------|
| | Consolidated and Separate financial statements | |
| | 2015 | 2014 |
| Current | 23,577,988.84 | 32,606,886.50 |
| Over due | | |
| Not over 3 months | 3,779,234.10 | 7,067,559.82 |
| Over 3 - 6 months | 1,028,189.01 | 1,439,580.00 |
| Over 6 - 12 months | 259,701.65 | 18,200.00 |
| Over 12 months | 152,951.55 | - |
| Total trade receivables | 28,798,065.15 | 41,132,226.32 |

9. INVENTORIES - NET

Inventories as at December 31, consisted of:

| | Unit: Baht | |
|---|--|-----------------------|
| | Consolidated and Separate financial statements | |
| | 2015 | 2014 |
| Finished goods | 172,560,016.79 | 153,029,286.36 |
| <u>Less</u> allowance for losses on inventories | (5,159,750.78) | (5,354,295.57) |
| Total inventories - net | 167,400,266.01 | 147,674,990.79 |

10. INVESTMENTS IN THE SUBSIDIARY

Investments in the subsidiary as at December 31, 2015 and 2014, consisted of:

| | % of holding | Unit: Million Baht | | |
|------------------------------------|--------------|--------------------|-----------|--------------|
| | | Registered | Paid - up | Cost method |
| | | share capital | share | |
| Thanaphoom Property 2013 Co., Ltd. | 99.99 | 90.00 | 60.00 | 60.00 |
| Total | | | | 60.00 |

On December 29, 2014, the Company acquired 900,000 ordinary shares in Thanapoom Property 2013 Co., Ltd. resulting in an equity stake of 99.99 percent. The Company has fully paid for the called up share capital.

11. LEASEHOLD RIGHTS - NET

Leasehold right as at December 31, 2015, consisted of:

| | Unit: Baht | | | |
|--------------------------------------|--|---------------------------|----------|---------------------|
| | Consolidated and Separate financial statements | | | |
| | As at | Movements during the year | | As at |
| | January 1, 2015 | Increase | Decrease | December 31, 2015 |
| Leasehold rights | | | | |
| Cost | 9,460,262.28 | - | - | 9,460,262.28 |
| <u>Less</u> Accumulated amortization | 2,495,914.43 | 641,155.76 | - | 3,137,070.19 |
| Net book value | 6,964,347.85 | | | 6,323,192.09 |

12. PROPERTY, PLANT AND EQUIPMENT - NET

Property, plant and equipment at December 31, 2015, consisted of:

| | Unit: Baht | | | | | | |
|---------------------------------|-----------------------------------|------------------------------|---------------------------|--|---------------|------------------|----------------|
| | Consolidated financial statements | | | | | | |
| | Land and improvements | Building and improvements | Leasehold improvements | urniture, fixtures and office equipment | Vehicles | Work in progress | Total |
| Cost | | | | | | | |
| As at January 1, 2015 | 56,806,752.00 | 40,711,573.06 | 17,387,828.05 | 49,940,047.55 | 27,127,847.61 | 1,826,350.92 | 193,800,399.19 |
| Purchasing | 18,042,268.04 | 407,626.84 | - | 11,766,363.50 | 4,898,217.05 | 15,368,832.76 | 50,483,308.19 |
| Transferred in/out | 75,635.42 | 15,707,310.72 | 287,915.63 | 778,439.26 | 53,923.90 | (16,903,224.93) | - |
| Disposal | - | - | - | (323,381.50) | - | - | (323,381.50) |
| As at December 31, 2015 | 74,924,655.46 | 56,826,510.62 | 17,675,743.68 | 62,161,468.81 | 32,079,988.56 | 291,958.75 | 243,960,325.88 |
| Accumulated depreciation | | | | | | | |
| As at January 1, 2015 | - | 3,343,370.10 | 4,358,587.88 | 18,715,282.16 | 15,030,880.25 | - | 41,448,120.39 |
| Depreciation /Transfer in | 3,629.23 | 1,730,364.15 | 1,081,926.24 | 9,555,666.16 | 2,472,027.18 | - | 14,843,612.96 |
| Disposal /Transfer out | - | - | - | (303,655.04) | - | - | (303,655.04) |
| As at December 31, 2015 | 3,629.23 | 5,073,734.25 | 5,440,514.12 | 27,967,293.28 | 17,502,907.43 | - | 55,988,078.31 |
| Net book value | | | | | | | |
| As at December 31, 2014 | 56,806,752.00 | 37,368,202.96 | 13,029,240.17 | 31,224,765.39 | 12,096,967.36 | 1,826,350.92 | 152,352,278.80 |
| As at December 31, 2015 | 74,921,026.23 | 51,752,776.37 | 12,235,229.56 | 34,194,175.53 | 14,577,081.13 | 291,958.75 | 187,972,247.57 |

