



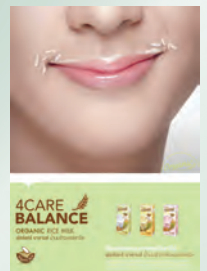
MOONG
PATTANA

The Professional Trading Company

ANNUAL REPORT 2014

รายงานประจำปี 2557

บริษัท มุ่งพัฒนา อินเตอร์เนชั่นแนล จำกัด (มหาชน)
Moong Pattana International Public Company Limited
www.moongpattana.com



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Message from the Chairman

Moong Pattana International Public Company Limited has been enlisted in the MAI for six (6) years and has been constantly, sustainably growing. Showcasing the Company's outstanding achievements in 2014, the Company's net profit, in accordance to separate financial statement, surged 51.5 percent year-on-year and displayed impressive results through 8.5 percent ROA and 13 percent ROE (equity method), leading to the Board's satisfaction and the dividend resolution of THB 0.30 per share.

In 2015, in order to progressively expand on such outstanding results the Company is tenaciously striving for new business developments, dedicately focusing on growth of existing businesses, with the expectation of at least 10 percent upside, and pressing on effective cost controls.

Moreover this year, our mission of developing our organization and personnels to reach their potential in outstanding operations is paramount and proactive to domestic and ASEAN competitions. Hence, leaping forward onto the international stage in the near future, our focal points are personnels' capabilities, inspiration, and self-motivation toward being exceptional, all in which I believe are the Company's essential agenda.

In 2014, the Company broadened its distribution channels for wider coverage, especially throughout every single region of Thailand, and, furthermore, expanded our trades into neighbor countries such as the Lao People's Democratic Public and Cambodia. In 2015, we continue to focus on the expansion of distribution channels for increasing number of stores as the support for growth and extending new businesses of new products which will be growing this year.

Perpetually from the past to the present, we have continued to retain our position as the leader in mothercare and baby accessories by carrying constant communication and consistently reaching the target group of mothers through all types of media, which resulted into impressive responses and highly-satisfied consumers to our brand and products' quality.

Regarding the relationship with business partners, the Company has been receiving great support, maintaining strong relationship, and resulting into considerable mutual satisfactions.

In term of Corporate Governance (CGR), in 2015 the Company announces policies and the intention for the prevention of involvement in corruptions and is highly motivated for continuous improvement and maintaining of corporate governance going forward.

As the Chairman, I am firmly confident that the Company, through strong motivation and dedication, will develop quality personnels, forwardly progress in corporate governance, while being ethical and in proper Code of Conduct, sustainably grow, and possess competitive potential on both domestic and ASEAN-regional stages in order to achieve the expected success.




(Mr. Sumeth Lersumitkul)
Chairman

Vision and Mission

Vision

**"Striving for excellence in products and service with
business ethic and integrity
of business operation, fulfilling customer
and investor expectations
whilst achieving utmost relationship with
business partners."**

Mission

1. Become an organization with outstanding profitability who earns trust from consumers, business, partners, and investors
2. Become an organization with good relationships with business partners and promoting mutual and long lasting growth
3. Become an organization with human resources as priority, emphasizing on skills and knowledge development including wellness and quality of life of employees
4. Become an organization with reiteration of corporate governance, business ethics, and social responsibilities
5. Become an organization with reputation as a professional trading company and distributor

Value

1. We are passionate to achieve excellence, high commitment, readiness to change in order to acquire continuously excellence in both quality of operation and personal life.
2. We realize the priority of good relationships with business partners to enable long-term mutual growth with our experienced and professional personnel in order to embrace innovation of products or new ideas to gain competitive advantage on business ethics, corporate governance, and social responsibilities basis.
3. We aim to build the organizational culture by firmly believing in harmonized teamwork and supporting the engagement of all employees at all levels, in which employees respect for others. We emphasize the value of continuous learning, which will be a fundamental tool to promote lasting growth of both the employees and business.
4. We are passionate about exceeding customer expectation as the heart of business operation by taking perspectives from outside in, being capable of understanding and realizing customer expectation and ready to develop the right solutions with higher returns for the customers' success with quality and satisfactions.

Financial Highlight

Financial Statement as at 31 December (Equity method)

(unit : THB million)	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total assets	676.43	724.24	681.93
Total liabilities	299.41	312.16	236.11
Shareholders' equity	377.03	412.08	445.82
Net sales	617.91	699.20	693.66
Total revenues	647.18	732.77	714.10
Gross profit	278.83	309.04	352.50
Net profit	50.04	59.05	57.74

Financial ratio as at 31 December (Equity method)

	<u>Unit</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Net profit margin	%	8.1	8.4	8.3
Return on equity (ROE)	%	13.3	14.3	13.0
Return on fixed assets	%	64.5	80.7	74.1
Debt to equity	Ratio	0.8	0.8	0.5
Earning per share	THB	0.42	0.49	0.48
Book value per share	THB	3.14	3.43	3.72

General Information

Name of Listed Company : Moong Pattana International Public Company Limited
("MOONG")

Type of Business : Sales and distribution of mothercare and baby accessories, kitchen accessories, and daily consumer product.

Headquarter Location : Moong Pattana Building 32 Bangna-Trat Soi 25 Bangna-Trat Road, Bangna, Bangkok, 10260

Warehouse Location : 2/26 Moo 1 Bangna Trad KM 16.5 Bang Chalong, Bangpee, Samutprakan

Registration No. : 0107551000274

Website : www.moongpattana.com, www.pigeonlittlemomentsclub.com

Telephone : +66 2361-9009

Fax : +66 2361-9025-8

Factory of Associated Company : Thai Pigeon Company Limited
944 Moo 15 Theparak Industrial Estate Bang Saotong, Samutprakan

Telephone : +66 2313-1625-7

Fax : +66 2313-1361

Registrar

Company's Name Thailand Securities Depository Company Limited

Location 62 The Stock Exchange of Thailand Building, Rachadapisek Road, 4th -7th Floor, Klongtoey, Bangkok, Thailand 10110

Tel: 0-2359-1200-1 Fax: 0-2239-1259

Auditor

Company's Name EY Office Limited

Location 33, Lake Ratchada Tower 193/136-137 Ratchadapisek Road, Klongtoey, Bangkok, Thailand 10110

Tel: 0-2267-0777, 0-2661-9190 Fax 0-2264-0789-90

Company's Shareholding Position in Other Companies

Name	Thai Pigeon Company Limited
Location	944 Moo 15 Theparak Industrial Estate Bang Saotong, Samutprakan, Thailand 10540
Shares Info	573,400 shares, 47% of registered capital of 1,220,000 shares at THB 100 per share

Name	Pigeon Industries (Thailand) Company Limited
Location	700/103 Moo 1, Amata City Industrial Estate, Bangkok, Panthong, Chonburi, Thailand 20160
Shares Info	360,000 shares, 2.5% of registered capital of 14,400,000 shares at THB 10 per share

Name	Yoshino Moong Pattana (Thailand) Company Limited
Location	103/1 Wellgrow Industrial Estate, Bangna-Trad Road, Km. 36, Bangsamak, Bangpakong District, Chachoengsao, Thailand 24180
Shares Info	180,000 shares or 6% of registered capital of 3,000,000 shares at THB 100 per share

Company History and Significant Developments

Moong Pattana International Public Company Limited (formerly known as Moong Pattana Marketing Company Limited) was established on January 29, 1981 by Mr. Sumeth Lersumitkul with registered capital of THB 10 Million with the initial aim to import and oversee sales distribution of kitchen wares. In the year 1988, the Company was the only company in Thailand to be given a license to produce, use, and sell the brand trademark "Pigeon," the mother and childcare product from Japan. With the expertise and experience of the Company's executives, the Company saw continuous growth with significant changes and past developments as follow:

- 1981 Established by Mr. Sumeth Lersumitkul under the name *Moong Pattana Marketing Company Limited* with registered capital of THB 10 million and THB 100 per share.

- 1988 The Company was the only company in Thailand that had been granted license to produce, use, and sell, as well as apply the Pigeon Trademark from Pigeon Corporation from Japan.

- 1990 The Company entered a joint venture with Pigeon Corporation to establish Thai Pigeon Company Limited (*TP*) with the objective to produce and distribute nipples and nursers, and plastic parts for local and international distribution. TP was first registered with THB 20 million of capital, with 200,000 units of shares, 84,000 shares of which the Company holds, or 42% of the issued and paid-up capital.

- 1992 The Company increased the registered capital to THB 50 million at THB 100 per Shared Value and 500,000 shares in total for business expansion.

- 1994 The company entered a joint venture with Yoshino Kokusho (Japan) (*Yoshino Japan*) and Nomura Jimusho Inc. (Japan) in order to set up Yoshino Moong Pattana (Thailand) Company Limited (*YMP*). The Joint Venture Company built a factory to produce plastic product and packaging such as spray pumps for liquid products, bottle packaging, and coated plastic. YMP was first registered at THB 125 million, with 1,250,000 numbers of shares, 437,500 shares of which was held by the Company, 35% of issued and paid-up capital.

- 1996 The Company entered a joint venture with Pigeon Corporation to establish Pigeon Industries Thailand Company Limited (*PIT*) with aims to produce and distribute breast pads and baby wipes. PIT's first registered capital was THB 120 million with 12,000,000 shares, 1,200,000 shares of which the Company owns 10% of issued and paid-up capital.

- 1998 TP increased capital from THB 20 million to THB 122 million or 1,220,000 shares in total for the purpose of expanding production capacity. The Company increased its stake in TP to 47% of issued and paid-up capital, or 573,400 units of shares held.

- 2000 PIT increased capital from THB 120 million to THB 144 million, or 14,400,000 units of shares for factory expansion. The Company sold back 840,000 shares to Pigeon Corporation and did not acquire new share capital, resulting in a decrease in PIT shareholding to 2.5% of issued and paid-up capital.