Separate financial statements

| Cost | Land and improvements | Building and improvements | Leasehold improvements | Furniture, fixtures and office equipment | Vehicles | Work in progress | Total |
|---------------------------------|-----------------------|---------------------------|------------------------|--|---------------|------------------|----------------|
| As at January 1, 2015 | 4,000,000.00 | 32,666,773.06 | 17,387,828.05 | 49,940,047.55 | 27,127,847.61 | 1,826,350.92 | 132,948,847.19 |
| Purchasing | 18,042,268.04 | 407,626.84 | - | 11,766,363.50 | 4,898,217.05 | 15,368,832.76 | 50,483,308.19 |
| Transferred in/out | 75,635.42 | 15,707,310.72 | 287,915.63 | 778,439.26 | 53,923.90 | (16,903,224.93) | - |
| Disposal | - | - | - | (323,381.50) | - | - | (323,381.50) |
| As at December 31, 2015 | 22,117,903.46 | 48,781,710.62 | 17,675,743.68 | 62,161,468.81 | 32,079,988.56 | 291,958.75 | 183,108,773.88 |
| Accumulated depreciation | | | | | | | |
| As at January 1, 2015 | - | 2,925,693.25 | 4,358,587.88 | 18,715,282.16 | 15,030,880.25 | - | 41,030,443.54 |
| Depreciation /Transfer in | 3,629.23 | 1,474,499.82 | 1,081,926.24 | 9,555,666.16 | 2,472,027.18 | - | 14,587,748.63 |
| Disposal /Transfer out | - | - | - | (303,655.04) | - | - | (303,655.04) |
| As at December 31, 2015 | 3,629.23 | 4,400,193.07 | 5,440,514.12 | 27,967,293.28 | 17,502,907.43 | - | 55,314,537.13 |
| Net book value | | | | | | | |
| As at December 31, 2014 | 4,000,000.00 | 29,741,079.81 | 13,029,240.17 | 31,224,765.39 | 12,096,967.36 | 1,826,350.92 | 91,918,403.65 |
| As at December 31, 2015 | 22,114,274.23 | 44,381,517.55 | 12,235,229.56 | 34,194,175.53 | 14,577,081.13 | 291,958.75 | 127,794,236.75 |

Depreciation for the years ended December 31, 2015 and 2014 in the consolidated statements of profit or loss are Baht 14.84 million and Baht 10.84 million, respectively, and the separate statements of profit or loss are Baht 14.59 million and Baht 10.57 million, respectively.

As at December 31, 2015 and 2014, the Group's equipment and vehicles, which have been fully depreciated but are still in use, amounted to Baht 17.97 million and Baht 7.54 million, respectively.

Parts of the Group's land and buildings have been mortgaged as collateral for bank guarantees, bank overdrafts and loans from financial institutions (Note 15).

13. INTANGIBLE ASSETS – NET

Intangible assets as at December 31, 2015, consisted of:

| | Unit: Baht | | | |
|--------------------------------------|--|--------------------------|----------|-------------------|
| | Consolidated and separate financial statements | | | |
| | As at | Movement during the year | | As at |
| | January 1, 2015 | Increase | Decrease | December 31, 2015 |
| Computer software | | | | |
| Cost | 3,846,777.78 | 340,973.00 | - | 4,187,750.78 |
| <u>Less</u> Accumulated amortization | 1,551,539.75 | 398,650.20 | - | 1,950,189.95 |
| Net book value | 2,295,238.03 | | | 2,237,560.83 |

Amortization for the years ended December 31, 2015 and 2014 amounted to Baht 0.4 million and Baht 0.32 million, respectively and are included in the related consolidated and separate statements of profit or loss.

14. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities as at December 31, 2015, consisted of:-

| | Unit: Baht | | |
|--|-----------------------------------|--------------------|-------------------------|
| | Consolidated financial statements | | |
| | Movements increase (decrease) | | |
| | As at | Other | As at |
| | January 1, 2015 | Profit or loss | comprehensive income |
| | | | December 31, 2015 |
| Deferred tax assets | | | |
| Allowance for losses on inventories | 1,070,859.12 | (38,908.97) | - |
| Rental expenses | 226,699.58 | 82,973.06 | - |
| Provisions for liabilities | 94,526.47 | 51,512.51 | - |
| Employee benefit obligations | 40,118.80 | 9,009.00 | 458,221.00 |
| Tax loss carried forward | 141,272.31 | (141,272.31) | - |
| Total deferred tax assets | 1,573,476.28 | (36,686.71) | 458,221.00 |
| Deferred tax liabilities | | | |
| Depreciation | 38,681.38 | (53,319.08) | - |
| Unrealized gains on valuation of available-for-sale investments | 31.51 | - | 55,364.80 |
| Total deferred tax liabilities | 38,712.89 | (53,319.08) | 55,364.80 |
| Deferred tax assets - net | 1,534,763.39 | (90,005.79) | 402,856.20 |

| | Unit: Baht | | | |
|--|-------------------------------|-------------------|-------------------------|----------------------|
| | Separate financial statements | | | |
| | Movements increase (decrease) | | | |
| | As at | Other | | As at |
| | January 1, 2015 | Profit or loss | comprehensive income | December 31, 2015 |
| Deferred tax assets | | | | |
| Allowance for losses on inventories | 1,070,859.12 | (38,908.97) | - | 1,031,950.15 |
| Rental expenses | 226,699.58 | 82,973.06 | - | 309,672.64 |
| Provisions for liabilities | 94,526.47 | 51,512.51 | - | 146,038.98 |
| Employee benefit obligations | 40,118.80 | 9,009.00 | 458,221.00 | 507,348.80 |
| Total deferred tax assets | 1,432,203.97 | 104,585.60 | 458,221.00 | 1,995,010.57 |
| Deferred tax liabilities | | | | |
| Depreciation | 38,681.38 | (53,319.08) | - | 92,000.46 |
| Unrealized gains on valuation of available-for-sale investments | 31.51 | - | 55,364.80 | 55,396.31 |
| Total deferred tax liabilities | 38,712.89 | (53,319.08) | 55,364.80 | 147,396.77 |
| Deferred tax assets - net | 1,393,491.08 | 51,266.52 | 402,856.20 | 1,847,613.80 |

Unit: Baht

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|---------------|-------------------------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| Profit before income tax | 45,520,336.33 | 56,851,781.27 | 44,726,053.35 | 56,683,754.12 |
| Income tax rate | 20% | 20% | 20% | 20% |
| Current income tax expense as tax rate | 9,104,067.27 | 11,370,356.25 | 8,945,210.67 | 11,336,750.82 |
| Non-deductible expenses | | | | |
| by the revenue code | 84,112.49 | 123,643.76 | 68,148.91 | 121,643.76 |
| Expenses allowed by the Revenue Code | (2,804,284.00) | - | (2,804,284.00) | - |
| Income tax expenses | 6,383,895.76 | 11,494,000.01 | 6,209,075.58 | 11,458,394.58 |
| The effective tax rate | 14.02% | 20.22% | 13.88% | 20.21% |

The Company used income tax rate of 20% for the calculation of corporate income tax for the years ended December 31, 2015 and 2014. Royal Decree No. 530 B.E. 2554, dated December 14, 2011, grants a reduction in the corporate income tax rate from 30% to 20% on net profit for the accounting periods beginning on January 1, 2014 to December 31, 2014. According to the Royal Decree No. 577 B.E. 2557 dated November 10, 2014, the corporate income tax rate will continue at 20 % on net profit for the accounting periods beginning on January 1, 2015 to December 31, 2015.

15. BANK OVERDRAFTS FROM FINANCIAL INSTITUTIONS

As at December 31, 2015 and 2014, the Company and its subsidiary have credit facilities from financial institutions in form of bank overdrafts, short-term loans, promissory notes, and long-term loans, as follows:

| | Unit: Million Baht | |
|---|--------------------|------|
| | 2015 | 2014 |
| Thanapiriya Public Company Limited and its subsidiary | 105 | 65 |
| Thanapiriya Public Company Limited | 75 | 35 |

As at December 31, 2015 and 2014, the interest rate of bank overdrafts and loans from financial institutions are calculated at the MLR rate minus the rate specified in the contract to MOR plus the rate specified in the contract. These loan facilities are secured by certain directors of the Group and by mortgages on land and building of the Group and its Directors.

16. TRADE AND OTHER PAYABLES

Trade and other payables as at December 31, consisted of:

| | Unit: Baht | | | |
|---------------------------------------|-----------------------------------|------------------------------|-------------------------------|------------------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Trade payables | 113,006,501.01 | 120,271,653.86 | 113,006,501.01 | 120,271,653.86 |
| Other payables | | | | |
| Accrued bonus | 2,471,987.90 | 7,447,183.00 | 2,471,987.90 | 7,447,183.00 |
| Revenue Department payables | 315,179.27 | 823,215.00 | 315,179.27 | 818,732.74 |
| Accrued rental expenses | 1,379,410.56 | 2,606,497.97 | 1,379,410.56 | 2,606,497.97 |
| Payable for purchase of the assets | - | 3,000,000.00 | - | - |
| Guarantee received from employees | 1,394,880.00 | 1,215,150.00 | 1,394,880.00 | 1,215,150.00 |
| Accrued expenses | 2,858,096.76 | 2,372,875.00 | 2,807,659.86 | 2,396,772.80 |
| Other expenses | 1,215,531.14 | 2,237,479.27 | 1,215,531.14 | 2,237,479.27 |
| Total other payables | <u>9,635,085.63</u> | <u>19,702,400.24</u> | <u>9,584,648.73</u> | <u>16,721,815.78</u> |
| Total trade and other payables | <u><u>122,641,586.64</u></u> | <u><u>139,974,054.10</u></u> | <u><u>122,591,149.74</u></u> | <u><u>136,993,469.64</u></u> |

17. EMPLOYEE BENEFIT OBLIGATIONS

The Group has a defined benefit plan in accordance with severance payment under the labor law which entitles retired employees within certain work service period compensation at various rates, such as, those with more than 10 years of service will receive severance payment for no less than 300 days or 10 months of the last salary.

Movement of the present value of employee benefit obligations for the years ended December 31, is as follows:

| | Unit: Baht | |
|--|--|------------|
| | Consolidated and Separate financial statements | |
| | 2015 | 2014 |
| Defined benefit obligations beginning of the years | 200,594.00 | 159,257.00 |
| Current service costs | 33,453.00 | 31,872.00 |
| Cost of interest | 11,592.00 | 9,465.00 |
| Actuarial loss | 2,291,105.00 | - |
| Defined benefit obligations ending of the years | 2,536,744.00 | 200,594.00 |

Employee benefit expenses in the statements of profit or loss for the years ended December 31, consisted of:

| | Unit: Baht | |
|----------------------------------|--|-----------|
| | Consolidated and Separate financial statements | |
| | 2015 | 2014 |
| Current service costs | 33,453.00 | 31,872.00 |
| Interest from obligation | 11,592.00 | 9,465.00 |
| Total employee benefits expenses | 45,045.00 | 41,337.00 |

Employee benefit expenses for years ended December 31, as shown in the statements of profit or loss are as follows:

| | Unit: Baht | |
|--|--|------------------|
| | Consolidated and Separate financial statements | |
| | 2015 | 2014 |
| Selling expenses | 321.00 | 294.00 |
| Administrative expenses | 44,724.00 | 41,043.00 |
| Total employee benefit expenses | 45,045.00 | 41,337.00 |

The actuarial assumptions (shown as weighted average), consisted of:

| | Percentage | |
|--------------------------------------|-------------|-------------|
| | 2015 | 2014 |
| Discount rate | 4.00 - 4.13 | 4.95 - 4.99 |
| Salary increase rate | | |
| Monthly salary | 5 | 8.4 |
| Daily salary | 5 | 1.11 |
| Turnover rate depend to range of age | | |
| Monthly salary | 0 - 60 | 0 - 63 |
| Daily salary | 0 - 61 | 0 - 91 |

Mortality rate of 100 percent as Mortality Table 2008

Disability rate of 10 percent as Mortality Table 2008

The actuarial assumption of discount rate is estimated from weighted average of yield rate of government bonds that reflects the estimated timing of benefit payments.

The actuarial assumption of mortality rate for reasonable estimation of probability of retirement in the future is estimated from mortality table.