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- 2001 YMP increased the registered capital from THB 125 million to THB 300 million equaling to 3,000,000 shares for the purpose of expanding the factory. The Company had sold back 287,500 shares to Yoshino Japan and bought only handful new shares, resulting in the shareholding structure in YMP decreasing to only 6% of issued and paid-up capital.
- 2006 The Company held its Extraordinary Shareholder's meeting 1/2006 on November 21, 2006, and passed a resolution of THB 115 million.
- 2007 The Company acquired the Smile-V, Smart-V, and V-care trademarks from Misis Company Limited (*Misis*) which sold daily consumer products and formerly distributed in provinces outside of Bangkok. However, Misis did not have any other relationship with the Company.
- 2008 The Company was ISO 9001:2000 certified by United Registrar of Systems (Thailand) Company Limited in January 2008. The Company held an Extraordinary Shareholder's Meeting 2/2008 held on March 18, 2008, and passed a resolution to increase capital and paid up capital by THB 40 million, resulting in THB 90 million from THB 50 million, and approved dividend payment of THB 60 million. Moreover, the Company held an Extraordinary Shareholder's Meeting 5/2008 on August 29, 2008, and passed the resolution of conversion to become a public company and changed the Company's name to *Moong Pattana International Public Company Limited*, splitting stock value from THB 100 per share to THB 1 per share and raising its capital from THB 90 million to THB 120 million by issuing 30 million shares of common stock for initial public offering. Additionally, the dividend payment of THB 21.6 million was approved.
- 2009 The Company signed a Distributorship Agreement with P.I.P International Company Limited to distribute Exfoliating Foot Pack under the brand *Revival Care*.
- 2010 The Company signed a Distributorship Agreement with Thai Multiple Company Limited, Sirimongkhon Intertrade Company Limited, Thai Jintan Company Limited, and 4CARE Company Limited to distribute the products under band *YURA*, *BR*, *Jintan*, and *4CARE* respectively.
- 2011 The Company had introduced the *Pigeon Little Moments Club* which is the communication channels for customers. The club provides the advice of raising baby or products information for members. In this year, the Company had cancelled the distribution of the product brand *Jintan*.
- 2012 Branded Pigeon, numerous new products have been releasing into the market such as peristaltic plus nipple, children toothbrush and toothpaste as well as straw cup (Mag Mag). In this year, the company has been trusted to distribute dental care product under the brand *Jordan* and PPN Foods Co.,Ltd. manufacturer of chili season under the brand *Roong Jaroen*, beside of the Company had cancelled the distribution of the product brand *YURA*. In order to facilitate the continuous growth, the Company partnered with DHL, the world leading logistic, to effectively manage the Company's crucial inventory.
- 2013 The Company had debuted the *Meet the Expert – Expertise from truly a deeply understanding the mom's need of raising baby campaign* to emphasize the expertise on research and development from Pigeon Research and Development Center in Japan resulting the offering of Pigeon quality products for mother and baby. The new products have been

introduced to increase the variety within the baby wipes category with lanolin formula 20 pcs, and the baby bottles category.

In regard to business expansion, the Company was appointed as the distributor of the wafers and crackers category branded Rebisco by Andaman International Resources Co., Ltd.

Additionally, the Company had introduced to the market new products within the adult wipes category, V-care Hello Kitty Natural Wipes and V-care Men Cool Max Refreshing Wipes. In order to improve the image of V-care Cotton products to be modernized and satisfy consumer needs for variety, the company had introduced, within the cosmetic cottons segment, a new product, Beauty and Makeup cottons. Toward the end of 2013, the Company began to expand into an international market through the Company's first-ever distribution of product into Laos under the V-care and Jordan brands, setting up for future success into the AEC market.

2014 The Company was appointed as the distributor of baby and kids swimwears branded Splash About from The United Kingdom. New Pigeon breast pads "Honey Comb" was introduced to the market, the superior feature of absorbancy. The Company was also appointed as the distributor of baby food and snacks branded Peachy, the distributorship has been granted for Cambodia territory. Additionally, the Company terminated the distribution of Rebisco wafers and crackers and Revival Care foot peeling. The Company also implemented new ERP-SAP System, aiming to improve operations efficiency in order to support the expansion of AEC businesses in the near future.

Overview of Business Operations & Revenue Structure

Overview of Business Operations

The Company operates in Distribution business and is a distributor of consumer products with two (2) core business operations as the following:

1. Company's Branded Business

1.1 Household Products

- Foggy and Smile V spraying bottles
- Gerlach stainless knives

1.2 Personal Care Products

- V-care cottons, adult wipes, and toothbrushes

2. Distribution Business

The Company's expertise lies within marketing in which our brand management attains and retains brand loyalty through customer-engaging, marketing activities. Moreover, we specialize in distribution, evidently through our quality channels with coverage throughout Thailand to include modern trades, traditional trades, cash vans, and other channels such as direct sales and e-commerces, etc. The Company's experience and expertise in brand management and nationwide distributing channels have strengthen our products' accessibility and our capability of acting as the distributor for other products aiming to penetrate the market in Thailand, hence resulting into the increase of our distributing products and product categories as the following:

2.1 Pigeon Mothercare and Baby Accessories from Japan, serving new born to three-year old babies and mothers with variety of maternity products to meet every satisfaction, for instance, nipples, baby bottles, feeding accessories, breastfeeding accessories, and baby wipes, etc.

2.2 Splash About Infant and Baby Swimwears from the United Kingdom

2.3 Personal Care Products

- Dental care products, toothbrushes, and dental flosses under Jordan brand

2.4 Food and Beverage

- 4CARE Tastifit coconut cream
- 4CARE Balance jasmine rice drink (original flavor, no sugar added, dark chocolate, and black sesame flavors)
- 4CARE Balance organic jasmine rice drink (no sugar added, strawberry banana, and vanilla flavors)
- Roong Jareon mini chili-paste
- Peachy baby food and snacks (only available in Cambodia)

In addition to operating in distribution business and being the distributor of consumer products, the Company also engages in three (3) joint-ventures, TP, PIT, and YMP, in which the Company holds the equities of 47 percent, 2.5 percent, and 6 percent respectively. As the result, we earn the right to act as the sole distributor in Thailand of these three (3) companies' products and also receive other benefits through dividend income.

Investment in Associated Company

Thai Pigeon Co. Ltd. (TP) is the joint venture between Pigeon Corporation (Japan) and the Company and was incorporated on September 11th, 1990. TP's business focuses on manufacturing and distribution, locally and internationally, of Pigeon baby accessories with variety of products such as

nipples, baby bottles, plastic accessories, and nipple-sanitizing solution, etc. Currently, the Company has THB 122 million in paid-up capital and is the sole distributor of TP products in Thailand.

Other Long-Term Investment

Yoshino Moong Pattana Co. Ltd. (YMP) is the joint venture between Yoshino Kokusho (Japan), Nomura Jimusho Inc. (Japan), and the Company with shareholding structure of 83 percent, 11 percent and 6 percent respectively and was incorporated on December 19th, 1994. YMP's business focuses on manufacturing and sales, locally and internationally, of plastic packages, parts, and plastic parts such as sprayers, pump valves, shampoo bottles, conditioner tubes, and makeup-powder cases, etc. In Thailand, the Company is the sole distributor of YMP products and oversees YMP's procurement of raw materials and equipments.

Pigeon Industries (Thailand) Co. Ltd. (PIT) is the joint venture between Pigeon Corporation (Japan) and the Company and was incorporated on April 29th, 1996. PIT's business focuses on manufacturing and sales, locally and internationally, of skin wipes and breast pads, with the Company as the sole distributor in Thailand.

Revenue Structure

Source of Revenue	2012		2013		2014	
	THB Mil	%	THB Mil	%	THB Mil	%
Sales of Mothercare and Baby Accessories	465.5	67.3	500.3	63.4	529.8	69.6
Sales of Consumer Goods	89.9	13.0	104.6	13.3	130.7	17.2
Sales of Plastic and Containing Products	62.5	9.0	94.3	12.0	33.2	4.4
Share of Income from Investment ¹⁾	44.1	6.4	56.4	7.1	46.4	6.1
Income from Dividend ²⁾	4.1	0.6	2.4	0.3	3.7	0.5
Other Incomes ³⁾	25.1	3.6	31.1	3.9	16.7	2.2
Total Income	691.2	100.0	789.1	100.0	760.5	100.0

Note:






1 Share of income from investment from TP

2 Dividends from YMP และ PIT

3 Other incomes are consisted of property rentals, commissions, gains on disposal of fixed assets, and gains on exchange rate

Business Strategies of the Company's Core Businesses and Product Lines
Branded Business
1. Product under company Branded Business
1.1 Personal Care Products under V-Care Brand

The Company is the distributor of personal care products. V Care is company own brand with products portfolio as the following:

Brand	Product Category	Product's Highlight
 V-care Natural	Multiple-purpose cottons	100% cotton, soft and gentle, free of chemical substances that cause possible irritation
 V-care Beauty and Makeup	Cosmetic Cottons	A quality cotton is specially designed for skincare and makeup, with advance Hydro-Knitting Technology, the cotton is extra soft and long fiber to give gentle touch and comfortable for your delicate skin even eyes or mouth area.
 V-care	Skin Wipes for Women	Naturally mild formula, alcohol-free, scents of chamomile and rose hip, attractive packaging with Hello-Kitty design
 V-care Men	Skin Wipes for Men	Refreshing Cool Max formula for manly confidence, reduce perspiration and accumulation of bacteria – the cause of body odor
 V-care Toothbrush	Toothbrushes for kids and Adults	Soft bristles for gum protection and tooth enamel, available in variety of designs at affordable prices

Competitive Strategies

The Company has been focusing on the development and distribution of various quality and affordable products in order to meet consumers' demand and lifestyles of different target groups by widely promoting V-care brand to gain the leader position in cottons and the consumers' top-of-mind brand through developing various new products, entering new segments, increasing the product availability through distribution coverages, both in traditional and modern trades.

In 2014, the Company re-launched V-care products by highlighting the product features of 100% natural, free of substances and distinctive packaging, which led to modern, younger, and more-friendly touch. The new Beauty and Make up cotton has introduced, expanded into the cosmetic-cotton segment to capture the target consumers using the cotton on facial skin highlighted by producing technology and quality of the cottons in order to response the need of consumers who seek specific care for facial skin.

After the launches of new products, *V-care Hello Kitty Natural Skin Wipes for Women* and *V-care Men Cool Max Refreshing Wipes*, which greatly gained traction in consumers' response, the Company consistently promote and create the products trial through below the lines activities and promotion to attract consumers.



Marketing Activities

The Company has actively implemented various activities in order to build brand & products awareness through both in-store and other touch points, direct communication to target consumer and specific media selection to reach the target consumers.

For wipes product lines, the Company has continued to create awareness and product trials through marketing activities capturing the main target consumers with roadshows, free sample giveaway at sports events, such as marathons and cyclings. Engage the consumers in outdoor activities i.e, tourist attractions, outdoor shoppings, and marketplaces nearby office buildings including the communication via social media which key medium to connect to the target group.



Sales and Distribution Channels

Extensively and thoroughly, the Company distributes products through our nationwide coverage of distribution network, primarily through modern and traditional trades, in which the latter comprises of wholesalers and retailers at every corner of every city across all regions. Other distributing channels include direct sales, specialty shops, hospitals, beauty institutes, and e-commerces.