18. SHARE CAPITAL

During November 11-13, 2015, the Company offered its new ordinary shares to the benefactors and to the public by issuing 200 million shares at the price of Baht 1.75 per share. The Company registered the increased share capital with the Ministry of Commerce on November 16, 2015. The shares of the Company began trading on the Stock Exchange of Thailand on November 18, 2015. Directly attributable expenses of the initial public offering amounted to Baht 14.56 million were deductible from the premium on share capital.

The Extraordinary Shareholders' Meeting No. 1/2015 held on April 20, 2015 passed a resolution to increase the Company's registered share capital from Baht 145 million to Baht 200 million and change the par value from Baht 100 each to Baht 0.25 each (from 1.45 million ordinary shares at a Baht 100 par value to 800 million ordinary shares at a Baht 0.25 par value) in order to offer: 200 million shares through initial public offer; 7 million shares to employees; and 13 million shares through private placement. The Company registered the increase in share capital and the reduction in par value with the Ministry of Commerce on April 22, 2015.

Extraordinary Shareholders' Meeting No. 1/2014 held on December 18, 2014 passed a resolution to increase the Company's registered share capital from Baht 50 million to Baht 145 million divided into 1,450,000 ordinary shares at a Baht 100 par value. The Company registered the increase in share capital with the Ministry of Commerce on December 22, 2014.

19. LEGAL RESERVE

Pursuant to the Public Limited Company Act B.E. 2535, the Company must set aside a reserve fund constituting no less than 5 % of the annual net profits until the reserve equals no less than 10% of the registered capital. This legal reserve is not available for dividend distribution.

20. DIVIDEND

The General Shareholders' Meeting for the year 2015, held on April 9, 2015, resolved to pay a dividend from net profits, for the years 2014 and 2013, amounting to Baht 60 million, to shareholders of 1.45 million shares and to allocate Baht 3.30 million to the legal reserve. Dividends were paid to shareholders in June 2015.

21. EMPLOYEES PROVIDENT FUND

The Company and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530 (1998). Employees contribute to the fund on a monthly basis at the rate of 3%, while the Company contributes to the fund on a monthly basis at the referred rate. The Company will issue payment to employees upon termination in accordance with the fund rules. The contributions started from May 15, 2015. For year ended December 31, 2015, the Company contributed a total of Baht 101,658 to the fund.

22. OPERATING SEGMENTS

The Group is engaged in the wholesale and retail of consumer goods, a single business segment, and operates in the same geographic area. Therefore, revenue, profits and assets reflected in the financial statements are related to the business and geographic segments as discussed.

23. SIGNIFICANT EXPENSES BY NATURE

Significant expenses by nature for the year ended December 31, consisted of:-

| | Unit: Baht | | | |
|---|-----------------------------------|------------------|-------------------------------|------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Changes in finished goods | | | | |
| and work in process decrease | (19,530,730.43) | (24,364,661.23) | (19,530,730.43) | (24,364,661.23) |
| Purchase of finished goods | 1,217,796,730.30 | 1,089,805,899.04 | 1,217,796,730.30 | 1,089,805,899.04 |
| Raw materials and consumable | | | | |
| materials used | 5,015,595.35 | 1,919,341.78 | 5,015,595.35 | 1,919,341.78 |
| Depreciation and amortization | 15,883,418.92 | 11,658,018.09 | 15,627,554.59 | 11,390,070.25 |
| (Reversal) Allowance for loss inventory | (194,544.79) | 851,033.69 | (194,544.79) | 851,033.69 |
| Employee benefit expenses | 61,421,493.12 | 41,764,432.74 | 61,336,159.12 | 41,764,432.74 |
| Rental expenses | 4,308,254.72 | 3,221,090.87 | 5,755,379.72 | 3,881,090.87 |
| Utilities expenses | 6,809,917.04 | 4,989,521.56 | 7,070,266.78 | 4,965,569.13 |
| Advertising and promotion expenses | 1,043,713.47 | 786,316.33 | 1,043,713.47 | 786,316.33 |
| Vehicles and travel expenses | 4,101,890.97 | 2,702,560.50 | 4,101,890.97 | 2,702,560.50 |

24. 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 Group's ability to continue as a going concern in order to provide returns to The Group's shareholders and benefits to other stakeholders. The management sets strategies to support The Group'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

The Group is exposed to significant interest rate risks relate primarily to bank deposits and short-term investments. Most of the interest rates that fluctuate based on market rates or a fixed rate with a maturity date after the date of the statement of financial position does not exceed one year. As the Company has a policy to deposit or invest in highly liquid instruments with a maturity not exceeding one year, the Group's interest rate risk is low.