1.2 Foggy and Smile-V Household Products

Household products that the Company distributes are Foggy and Smile-V spraying bottles and Gerlach industrial knives. We are the manufacturer and distributor of Foggy and own the registered trademarks of both Foggy and Smile-V, making marks as the first manufacturer in Thailand with the interest on the development of sprayers. For more than 30 years, Foggy has maintained its reputation on quality, especially the nozzles which are practical and recognized for durability.

Competitive Strategies

For sprayer bottles, the Company positions the Foggy brand as premium, targeting heavy-duty markets whose demand for products with durability and high quality. Foggy Duty product is widely used and well recognized for target market of heavy users in good quality and durability, for examples, laundries, carwashes. Foggy Multi is widely used in restaurants, beauty salons, and landscaping businesses, etc. Apart from mass distribution channel, specific distribution channel has been explored aiming to reach these industrial customers, in contrast to general, distributing channels. Strategically and distinctively, the Smile-V brand focuses on mass-marketing with economical prices and variety of designs.

Sales and Distribution Channels

The Company leverages the network of quality and adequate coverage of channels throughout the country including appropriate industrial ones.

Distribution Business

The Company has perfectly-sufficient sales teams in Bangkok and other provinces across the country with experience and expertise to make contract and drive sales revenues through the effective distributions network of trade customers in order to ensure the customer satisfaction is fully met by coordinating transactions, highlighting key advantages of the products, providing prompt responses, and leveraging efficient ordering and delivery systems. Our primary distributing channels are as the following:

- Modern trades
- Traditional trades, which includes wholesaler and retailers throughout the country
- Drugstores
- Direct sales
- Event sales
- Specialty shops
- E-commerces
- Food services, hospitals, and industrial trades

Types of Products or Services

The Company operates in the distribution business and is the sole distributor of the core product lines: Pigeon mothercare and baby accessories; household products such as Foggy and Smile-V spraying bottles and Gerlach stainless knives; 4CARE and Balance food and beverage and Roong Jareon mini chili-paste; Splash About baby and kids swimwears from The United Kingdom; Jordan oral care products; Peachy baby food and snacks (Cambodia territory only).

Quality and Standard of Distributing Products

The Company's products have undergone certified research and development laboratories to reassure consumers of their confidence in the product quality that meets international standards. For instance, Pigeon products were validated by the R&D center recognized specifically for innovations, product standards by advanced equipments and technology, and worldwide distributions. Moreover, Jordan oral care products were validated by the internationally-acknowledged R&D center in Norway whose expertise lies within the innovative development of toothbrushes and dental flosses. Nevertheless, the Company has been certified by the management system ISO 9001: 2000, reaffirming our intention to offer and present products and services including effective and standardized operating system.

Details of our quality products are as the following:**1) Mothercare and Baby Accessories under Pigeon Brand**

In Thailand, the Company is the exclusive distributor of Pigeon products produced by the Pigeon Corporation, Japan, who has been domestically and internationally accepted and recognized for their product quality. Growing in number of various products that require constant research and development, in order to create consumer confidence, each product must undergo researches and tests according to standards.

Currently, our distributing Pigeon products can be classified into seven (7) categories:



1.1) Feeding Accessories

The category consisted of nipples, baby bottles, caps, and hoods. Brief features of each product are the following:

- **Nipples**

Constantly being designed and developed, Pigeon nipples can be classified as silicone and natural rubber, resembling a mother's nipple as much as possible. The product presents an alternative, allowing mothers to prolong their natural breastfeeding, and assists infant's development of jaws, cheekbones and various muscles through the practice of suction. Pigeon nipples also prevent accumulation of bacteria, which is a possible cause of children diarrhea, through the product design of flat surface.

- **Nursing Bottles**

Pigeon nursing bottles have been designed for ultimate safety with completely flat internal surface, upright shape, and no side seams, bents, or corners which could be the areas of bacteria accumulation. For the convenience of cleaning, the product is made of food-graded color, which is highly certified for safety, non-detachable under the heat at boiling temperature, free of Biphenyl-A (BPA), and has absolutely zero harm to children.

1.2) Baby Wipes

Pigeon baby wipes are wet wipes and serve multi-purposes, such as skin cleansing for infant, baby, and adult, and are consisted of natural ingredients suitable to faces and other body parts. They are also applicable to other usages such as refreshing after playtimes or exercises, absorbing facial oil before and after makeup, and cleansing between meals. Furthermore, they have been **Micro Biologically Tested, proven** to reassure that the products are safe and have undergone the producing and packaging processes that, prior to the first usage, are 100% free of bacteria. Pigeon baby wipes are available with four (4) different formulas for necessary needs of babies:

1. **Lanolin:** Recommended for diaper-changing for newborn to six (6) months, formulated with skin moisturizer and Lanolin, liquid waxes from sheep
2. **Chamomile:** Recommended for all activities and all frequencies of application, provides relaxing sensation
3. **Hand & Mouth:** Recommended for every meal and messy activities, formulated with food-graded ingredients, and sensible to every body parts of baby, even hand and mouth

4. **Anti – Mosquito:** Recommended for two (2) years and up, for outdoor activities, duty-free formulation unarmful to baby, six-lasting hours of mosquito repelling after each wipe, no viscous, and no odor

1.3) Breastfeeding Accessories

Breast milk is a unique, irreplaceable nutritional source for overall health of both mother and child. Although it is the most complete form of nutrition, breastfeeding is not as simple as it sounds. It requires mother's dedication and endeavor in order for baby to receive this essential nutrition and the best-possible development. Thus, Pigeon cares, supports this process, and has developed products to assist mothers to breastfeed their babies: breast pads, breast pumps, breast milk storage bags/bottles, steam sterilizers, nipple cream, rubber nipples, breast pumps for non-protruding nipples, and other products to promote breastfeeding.

- **Breast Pads Honey Comb** – recommended for mothers in breastfeeding period, meet the need of trapping excessive milk onto clothings with newly-designed pads with quicker absorption and flowing, free of leak, perfect for mothers with regular to considerable amount of milk, packaged with clear plastic for proper hygiene, available in four (4) sets to meet the mothers' need: 12, 30, 60, and 120 pc
- **Breast Pumps** - Pigeon breast pumps are recommended for mothers who desire to breastfeed their babies from newborn to two (2) years in response to the governmental policy that supports breastfeeding by encouraging breastfeed as the only mean for milk during the first six (6) months of baby and breastfeed with supplementary until the age of two (2) years old. The breast pumps target and attract mothers at working age, which are increasing daily.

Pigeon breast pumps are available in three (3) different types to meet the needs of every mother:

1. **Manual Breast Pump** has been designed for easy, practical use and is recommended for mothers whose needs are seldom. With no battery or electricity required, the breast pump is extremely convenient even on the go. The air-circulation controller enables a perfect fit, removing the need for excessive squeezes and allowing similar experience of natural breastfeeding.
2. **Portable Breast Pump** weighs only 120 grams and reduces hand pain and soreness as milk expression is at ease of just finger tips. The breast pump provides similar experience of natural breastfeeding and is adjustable to four (4) different levels for full control to match comfort and applicable to both battery and electricity.
3. **Electric Silent Breast Pump** is convenient anywhere and anytime, even at night. The breast pump allows mothers to constantly express milk with relaxing sensation and without disturbing baby. It is applicable to both battery and electricity.

1.4) Weaning & Accessories

Drinking and eating development of infants can evolve very quickly. Thus, mothers and parents can support this change with the assistance of the three-stepped training cup, weaning set, steam sterilizers, and specially-soft weaning set:

- Mag Mag Training Cup

Mag Mag Training Cup has been designed to aid drinking development of baby, from three (3) months to older than eight (8) months, enabling baby to master self-drinking movement in three (3) steps:

- Step 1: Nipple Cup comes with Peristaltic PLUS™ Nipple allowing reproduction of baby's natural sucking motion. The Cup has Y-cut tip to prevent excessive leak and

angled handles for simple holding and is recommended for baby at the age of (3) months and older, setting baby for step-up to Spout Cup.

- Step 2: Spout Cup, or sipping cup, comes with angled handles and changes the top from nipple to soft and flexible silicone spout, allowing quantity of liquid flow to be adjusted by drinking movements, an entirely new development for baby. The Cup is recommended for baby at the age of five (5) months and older and allows baby for step-up to Straw Cup.
- Step 3: Straw Cup is recommended for baby at the age of 8 months and older as it trains to leverage his/her stronger sucking power to drink like an adult. The top comes in spilled-proof, cross-cut with soft silicone straw, the lower straw is bent at an angle to enable easy drinking until the last drop, and the handles are widen and straight for easy holding.

- **Weaning Set**

Pigeon weaning set has been developed by the research of baby self-eating habit. While baby is eating with the weaning set, he/she would familiarize with the coordination of hands, eyes, and mouth and, thus, would develop utensil self-holding habit. Pigeon weaning set is BPA-free, lightweight, heat resistance up to 120 degrees of temperature, and is applicable to both left and right hands.

- **Steam Sterilizers**

Pigeon steam sterilizers are highlighted by their advanced heating technique which enables appropriate temperature of milk and reduces the milk-warming hassle. The steam sterilizers are perfect for heating all kinds of bottle and baby food, such as milk, porridges, and oats, with its automatic, rapid, and precise control of temperature, which remains at 20 – 80°C to prevent overheating, the cause of losing nutrition. They are conveniently compact, easy to carry and clean with highly-safe outer plastic. The product enables better preservation of nutrition and quality of baby milk and food than microwave.

- **Specially-Soft Weaning Set**

Differently than regular spoons, specially-soft weaning set is made of supremely-soft material and designed to snugly fit tiny mouth of infants. The product enhances baby's eating development, comes with stopper to prevent over-inserting, and has the perfect size for gripping practice.

1.5) Heath Care & Hygiene Care

Pigeon health care accessories includes baby training toothbrush set, gel toothpaste, nose cleaners, comb set, barber scissors, and nail clippers, etc.

- **Three-Step Training Toothbrush Set** is designed to assist baby in teeth-brushing development and available in three (3) lessons for appropriate ages:

Step 1: Recommended for baby 6 to 8 months with a few teeth, familiarizes baby to proper gripping and holding of toothbrush

Step 2: Recommended for baby 8 to 12 months with 8-10 teeth, familiarizes baby to teeth-brush with soft-silicone bristles similar to those of regular toothbrush

Step 3: Recommended for baby 12 months and older with all milk teeth grown, comes with thin, tendered bristles and wide toothbrush neck to prevent choking

- **Gel Toothpaste** is quality oral cleaner for infant and baby. High in quality and especially safe for infant and newborn, the toothpaste is composed of food-graded ingredients and natural fluoride and in compliance to Japanese standards. It is safe to swallow and yet capable of cleaning oral stains without damaging the enamel ingredient or creating bubbles.
- **Nose Cleaners** are equipment assisted in hygienically cleaning/suction of baby's nose, allowing mothers to control pressure of suction. The mucus is separately stored in bottle, simple to see and clean without reversed-flowing. In contrast to regular rubber suction

equipment, Pigeon nose cleaners are practical and do not create irritation to nose membranes.

1.6) Toiletries & Skincare

Infant's skin is three (3) times more delicate than adult's; hence, it is imperative that skin products developed for infant requires research specialized to their skin. Thus, Pigeon has developed skin clean and care products perfect and highly recommended for newborn and those with allergic skin, comprised of infant soap, available in liquid and foam, infant shampoo, infant lotion, and infant moisturizer. All Pigeon Toiletries Accessories are made of "Inositol", found in breast milk and helps raise and retain moisturizer for infant, "Plant – Derived Hyaluronic," naturally extracted and longer retains moisturizer, and "Hydrolyzed Hyaluronic" for softer skin, more effective than regular Hyaluronic. In addition to PH 5.5, mild acid, the Accessories have been "Dermatologically Tested," or tested for allergy, at the Pigeon Laboratory, Japan.

1.7) Cleansing and Sterilizing Accessories

Pigeon cleansing and sterilizing accessories are ideal for completely cleaning of infant products and comprise of liquid cleanser for nursing bottles, cleaning tools for nipples and bottles, and bottle steamers, etc.

- Liquid Cleanser for Baby Bottles

Pigeon liquid cleanser for baby bottles is formulated to remove bacteria, consisted of 100% food-graded, natural ingredients capable of completely cleaning protein stains and milk without residue, and is the ultimate cleanser for all infant products. It also can be leveraged for washing vegetables and fruits.

- Automatic Bottle Steamers

The automatic bottle steamers have been thoroughly tested through the highest standard in order to increase the convenience and effectiveness in steaming bottles and, most importantly, baby's safety. The product has been specifically designed and is suitable to all kinds and sizes. Efficiently and effectively, the bottle steamers are capable of steaming 8 standard or 6 wide neck bottles altogether in 12 minutes, kill bacteria without using chemical, and remain bacteria-free up to six (6) hours after each steam.

Competitiveness

The market for mothercare and baby accessories can be classified into four (4) groups: economy, standard, premium, and super premium. The comparison of the market segments by price, quality, source, and sales channel is summarized as the following:

	Price	Quality	Source	Sales Channel
Super Premium	Very High	High to Very High. Have own R&D for products	All imports	Department stores in Bangkok
Premium	High		Imports and domestic manufacturer	Department stores in Bangkok and other provinces
Standard	Medium	Medium / Thai Branded	Domestic manufacturer	Other provinces and hyper markets
Economy	Low	Low / House branded or not branded	Domestic manufacturer	Mostly in other provinces

Source: The Company

Pigeon Product Highlight

- **Brand:** Pigeon brand is from Japan, where manufacturing technology and standard are one of the best worldwide, emphasizing on research and development of products appropriate for

baby's development and mother's child-raising behavior, resulting into its reputation in many countries worldwide including Thailand.

- **Quality:** Through advanced manufacturing technology and certification of standards from internationally-reputable institutes, Pigeon realizes the priority of baby's development and mother's convenience in using products, including their durability, making Pigeon's reputation continuously growing.

- **Variety:** In contrast to competitors who focus on a single market group, Pigeon's wide range of products at different prices enables coverage of the mothercare and baby accessories market in order to retain the diverse interests and satisfaction of mothers.

- **Brand Heritage:** As the mothercare and baby accessories market leader in Thailand for more than 30 years, Pigeon brand has been inherited and recommended with confidence from one generation to another.

Target Customers

Those who are pregnant, those who are on verge of giving birth, and father, mother, and family with baby up to the age of three (3).

Competitive Strategies

The Company ensures that the marketing of all our distributing products is consisted of transparent policy and clearly-defined marketing objectives and plans and consistent with the organization's overall strategies. The marketing includes activities such as market researches, advertisements, sales promotion, and customer relationship management (CRM). Also, the products are priced based on the Company's policy and annual marketing and distribution plans.

Marketing Activities

Over the past year, the Company had held marketing activities to reach and engage target customers as the following:

1. Strengthen Pigeon Expertise's image in mothercare and baby accessories through **the Meet the Expert-Nikori Cycle – Comprehension to Profession, Brief Time but Deeper Love**, which showcased the complete marketing as the following:

- a. Launch **Meet the Expert – Nikori Cycle** campaign along with activities for new mothers
- b. Advertisements and public relations of **Expert in Trade** through famous shops across the country
- c. **Meet the Expert-Nikori Cycle** magazine column in which representatives of mothers from diverse industries shared their child-raising experiences plus great articles from doctors of different fields
- d. **Pigeon Advisor** enlightened about the products to mothers nationwide
- e. **Expert Workshop**, by experts from various fields, specifically for members
- f. **Live Chat** by child development experts through **Facebook Pigeon Little Moments Club** which presented the campaigns throughout 2014 through different means, for examples, prints and online medias such as Pigeon Little Moments Club website



2. Consistently introduced new products throughout the year to promote professional innovations to mothers:

- **Breast Pads Honey Comb** newly-designed pads with quicker absorption and flowing ventilation, free of leak, dry throughout the day, equipped with two (2) adhesive tapes, superb slip-prevention, recommended for mothers with regular to considerable amount of milk, packaged with clear plastic for proper hygiene



Customer Relationship Management (CRM)

One of the Company's important strategies has held various activities under the name *Pigeon Little Moments Club*, which promotes building relationship and Pigeon-brand loyalty with consistently-increasing Club's members.



The Club's Workshop has been available for the members' families throughout the year with more than 500 families have already engaged. In addition to the Workshop for the members, *the Pigeon Little Moments Club* has also created a warm online society through Facebook fan page and the Club's website, another channel to further-reach modern parents. Moreover, the Club has held activities and seminars for the Club fan pages such as *Live Chat* with breastfeeding and product experts to reiterate *the Meet the Expert – Nikori Cycle campaign* along with several other fun activities for the members to share their moment of joy, enabling the Company to extensively expand the member base and Facebook fan page.

<https://www.facebook.com/mypigeonlittlemomentsclub>



Pigeon Expert
 ตอบสารพันปัญหาของการเลี้ยงลูกด้วยนมแม่

ติดตามได้ทาง Fanpage Pigeon Little Moments Club

ทุกวันพุธ และศุกร์
เวลา 19.00 - 21.00 น.





ผู้เชี่ยวชาญผลิตภัณฑ์ ด้านแม่และเด็ก

ทาง Fanpage Pigeon Little Moments Club

ทุกวันพฤหัสบดี เวลา 16.00 - 18.00 น.









Furthermore, Pigeon also cares and supports breastfeeding and has constructed the Breastfeeding Consultation Room at several private and governmental hospitals in Bangkok and other provinces to educate and provide mothers the convenience and pleasure during their hospital stay and promote confidence in Pigeon brand to freshly-new mothers.



2) Other Products

With the Company's marketing expertise and effective distributing channels, we have been trusted to act as the products distributor for other brands, in which their products and target customers are as the following:

Brand	Product Category	Target Group
	4CARE Tastifit coconut cream	Women/Housewives at the age of 35 and older, interest in health and wellness, medium to high income, and well educated
	4CARE Balance jasmine rice drink (original flavor, no sugar added, dark chocolate, and black sesame flavors) 4CARE Balance organic jasmine rice drink (no sugar added, strawberry banana, and vanilla flavors)	Women or consumer group with interest in health and wellness or who are allergic to cow milk, medium to high income, and educated
	Food (chili paste)	Consumer group at the age of 18 to 35 with preference in convenient meals
	Toothbrushes, dental flosses	Consumer group at the age of 18 to 35
	Baby and kids swimwears	Consumer group from new born baby to six (6) years old
	Baby food and snacks	Consumer group from new born baby to three (3) years old Distribute in Cambodia territory only

Competitive Strategies

The Company acts as the products distributor for the brand owners and focuses on coverage through distributing channels, enabling the products to reach wide range of consumers and creating brand and product recognition. In regard to marketing, the Company works with brand-owners, follows progress, and closely co-evaluates to ensure each product meets its agreed growth target.

Joint-Venture Business Operations**Types of Products or Services****Yoshino Moong Pattana (Thailand) Co. Ltd. or YMP**

YMP is a joint venture of Yoshino Kokusho (Japan), Nomura Jimusho Inc. (Japan), and Moong Pattana International Public Co. Ltd. with the business focus on manufacturing and sales, locally and internationally, of plastic packages, parts, and plastic parts such as sprayers, pump valves, and shampoo bottles, etc. To meet customer satisfaction and worldwide requirements, YMP leverages manufacturing machines and equipments with advanced technology and comprises of departments of productions, assembly, quality controls, logistic, and customer service at professional level. In 2014, YMP had expanded its manufacturing plant in response to the greater orders from customers. Exclusively, the Company is the sole distributor of YMP products in Thailand.

Pigeon Industries (Thailand) Co. Ltd or PIT

PIT is a joint venture between Pigeon Corp (Japan) and Moong Pattana International Public Co. Ltd. The main products manufactured by PIT are classified in two categories as the following:

1) Baby wipes – Packed in perfectly-small package for convenience, the wipes are individual clothes for facial cleaning and of arms and other parts of body of infants and adults. The fabric is specifically thick and soft and can be used as frequently as required. The clothes are free of alcohol and perfume. The wipes are also available in mosquitos-prevention version.

2) Disposable breast pads – Made of materials which had been researched and tested by Pigeon Corp (Japan), the pads absorb excessive milk, are secured in every movement, and prevent side-leaking with two (2) adhesive tapes for slip-prevention when in use.

PIT is the production base for the baby wipes and disposable breast pads and had been officially certified by Pigeon Corp (Japan). Exclusively, the Company is the sole distributor of PIT products in Thailand.

Thai Pigeon Co. Ltd. or TP

Authorized by Pigeon Corp (Japan), TP is the official manufacturer of silicone nipples, baby bottles, and plastic accessories for baby of the *Pigeon* brand. There are varieties in types and sizes of TP-manufactured silicone nipples as specified by Pigeon Corp such as classic silicone, dome silicon, naturally-like, and mini naturally-like nipples.