Credit risk

The Group is exposed to credit risks related primarily to accounts receivable and other receivables, loans and notes receivable. As management has a credit policy and appropriate credit controls in place, it does not anticipate significant losses from the credit. In addition, The Group has no significant concentrations of credit because the Company's a large number of customers and a diverse customer base. The maximum exposure to credit risk is represented by the carrying amount of accounts receivable and other receivables, loans and notes receivable in the statement of financial position.

The risk of liquidity

The Group monitors its liquidity risk by maintaining a level of cash and cash equivalents deemed adequate by management to finance the Group and to mitigate the effects of fluctuations in cash flows.

Determination of fair values

The Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Group estimates the fair value of financial instruments; cash and cash equivalents, trade accounts receivable and payable, other accounts receivable and payable, and short-term borrowings, equal to their amounts carried in the statement of financial position because of the short-term maturity of those financial instruments.

25. COMMITMENTS AND CONTINGENCIES LIABILITIES

As at December 31, the Group has obligations related to the lease of office space, including service charges under several agreements with related parties and other persons. The agreements are for periods of between of 1 - 20 years. Remaining rental and service charges under existing agreements are to be paid in the future are as follows.

| | Unit: Million Baht | | | |
|---|-----------------------------------|-------|-------------------------------|-------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Due within 1 year | 7.83 | 1.14 | 8.82 | 1.75 |
| Due over 1 year but not exceeding 5 years | 9.22 | 5.48 | 10.08 | 6.07 |
| Due over 5 year | 16.54 | 13.28 | 16.54 | 13.28 |
| Total | 33.59 | 19.90 | 35.44 | 21.10 |

26. RECLASSIFICATION OF ACCOUNTS

The Group has reclassified certain accounts in the statement of profit of loss and other comprehensive income for the year ended December 31, 2014 to conform to the presentation of the financial statements of current year.

| | Unit: Thousand Baht | | | | | |
|-------------------------|----------------------------------|------------------|------------------------|-------------------------------|------------------|------------------------|
| | Consolidated Financial Statement | | | Separate financial statements | | |
| | Before reclassification | Reclassification | After reclassification | Before reclassification | Reclassification | After reclassification |
| Selling expenses | 43.54 | 4.30 | 47.84 | 44.13 | 4.30 | 48.43 |
| Administrative expenses | 36.23 | (4.30) | 31.93 | 35.81 | (4.30) | 31.51 |

27. EVENT AFTER THE REPORTING PERIOD

Board of Directors' Meeting No. 1/2016, held on February 15, 2016, resolved pay a dividend from its operating result for the year ended 31 December 2015. for 800 million shares at the rate of Baht 0.03 per share, amounting Baht 24 million. The dividend payments must be approved at the Annual General Meeting of the Company's shareholders.

28. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's authorized directors on February 15, 2016.

15. Operating Assets

15.1 The Company's Operating Assets

15.1.1 Land and land extension

As of 31 December 2015, the Company and its subsidiaries' net value in land and land extension for operations as per the Company's consolidated financial statements were as follows:

| Location | Description | Net Value (Million Baht) | Ownership | Obligation |
|---|--|-----------------------------|-------------------------|--|
| a) Land, title deed 45514 Wiangpakum Sub-district, Mae Sai District, Chiang Rai Province Area 90 sq.wah | Location for Mae Sai Supermarket Store | 1.35 | Owned by Thanaphoom | Mortgaged with a financial institution as a guarantee |
| b) Land, title deed 1465 Rop Wiang Sub-district, Muang District, Chiang Rai Province Area 2 ngan and 46 sq.wah | Location for PaKor Supermarket Store | 5.65 | Owned by Thanaphoom | Mortgaged with a financial institution as a guarantee |
| c) Land, title deeds 6446, 70721 Pan Sub-district, Pan District, Chiang Rai Province Area 3 rai and 78.8 sq.wah | Location for Pan Supermarket Store | 9.50 | Owned by Thanaphoom | Mortgaged with a financial institution as a guarantee |
| d) Land, title deed 115360 Rop Wiang Sub-district, Muang District, Chiang Rai Province Area 1 rai, 1 ngan and 4.9 sq.wah | Location for Warehouse 1 | 4.00 | Owned by the Company | None |
| e) Land, title deeds 18209, 5340 Rop Wiang Sub-district, Muang District, Chiang Rai Province Area 2 ngan and 34.8 sq.wah | Location for Employee Training Center | 5.65 | Owned by Thanaphoom | None |
| f) Land, title deed 104286 Ta Sood Sub-district, Muang District, Chiang Rai Province Area 1 ngan and 35 sq.wah | Waste land | 14.64 | Owned by Thanaphoom | None |