Moreover, the baby bottles could be produced in every size and are made of Poly Carbonate (exported specifically to India until the end of 2013), Poly Propylene, and Polyphenyl Sufone Resin (PPSU), materials which are free of toxin, supremely safe for infant, food-grade determined, and directly exported to Japan. The baby bottles are also processed through sanitized and standardized production with technology-advanced machines from overseas and staffs full of expertise on every production process, which seals away dust, defects and controls quality in quantity and durability in accordance to Pigeon Quality Standard in order to reassure safe, quality, and best products possible.

Additionally, Pigeon nipples have been certified by Thai Industrial Standard Institute and Japan Industrial Standard (JIS), the principle standard of Japan to validate the standard of baby bottles, nipples, and all other products.

The JIS, presently, is jointly determined by the Japanese government and Pigeon Corp, who is also regarded as the pioneer of the product group in Japan. Through standardized operations and productions, TP has been certified as the following:

- ISO 14001: 2004 Certification of Environmental Management from MASCI in 2008
- ISO 9001: 2008 Certification of Quality Management from MASCI in 2008

- GMP (Good Manufacturing Practices) from MASCI ในปี 2010
- TIS 969-1990 Thai Industrial Standard of Rubber Nipples for Babies Bottles
- TIS 18001/BS OHSAS Occupational Health and Safety Assessment Series in 2011
- TLS 8001–2010 Thai Labor Standard from Department of Labor Protection and Welfare in 2013
- AEO (Authorized Export Operator) from Thai Customs Department in 2013
- ISO50001 Energy Management System, expecting to be certified in 2015

TP was awarded a Certificate of Board of Investment of Thailand on December 14th, 1999, and July 22nd, 2012, and granted ownership of the lands and exemption of import duties for raw materials.

Industrial Conditions

Since TP manufactures only Pigeon products and objectively is the production base for Pigeon Corp's baby bottles and nipples, all products manufactured by TP, therefore, are sold exclusively to Pigeon Corp and its subsidiaries including the Company. Thus, TP's business operations are primarily dependent to the policy of Pigeon Corp. Based on history, TP's export revenue has increased every year; hence, the industry of baby bottles and nipples has been consistently growing as the result of perpetual new products and sales promotions.

Competitive Strategies

TP is extensively quality-oriented and recognizes the value of product quality, evidently through its JIS-standardized quality controls altogether with those of Thai Industrial Standard Institute. Furthermore, its products have been improved and developed to showcase their modernized appearances, safety, and variety to meet satisfaction of diverse group of consumers. In addition, TP's production policy is strategically set as the reflection of the forecast of each consumer group's demand based on extensive data from Sales Division, effectively enabling development of new products and improvement of existing products by focusing on safety, quality, and convenience.

Distributions and Distribution Channels

All TP-manufactured products in Thailand are sold through the Company who manages the distribution and entire marketing of Pigeon products. For international markets, TP exports its products to Pigeon Corp and TP's official representatives such as Singapore, etc.

Logistics Management

Realizing logistics management as the key function of the supply chain, the Company has assigned DHL International GmbH (DHL), the world's leader in logistics, to entirely manage the warehouse operations and the logistics of all products of Moong Pattana International Public Co. Ltd. in accordance to the jointly-determined policy of logistic controls including receiving operations of partners' products, internal preparations of shipments, and shipping operations to customers. In order to enable best condition of products and on-time delivery, comprehensive inventory and storage systems, extensive products verification, and internationally-standardized quality controls have been leveraged.

In regard to products delivery, the Company cost-effectively leverages partners with vast transportation network to delivery products to our stores nationwide.

Sustainable Development Report

In order to ensure alignment of the Sustainable Development Report and the Company's regulations, the Company had constantly held actionable trainings for employees and stakeholders, in which the content also was aligned with the social responsibilities guideline based on Corporate Social Responsibility Institute (CSRI), to develop key indicators in accordance to the Global Reporting Initiative (GRI). The Company's SD Report will be a separate report from the Annual Report.

The report covers the content of responsibilities guideline, the organization's direction and necessary information, corporate governance, GRI's scope and indices in economics, environment, and social safety, with the target of developing the SD report to conclude the indicators based on GRI within three (3) years starting from 2014.

Risk Factors

Adhering to good practices of the enterprise risk management philosophy, the Company has determined the scope of risk management that is concrete and thoroughly factored from all perspectives. The scope includes the development of risk-encountered strategies and tolerable levels of expecting results, clear structure of the risk management team, construction of risk management action-plans, and their execution across the regions nationwide along with the follow-up and reporting to the executives, auditors, and the Board of Directors, in order to ensure that the management of all possible risks is confined within predetermined objectives in financials, productions, marketings, quality controls, environmental compliances, and social responsibilities and that the Company is able to prevent and reduce the impacts from all possible risks to the predetermined tolerable degree and to return to the normal conditions within appropriate time period. Proactively, the Company acts upon the forward vision and performs the risk management for possible short, medium, and long-term risks.

In 2014, the Company gave priority to the development of information system, making marks on modernizing the system to be capable to support foreseen business growth and possible opportunities and risks reflected from the ASEAN Economic Community (AEC). To enable ourselves to effectively encounter any potential future risks, we have developed the risk management plan as the following:

1. Strategic Risks**Risks from Business Competitions**

The Company's business operates in sales and distribution of consumer products and earns reputation in management of such product in personal care and food and beverage, which are extremely competitive industries with potential and perpetual growth every year. We foresee the need to enhance and sustain our competitive capability by exploring additional products under the Company's and the Group's brands, constantly expanding our diverse distributing channels and sales outlets across all regions through the information system of international standard, and supporting them with the advanced and strong supply chain and logistics managements in order to meet and exceed customer satisfaction through high quality products, appropriate prices, effective and competitive costs, and on-time deliveries of shipments.

2. Operational Risks**Risks from Fluctuating Prices of Raw Materials and Products Impacting Production Costs**

As the result of the slowdown in the world's economic growth, from the changes in the Treasury management of the United States to the countries of the European Union (EU), the procurement transactions of raw materials and requisites for productions have presented the challenge in cost-managing to future demands. The changes in policies of key partners have required the Company's Procurement Division to adapt its strategies to enable managing of competitive costs in order to improve product quality and maintain market-appropriate, competitive prices by closely working with the marketing team to plan and control quality and recruit new partners who possess strengths in costs. Nonetheless, the Company has decisively and successfully engaged in the agreement of policy conditions with our key partners, domestic and international, for instance, to maintain fixed prices for at least one year, etc.

3. Financial Risks**3.1 Risks from not Being Able to Deliver Profit**

The current slowdown in global financial has negatively affected the spending of both private firms and the government, hence impacting Thailand's economics, coupled with the increase in the minimum wage and the rise of oil price throughout 2014; these factors directly drove the impacts on product cost. Foreseeing to the factors, in 2014 the Company pressed upon the strict controls of all spending in every division and region of the organization, highly promoted cost-conscious mentality to all employees, and led to the result of lower spending in comparison to 2013. Moreover, the Company also sought

business partners to reduce raw-materials cost, resulting into 2014 having more profitable operating results year-over-year.

3.2 Risks from Exchange-Rate Fluctuation

Baht's changes in value as the result of the exchange rate fluctuation in 2014 presented possibility of inevitable impact to the Company on higher cost of oversea purchases as well as multiple currencies required for these purchases. Our cost of products and overall profitability would directly be vulnerable to this adverse shift of exchange rate; however, the Company has executed the policy to protect from and manage this possible risk by proactively engaging in forward agreement for fixed exchange rates. Hence, there has not been any lead, presently, to believe that the exchange rate fluctuation would incur any major effects to the Company's profitability.

3.3 Risks from Financing-Interest Fluctuation

The Company has attained short-term loans from financial institutes to leverage as operational cash flow and, unfortunately, has encountered possible risk to our managing cost due to fluctuation of financing interest. Yet, the Company has managed incoming finances at appropriate interests through various financial avenues in order to always ensure sufficient reserves available. In 2014, the Company had entered more loans agreement with financial institutes to diversify financing risks and enable adequate financial sourcing with the lowest cost possible.

4 Compliance Risks

4.1 Product Liability Law

The Company has sustained the priority in consumer health protection, especially product quality, in which our products must meet or exceed the Company's standards through validations by the Quality Assurance Division to ensure that consumers receive the best possible quality and freshness along with the post-sales services by the Customer Complaint Division to coordinate product exchanges for protection from possible consumer-complaint risks.

4.2 Risks from Safety, Environmental, and Social Issues

The Company values wellness of our personnels, focusing on health and safety of employees and external associates including environment and community, which are critical to enable smooth, successful, and sustainable business operations, and has integrated as the responsibility and duty of every employee at all levels and every partner to genuinely and passionately be in compliance with the policy.

Capital Structure / Shareholder Structure
Shareholders
1. Top 20 shareholders as of December 30, 2014:

No.	First Name – Last Name		No. Shares	%
1.	Mr. Sumeth	Lersumitkul	73,425,000	61.188
2.	Mr. Methin	Lersumitkul	4,900,000	4.083
3.	Mr. Suthee	Lersumitkul	4,900,000	4.083
4.	Mr. Sorrapun	Lersumitkul	4,900,000	4.083
5.	Mr. Thanut	Thechalert	2,182,100	1.818
6.	Mr. Pornchai	Thanuputrachai	1,815,800	1.513
7.	Mrs. Sureeporn	Anuvatudom	1,600,000	1.333
8.	Ms. Juntarawan	Jaroontum	1,265,000	1.054
9.	Ms. Chanatip	Srithrakul	1,222,200	1.019
10.	PIGEON CORPORATION		1,000,000	0.833
11.	Ms. Paweena	Srithrakul	955,500	0.796
12.	Mr. Sawit	Saengjun	786,000	0.655
13.	Mrs. Ngarmmart	Kasemsate	763,000	0.636
14.	Mr. Paisit	Thungwiwutwong	730,800	0.609
15.	Mr. Ittikorn	Saelao	710,200	0.592
16.	Mr. Anuruk	Boonsawaeng	675,000	0.563
17.	Mr. Tapan	Tanutsarng	639,000	0.533
18.	Mr. Pornchai	Ngarmmaneewut	525,000	0.438
19.	Ms. Tanaporn	Preechatanachote	444,300	0.370
20.	Ms. Maliwan	Nopadonsatarn	440,100	0.367

2. Shareholders who are the Company's directors and executives:

No.	First Name – Last Name		No. Shares	%
1.	Mr. Sumeth	Lersumitkul	73,425,000	61.188
2.	Mr. Methin	Lersumitkul	4,900,000	4.083
3.	Mrs. Sureeporn	Anuvatudom	1,600,000	1.333
4.	Mrs. La-aid	Vongvongepop	10,000	0.008
Total			79,935,000	66.612

Dividend Policy

The Company has a dividend payment policy of minimum of 50% of the net profit after deduction of taxes and legal reserves. However, the dividend payment is subjected for changes or periodical changes depending on future operational plans, investments, liquidities, and necessities of the Company under the justifications of the Board of Directors, with the exception of when the policy is not complied, under the condition that the implementation shall provide the utmost benefit to shareholders, such as reserving cash for loan payment, business expansion, or changes of market situation, which may affect the Company's cashflow in the future.

Dividend Date and History

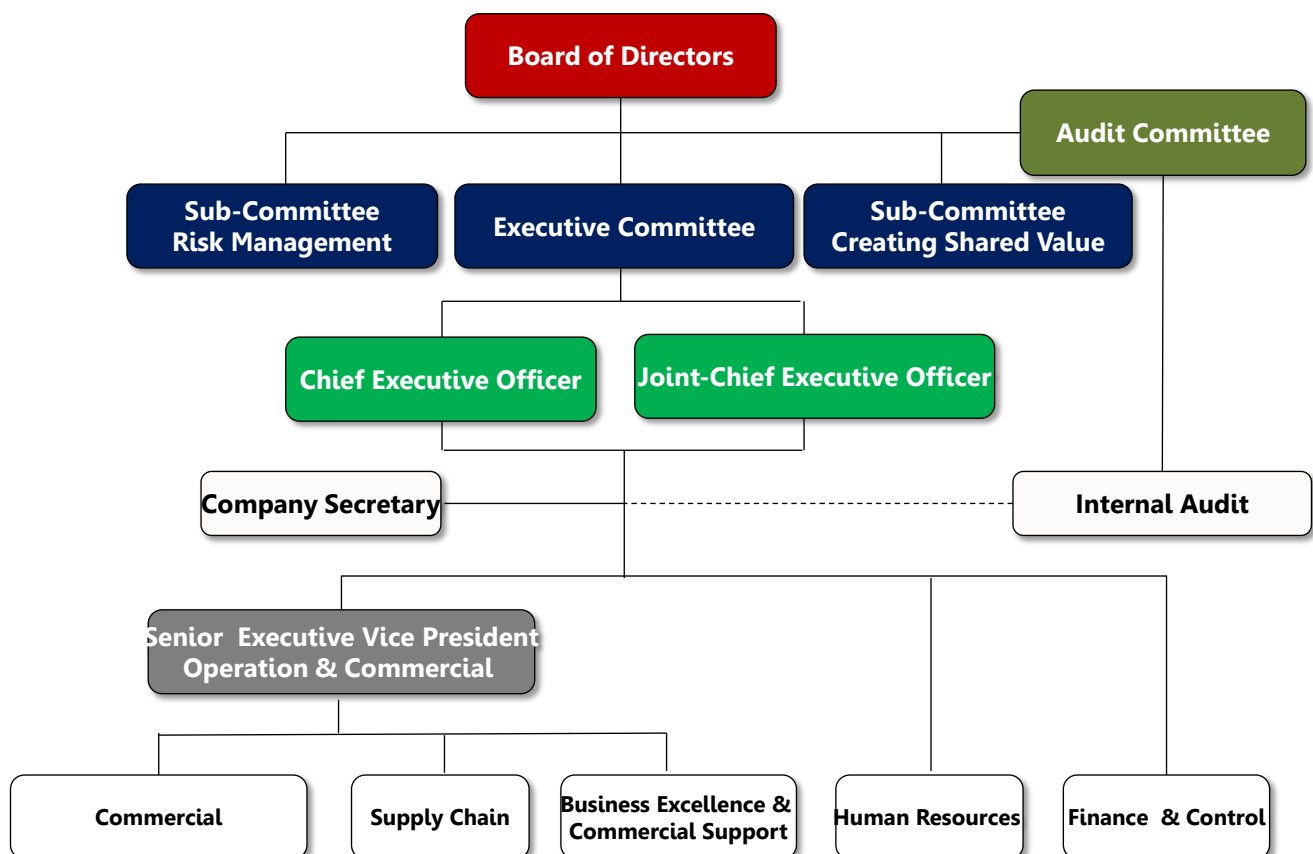
Year	2011	2012	2013	2014
Earning Per Share (THB)	0.45	0.42	0.49	0.48
Dividend Rate Per Share (THB)	0.20	0.20	0.20	0.20
Dividend Rate Per Net Income (%)	45%	48%	41%	42%

Management Structure

As of December 31, 2014, the management structure of the Company comprises of:

- A Board of Directors
- Four (4) Committees
 - Audit Committee
 - Executive Committee
 - Risk Management Sub-Committee
 - Creating Shared Value Sub-Committee

Management Structure:



Management Structure

The management structure of the Company comprises of the Board of Directors and four (4) Committees with components in accordance to the rules of the Securities and Exchange Commission Thailand (SEC) as the following:

- Independent Directors as one-third (1/3) of the total number of directors, with at least three (3) Independent Directors
- At least three (3) members of the Audit Committee are Independent Directors

Board of Directors

The Board of Directors is responsible for making business decisions which are beneficial to the Company, shareholders, and stakeholders and defining vision and policies including, with the management team, operational budgets and must possess appropriate qualifications and characters to display confidence in managing a business whose shareholders are the public as specified by the Securities of Exchange Commission Thailand (SEC). The Board of Directors must comprise of a minimum of five (5) members and a maximum of 12 members and be elected at Annual General Meetings; a minimum of half the members must reside in the country. Currently, the Board of Directors is consisted of seven (7) members as the following:

1. Four (4) directors who are also executives: Chief Executive Officer (CEO), Joint-CEO, Executive Vice President, and Director of Business Development
2. Three (3) Independent Directors

The Board of Directors as of December 31, 2014:

First Name – Last Name	Positions	Directors Meeting	
		No. Meeting	No. Attendance
1. Mr. Sumeth Lersumitkul	Chairman of Board of Directors (and CEO)	4	4
2. Mrs. La-aid Vongvongepop	Chairman of Audit Committee / Independent Director	4	4
3. Mr. Thaevan Uthaivath	Member of Audit Committee / Independent Director	4	4
4. Mr. Manit Jeeradit	Member of Audit Committee / Independent Director	4	4
5. Mrs. Sureeporn Anuvatudom	Director and Executive	4	4
6. Ms. Suwanna Chokdee-anand	Director and Executive	4	4
7. Mr. Methin Lersumitkul	Director and Executive	4	4

Authorized Directors with Binding Authority

The Company's binding authority requires the Company's official stamp and two signatures: one of Ms. Suwanna Chokdee-anand and one of the following three directors: Mr. Sumeth Lersumitkul, Mrs. Sureeporn Anuvatudom, and Mr. Methin Lersumitkul. In case of submission of taxes or financial reports to government offices or other offices, a signature of one of the above authorized directors and the Company's official stamp are required.

Duties and Responsibilities of Board of Directors

1. Responsibility to shareholders concerning the Company's business operations to comply with laws, the Company's objectives and regulations, resolutions of Shareholders Meeting, including rules and regulations of the Stock Exchange of Thailand (SET) and the Securities Exchange Commission (SEC), by performing duties with honesty and protecting and maintaining shareholders' present and long-term benefits
2. Responsibility to ensure holding of Board of Directors Meeting at a minimum of once every three months with attending directors of at least half of total directors, in which final decision of Board of Directors Meeting is ultimately dependent upon the majority vote of attending directors, with each attending director holding one vote except the attending director with conflict of interest on the agenda and the meeting's Chairman, in case of the voting tie, providing one additional, deciding vote
3. Consideration and approval of transaction connecting the Company, subsidiaries, associated companies with related associates on the matter that does not require resolution from Shareholders Meeting
4. Responsibility to enable establishment of control system of operations and finances including efficient and effective Internal Control, Management Control, and Internal Audit and ensuring that management operations comply to the Company's Good Corporate Governance Policy
5. Authorization of considering and appointing Chief Executive Officer (CEO) whose possible length of term, delegated authority, or assigned authority are appropriately determined by the Board of Directors, in which the authorization is not stipulated by laws or the Company's regulations as the right of shareholders
6. Consideration and appointment of Audit Committee and Sub-Committees
7. Consideration and approval of borrowing or issuance of debenture including providing a guarantee, loan guarantee, pawn, and mortgage of any of the Company's loan request worth more than THB 80,000,000 per request
8. Consideration and approval of investment in bonds, equity instruments, and unit trusts, including acquisition/joint-venture of projects/with other businesses worth more than THB 80,000,000 per transaction or project/business in accordance to the rules and regulations stipulated by the SET and the SEC concerning acquisition or disposal of assets
9. Consideration and approval of distribution, destruction, donation, and purchase of fixed and other assets worth more than THB 80,000,000 in accordance to the rules and regulations stipulated by the SET and the SEC concerning acquisition or disposal of assets
10. Consideration and approval of leasing of the Company's assets with the contract whose leasing period is over three years
11. Consideration and approval of annual budget and its changes during the year
12. Consideration and approval of writing-off bad debt in accordance to the principles, procedures, and conditions declared and determined by law worth more than THB 5,000,000
13. Authorization to consider and approve other matters beyond the scopes, authorizations, and duties of Executive Committee

Summary of the Board of Directors's Responsibilities in 2014:

1. Responsibility to consider and provide opinions on significant matters regarding the Company's operations in 2014 and were open to and provide suggestions in regard to the Company's operational plan.
2. Establishment of effective Internal Control in financial reports and compliance to rules and policies, in which the Company's Internal Auditors performs internal audits and controls and provides the internal audit results directly to the Audit Committee to ensure their independency on the assignment
3. Establishment of Risk Management Sub-Committee in the organization and defining comprehensive risk-management policies to reduce business risks and support smooth and effective business operations
4. Establishment of Creating Shared Value Sub-Committee to define policies which create values for the organization, society, and environment, including providing recommendations and opinions on development of the organization's sustainability report
5. Establishment of corporate-governance and business-ethics policies in writings for compliances from executive committees and employees and displaying on the Company's website: www.moongpattana.com/investor_th
6. Consideration of conflict of interest by establishing guidelines that are clear and for the overall benefits of the Company and shareholders

Terms

One-third (1/3) of the number of directors must leave the positions during every Annual General Meeting. In case that one-third (1/3) of the number of directors results in a non-integer, the number of leaving directors is the closest to the result. Directors who had left may be re-elected.