| Location | Description | Net Value (Million Baht) | Ownership | Obligation |
|--|-------------|-----------------------------|-------------------------|------------|
| g) Land, title deed 140057 Huay Sak Sub-district, Muang District, Chiang Rai Province Area 1 rai | Waste land | 5.03 | Owned by Thanaphoom | None |
| h) Land, title deed 16542 Wiang Sub-district, Chiang Saen District, Chiang Rai Province Area 2 ngan and 38 sq.wah | Waste land | 0.89 | Owned by Thanaphoom | None |
| i) Land, title deeds 52867, 52722 Wiangpangkum Sub-district, Mai Sai District, Chiang Rai Province Area 3 ngan and 50 sq.wah | Waste land | 10.10 | Owned by Thanaphoom | None |
| j) Land, title deed 49885 Ban Doo Sub-district, Muang Chiang Rai District, Chiang Rai Province Area 11 rai 3 ngan and 87.7 sq.wah | Waste land | 18.00 | Owned by the Company | None |
| Land extension | | 0.11 | | |
| Total | | 74.92 | | |

15.1.2 Building and Equipment

As of 31 December 2015, the description of net value of building and equipment for business operations of the Company and its subsidiaries as stated in the Company's consolidated financial statements were as follows:

| Type of Assets | Net Value (Million Baht) |
|---|--------------------------|
| 1. Building and improvements | 51.75 |
| 2. Leasehold improvements | 12.24 |
| 3. Furniture, fixtures and office equipment | 34.19 |
| 4. Vehicles | 14.58 |
| 5. Work in progress | 0.29 |
| Total | 113.05 |

15.2 Leasehold improvement

As of 31 December 2015, the description of net value of leasehold for business operations of the Company and its subsidiaries as stated in the Company's consolidated financial statements were as follows:


| Description of Rented Property | Usability | Leasehold (Million Baht) |
|---|--|--------------------------|
| Land and Building Land, title deed 85557, 85556, 85554, 8635, Rop Wiang Sub-district, Chiang Muang District, Chiang Rai Province Area 3 ngan and 20.9 sq.wah Lease Period : 15 years from 1 November 2009 to 31 October 2024. | Location for Sri Sai Moon Supermarket Store | 3.29 |
| Land and Building Land, title deed 108610, Ban Doo Sub-district, Muang Chiang Rai District, Chiang Rai Province Area 3 ngan and 40.8 sq.wah Lease Period : 10 years from 1 May 2011 to 30 April 2021. | Location for Ban Doo Supermarket Store | 0.16 |
| Land and Building Land, title deeds 31, 760, 2293 Wiang Sub-dis- trict, Wiangpapao District, Chiang Rai Province Area 2 ngan and 61 sq.wah Lease Period : 15 years from 28 August 2014 to 27 August 2029. | Location for Wiangpapao Supermarket Store | 2.87 |
| Total | | 6.32 |

15.3 Intangible Assets

As of 31 December 2015, the intangible assets of the Company and its subsidiaries were computer programs which are used in general business operations. These computer programs include accounting program, inventory management program and general operations program. The Company's net value of intangible assets was Baht 2.24 million.

15.4 Trademark

As of 30 June 2015, the Company consisted of one trademark as follows:

| Trademark | Owner | Period |
|---|-------------|--|
|  | The Company | Under the registration process with Department of Intellectual Property. |

15.5 Related Licenses for Business Operations

In operating the Company's business, each supermarket store is required to apply for special business licenses such as certificate for operations where meals are sold and foodstuff is stored, license for food storage, license for food establishment and license for selling liquor. Moreover, the Company applied for license for business detrimental to health – product warehouse and license for food storage for Rop Wiang Distribution Center, Warehouse 1, Warehouse 2, Warehouse 3 and Warehouse 4. The above mentioned licenses are required to be extended on a yearly basis.

16. Legal Dispute

- None -



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