Release of Directors

In accordance to the Public Act, not only the release occurs as described within terms, but are directors released from their positions in case of:

1. death
2. resignation
3. lack of qualification or possess prohibited characters in accordance to Section 68 of the Public Company Act B.E. 2535
4. end of term
5. vote of release at shareholders meeting in accordance to Section 76 of the Public Company Act B.E. 2535
6. court's order of release

Sub- Committees

- **Audit Committee**

The Company's Audit Committee is consisted of the Company's directors whose qualifications are in accordance to the Securities and Exchange Act and must be a minimum of three (3) directors, in which at least one (1) is proficient in accounting and finance. The committees' tasks are summarized as auditing financial statements, auditing Internal Control System, considering and appointing independent auditor(s), and auditing display of information in case of related transactions or transactions with conflict of interests, to comply with regulations of the Stock Exchange of Thailand (SET), in order to ensure the appropriateness of the transactions and the utmost benefits of the Company.

As of December 31, 2014, the Company's Audit Committee comprises of three (3) Independent Directors as the following:

First Name – Last Name		Position	Note
1. Mrs. La-aid	Vongvongpop	Chairman of Audit Committee	Independent Director with accounting and finance proficiencies
2. Mr. Manit	Jeeradit	Member of Audit Committee	Independent Director with accounting and finance proficiencies
3. Mr. Thaevan	Uthaivath	Member of Audit Committee	Independent Director with legal proficiency

Scopes, Authorizations, and Duties of Audit Committee

The Audit Committee possesses the following scopes, authorizations, and duties:

1. Auditing of the Company's financial report for accuracy and adequate disclosure by coordinating with independent auditor(s) and the executive with responsibility of developing financial statements both quarterly and annually
2. Auditing of the Company's Internal Control, Management Control, and Internal Audit for suitability and effectiveness
3. Auditing of the Company's operations to comply with the laws of Securities and Exchange, regulations of the Stock Exchange of Thailand (SET), or other laws related to the Company's business
4. Consideration of displaying of the Company's information in case of related transactions or transactions with potential conflict of interests, to comply with regulations of the Stock Exchange of Thailand (SET), in order to ensure the appropriateness of the transactions and the utmost benefits of the Company
5. Other operations as assigned by the Board of Directors and agreed by the Audit Committee, for instance: review of financial-management and risk-management policies; review of business-ethical compliance of executives; co-review with the Company's executives of key reports to be disclosed to public in accordance to laws such as the analysis and reports of the Executive Management
6. Consideration, selection, and nomination of independent person with eligible knowledge, capability, and experience to perform audits and be the Company's independent auditor and the appropriate
7. Preparation of the Audit Committee Report disclosed in the annual report of the Company in which the prepared report must consist of the signature of the Chairman of the Audit Committee and the following information as minimum:
 - a. Comment concerning accuracy, completeness, and credibility of the Company's financial report
 - b. Comment concerning sufficiency of the Company's Internal Control and Management Control
 - c. Comment concerning suitability of the external auditor
 - d. Comment concerning compliance with the laws of Securities and Exchange, regulations of the SET, or other laws related to the Company's business
 - e. Comment concerning transaction with possible conflict of interest
 - f. Overall opinion or remark of the Audit Committee from its compliance to the Charter

- g. Other items in which shareholders and investors in general should be informed within the scopes, authorizations, and duties assigned by the Board of Directors
8. Consideration and approval of the Internal Audit Division's Charter
9. Approval of the Internal Audit Division's plan, budget, and personnel
10. Consideration and audit of independency of the Internal Audit Division's operating results report
11. Consideration and comment of appointment, transfer, or demotion, including the Internal Audit Division's performance evaluation
12. Seeking of independent advice from advisor of other professions when necessary at the Company's expenses
13. Supervision to enable the process of examination or interrogation of matters necessary to the duties and responsibilities of the Audit Committee
14. Other operations assigned by the Board of Directors as agreed by the Audit Committee

During the process of the stated duties, the Audit Committee must have direct responsibility toward the Board of Directors of the Company, and the Board of Directors is still responsible for the Company's operations toward shareholders and external associates remuneration to the Board of Directors for further approval from shareholders; attendance of the meeting with the independent auditor without the presence of management at least once per year

Term

The member of the Audit Committee who is also an Independent Director may be in position for the maximum of 9 consecutive years or three (3) terms in which at least one of the directors who is not an executive must possess knowledge and experience related to the Company's business.

• Executive Committee

The Executive Committee is consisted of four (4) directors and has roles and responsibilities in considering, approving, controlling, and supervising the operations of the Company within the scope authorized by the Board of Directors, to include filtering matters to be presented for directors' agreement. Mr. Sumeth Lersumitkul, Chairman and Chief Executive Officer (CEO), has been effectively performing the duty of CEO and welcoming opinions from all directors.

As of December 31, 2014, the Company's Executive Committee comprises of four (4) members as the following:

First Name – Last Name		Position
1. Mr. Sumeth	Lersumitkul	Chief Executive Officer
2. Mrs. Sureeporn	Anuvatudom	Member of Executive Committee
3. Ms. Suwanna	Chokdee-anand	Member of Executive Committee
4. Mr. Methin	Lersumitkul	Member of Executive Committee

Scopes, Authorizations, and Duties of Executive Committee

The Executive Committee possesses the following scopes, authorizations, and duties in controlling the operations of the Company to comply with the policies as established by the Board of Directors:

1. Responsibility of management of the Company's business to comply with objectives, regulations, policies, rules, and conditions of the Company, resolutions of Board of Directors Meeting, and/or resolutions of Shareholders Meeting of the Company
2. Establishment of the Company's policies, directions, plans, business strategies, operational structure, and annual budget
3. Duty of supervising to ensure the establishment of the Company's thorough Risk Management Control and effective risk management operations, reports, and follows-up
4. Duty of supervising to ensure operations of assigned steering committees achieve targets and ensure that management operates in accordance to predetermined policies, with efficiency and effectiveness
5. Authorization of establishing policies and principles of employee benefit and salary structure of the Company
6. Consideration and approval of insurance types, sum insured, and claims of product insurance/all types of assets excluding vehicles
7. Authorization to approve all types of general and administrative expenses worth more than THB 20,000,000 including fixed-assets purchases as set in the annual budget or estimation worth less than THB 80,000,000 per transaction
8. Consideration and approval of distribution, destruction, and donation of fixed and other assets worth less than THB 80,000,000 per transaction
9. Consideration and approval of writing-off bad debt in accordance to the principles, procedures, and conditions declared and determined by law worth less than THB 5,000,000
10. Consideration and approval of investment in bonds, equity instruments, and unit trusts, including acquisition/joint-venture of projects/with other businesses worth less than THB 80,000,000 per transaction or project/business
11. Consideration and approval of borrowing or issuance of debenture including providing a guarantee, loan guarantee, pawn, and mortgage of any of the Company's loan request worth less than THB 80,000,000 per request
12. Consideration of transaction connecting the Company, subsidiaries, associated companies, and related associates on general trade agreements in order to propose at Board of Directors Meeting for further consideration and approval
13. Other duties assigned by the Board of Directors

Meeting

The Executive Committee must hold or request for meetings as appropriate, which a quorum of minimum of three (3) directors is required. In 2014, 12 meetings were held, and directors with conflict of interests on the meeting agenda would not take part in consideration or voting of the agenda.

Term

Term of each member of Executive Committee is three (3) years. The member who had left in accordance to term may be re-elected.

- **Risk Management Sub-Committee**

The Board of Directors appoints the Risk Management Sub-Committee for the organization. The Sub-Committee is consisted of a minimum of five (5) members of which at least one (1) must be the

Company's director; the Sub-Committee's priority duties are to establish risk-management policy, evaluate potential risks, and establish risk-management structure of the organization.

As of December 31, 2014, the Company's Risk Management Sub-Committee comprises of the following five (5) members:

First Name – Last Name		Position
1. Mr. Sumeth	Lersumitkul	Chairman of Risk Management Sub-Committee
2. Mrs. Sureeporn	Anuvatudom	Member of Risk Management Sub-Committee
3. Ms. Suwanna	Chokdee-anand	Member of Risk Management Sub-Committee
4. Mr. Methin	Lersumitkul	Member of Risk Management Sub-Committee
5. Mrs.Sasithon	Lersumitkul	Member of Risk Management Sub-Committee

Scopes, Authorizations, Duties, and Responsibilities

The Risk Management Sub-Committee of Moong Pattana International Public Co. Ltd. has duties and responsibilities as the following:

1. Development of risk-management guideline
2. Development of risk-prevention or –reduction plans
3. Presentation of risk-management policies of Moong Pattana International Public Co. Ltd. to the Executive Committee for agreement prior to executions
4. Support for Senior Directors by establishing comprehensive risk-management structure for the entire organization
5. Research, analysis, and evaluation of actual and/or potential risks which affect the organization internally and externally
6. Evaluation, development, and presentation of reports related to sufficiency of risk controls and systems to the Executive Committee and the Board of Directors
7. Review of risk-management reports for effectiveness in operations and management to execute against acceptable risks
8. Arrangement of risk-management system by integrating with the information system
9. Other operations related to risk-management policies of the Company as assigned by the Board of Directors

Meeting

The Risk-Management Sub-Committee must hold or request for meetings as appropriate, which a quorum of minimum of three (3) directors is required. The meeting decision is based upon the most votes during the meeting; total of four (4) meetings were held in 2014.

Term

Term of each member of Risk-Management Sub-Committee is three (3) years. The member who had left in accordance to term may be re-elected.

- **Creating Shared Value Sub-Committee**

The Board of Directors appoints the Creating Shared Value Sub-Committee. The Sub-Committee is consisted of a minimum of five (5) members of which at least one (1) must be the Company's director; the Sub-Committee's priority duties are to establish policies which create Shared Values and develop sustainability in the society and their operational structures.

As of December 31, 2014, the Company's Creating Shared Value Sub-Committee comprises of the following 9 members:

First Name – Last Name		Position
1. Ms. Suwanna	Chokdee-anand	Chairman of Creating Shared Value Sub-Committee
2. Mrs. Pichchaporn	Pattanapaisit	Member of Creating Shared Value Sub-Committee
3. Ms. Pataya	Tevatirarut	Member of Creating Shared Value Sub-Committee
4. Ms. Siriruk	Binmarnthor	Member of Creating Shared Value Sub-Committee
5. Ms. Jitranart	Buajaroen	Member of Creating Shared Value Sub-Committee
6. Ms. Nuchanart	Saengjun	Member of Creating Shared Value Sub-Committee
7. Ms. Jarumon	Kittisiripun	Member of Creating Shared Value Sub-Committee
8. Ms. Pornpimol	Suwankajit	Member of Creating Shared Value Sub-Committee
9. Ms. Hathaichanok	Utsawatewawit	Member of Creating Shared Value Sub-Committee

Scopes, Authorizations, Duties, and Responsibilities

The Creating Shared Value Sub-Committee of Moong Pattana International Public Co. Ltd. has duties and responsibilities as the following:

1. Establishment of the direction and approach in Creating Shared Value (CSV) in the society
2. Execution of communicating to all employees, business partners, and related parties to ensure awareness, understanding, and realization of CSV
3. Budget, Follow-up, and Evaluation of progress and results, to include reporting of CSV by different divisions, and review of plans and budget to ensure consistent effectiveness
4. Operations in accordance to approved plans and budget, which may include appointing personnels, divisions or establishing assignments to external experts
5. Promotion of constant exchanges of knowledge, success, and experience in CSV among internal and external divisions
6. Meeting of the Creating Shared Value Sub-Committee and consistent reporting of CSV operations to the Chief Executive Officer

Meeting

The Creating Shared Value Sub-Committee must hold or request for a meeting every three (3) months or as appropriate, which a quorum of minimum of three (3) directors is required. The meeting decision is based upon the most votes during the meeting; total of two (2) meetings were held in 2014.

Term

Term of each member of Creating Shared Value Sub-Committee is three (3) years. The member who had left in accordance to term may be re-elected.

Executive Management

As of December 31, 2014, the Company's Executive Management is consisted of the following seven (7) members:

First Name – LastName		Position
1. Mr. Sumeth	Lersumitkul	Chief Executive Officer (CEO)
2. Mrs. Sureeporn	Anuvatudom	Joint - Chief Executive Officer
3. Ms. Suwanna	Chokdee-anand	Senior Executive Vice President - Operation & Commercial
4. Ms. Pataya	Tevatirarut	Senior Finance and Accounting Director
5. Mr. Methin	Lersumitkul	Business Development Director
6. Mrs. Pichchaporn	Pattanapaisit	Human Resources Director
7. Ms. Siriruk	Binmarnthor	Sales and Marketing Director

Chief Executive Officer (CEO)

Scopes, Authorizations, and Duties of CEO

CEO acts as the decision maker of relevant matters of the Company and establishes missions, objectives, guidelines, and policies of the Company, to include monitoring and controlling overall operations.

- Operations that achieve the Company's approved guidelines, objectives, targets, and policies including overall supervision of the Company's operations
- Follow-up on operating results and progress including reporting and informing of results, issues or obstacles, and improvement guidelines to the Executive Committee
- Continuous improvement of organization and personnel for quality and effectiveness
- Authorization to approve advertising expenses of medias and sales promotions worth more than THB 8,000,000
- Authorization to consider and approve project budget in case of new products
- Authorization to approve all types of general and administrative expenses and fixed-assets purchases as set in the annual budget or estimation worth less than THB 20,000,000
- Consideration and establishment of organization structure and manpower in accordance to annual budget
- Consideration and approval of employment, remuneration, and promotion of executives whose position are division directors or higher in accordance to the manpower plan in annual budget
- Authorization to consider and approve the out-of-budget employment, signing of employment contract, and determination of remuneration, compensation, bonus, including benefit of all employees in the Company
- Authorization to consider and approve appointments, promotions, transfers across divisions, or discharges of employment status in cases that the appointments, promotions, transfers across divisions, or discharges of employment status are not in compliance with the Company's rules and regulations
- Consideration and approval of employee's travel expenses for oversea business trips

12. Consideration and setting of the Company's annual holidays
13. Consideration and approval of distribution, destruction, and donation of fixed and other assets worth less than THB 3,000,000
14. Representative of the Company as an authorized person for the related 3rd parties and beneficial for the Company
15. Authorization to approve appointment of legal consultant necessary for the business operation
16. Operation that related to general business management

Assigning of the stated authorizations to CEO must comply with laws and the Company's rules and regulations. In case of performances that may involve or involve the interest of the CEO or the person who may cause conflicts, the CEO shall be omitted of the approving authorization of the performances and must propose the matters to Board of Directors for further consideration, except the approval of business transaction with normal conditions and clearly-defined scopes.

Moreover, in case of connected transactions or transactions concerning acquisition or disposal of the Company's or its subsidiaries' assets, the transactions must be approved at Shareholders Meeting and/or must follow other practices in accordance to the stipulated principles and procedures on such matters to conform with regulations of the Stock Exchange of Thailand and the Notification of the Securities Exchange Commission Thailand and/or other related organizations, except the approval of business transaction with normal conditions and clearly-defined scopes.

Policy Regarding the CEO Taking a Director Position in other Companies

- 1) Take a director position in companies listed in the Stock Exchange of Thailand at the maximum of three (3) companies
- 2) CEO is responsible for taking a director position or evaluating executives with appropriate qualifications to take a director position in companies of which the Company owns equity

Succession Plan for Senior Executives

In case of vacancy in CEO position, the Board of Directors will be selecting a successor from the Executive Committee or a senior executive to fill the role and in case of lack of qualified candidates may consider external individual.

Company Secretary

The Board of Directors is responsible for the appointment of the Company Secretary and reporting the name to the Securities and Exchange Commission Thailand within 14 days starting on the appointment date. The Company Secretary must possess the following qualifications:

Qualifications of Company Secretary

1. Possessing knowledge and understanding in the business of the Company including duties and roles related to being the Company Secretary as the following: roles of directors and the Company, legal knowledge and relevant regulations, consistent research of knowledge, news, and information imperative to operations
2. Complying with laws, regulations, and requirements of the Company and is responsible, thoughtful, loyal, motivated, dedicated and supportive of the Company's operations to meet objectives within good corporate governance and business ethics
3. Maintaining Code of Conduct, ethics, and self-awareness on behalf of stakeholders and not committing any actions that may negatively affect the Company's reputation and image
4. Not seeking insider benefit from business opportunities of the Company and committing to keeping confidential of the Company's proprietary information

5. Possessing people skills and is capable of internal and external coordination to ensure compliance to the Company's good corporate governance as a listed company according to the responsibilities section of the Board of Directors and the Securities and Exchange Act (No. 4) B.E. 2551. The Board of Directors appointed Ms. Pataya Tevatirarut as the Company Secretary effective on August 8th, 2014, whose duties and responsibilities are as the following:

Duties and Responsibilities of the Company Secretary

The Company Secretary must comply with duties described in Section 89/15 and 89/16 of the Securities and Exchange Act B.E. 2535, which was effective on August 31, 2011, with responsibilities, awareness, and loyalty as well as complying with laws, objectives, and requirements of the Company and the resolutions of Board Meeting and Shareholders' Meeting. Hence, lawful duties of the Company Secretary are as the following:

1. Developing and keeping record of the following documents:
 - (a) Directors Registration
 - (b) Invitations to Board Meeting, Minutes of Board Meeting, and the Company's Annual Reports
 - (c) Notices and Minutes of Shareholders' Meeting
2. Keeping record of stakeholding reports submitted by directors and executives
3. Other operations as required by Board of Directors and the Stock Exchange
4. Submitting copy of stakeholding reports of directors and executives or related parties, in which the stakes are related to operations management of the Company or subsidiary, to the Chairmen of Board of Directors and Audit Committee within seven (7) days starting from the receiving date of the reports
5. Providing of legal and regulations suggestions and recommendations related to compliance of the Company's business management and operations with laws
6. Coordinating to hold Board Meeting and Shareholders' Meeting
7. Contacting and coordinating with the Company's internal divisions to comply with resolutions of Board Meeting and Shareholders' Meeting
8. Contacting and coordinating with governing offices such as the Stock Exchange of Thailand and displaying and reporting complete information legally required to governing offices and public
9. Coordinating to hold orientations for newly-appointed directors
10. Performing duties with responsibilities, awareness, and loyalty as well as complying with laws, objectives, and requirements of the Company and the resolutions of Board Meeting and Shareholders' Meeting.
11. Other duties as assigned by the Company

Remuneration for Directors and Executives**Directors Remuneration Policy**

Remuneration for the Company's directors complies with the resolution approved at the Shareholders' Meeting, in which the Board of Directors would consider and set the remuneration. This remuneration did not proceed for approval from the Remuneration Committee since the Company's structure is not consisted of such committee. Therefore, the Board of Directors set the remuneration by comparing to similar industries, proposed at Shareholders' Meeting, and attained approval of the following meeting allowances strictly upon attendance only for the the Board of Directors, the Audit Committee, and the Executive Committee:

- | | |
|--------------------------------------|----------------------|
| • Chairman of the Board of Directors | THB 85,000 / Meeting |
| • Chairman of the Audit Committee | THB 40,000 / Meeting |
| • Members of the Board of Directors | THB 30,000 / Meeting |

- Members of the Audit Committee

THB 30,000 / Meeting

List of Directors		2014 Meeting Allowance (THB)	Bonus	Other Right
1. Ms. La-aid	Vongvongepop	320,000	None	None
2. Mr. Thaevan	Uthaivath	270,000	None	None
3. Mr. Manit	Jeeradit	270,000	None	None
4. Mr. Sumeth	Lersumitkul	340,000	None	None
5. Mrs. Sureeporn	Anuvatudom	120,000	None	None
6. Ms. Suwanna	Chokdee-anand	120,000	None	None
7. Mr. Methin	Lersumitkul	120,000	None	None

The Company has established remuneration for directors in short and long terms of which the long-term remuneration may be provided in the form of Employee Stock Ownership Plan (ESOP) or warrants.

Remunerations for Executives and Employees

Type of Remuneration	2012 (THB) (THB)	2013 (THB) (THB)	2014 (THB) (THB)
Total Salaries	21,138,280	19,399,900	19,407,780
Bonuses	3,067,195	1,892,520	3,098,881
Social Security Funds	31,500	36,000	36,000
Provident Funds	508,148	560,997	582,233
Long-term employees' benefit	998,700	998,700	998,700
Net Total	25,743,823	22,888,117	24,123,594

The Company has established remuneration for executives and employees in short and long terms of which the long-term remuneration may be provided in the form of Employee Stock Options.

Human Resources as of December 31, 2014

The Company has a total of 141 employees, in which in 2014 the Company had paid a total of THB 88.2 million for employees' remuneration in forms of salaries, over-time salaries, monetary rewards, supporting funds, Social Security Funds, and Provident Funds.

Number of Employees and Renumeration in 2014		MOONG
Executives		
▪ Male (number)		2
▪ Female (number)		5
Operating and Supporting Employees		
▪ Male (number)		58
▪ Female (number)		76
Remuneration (THB million)		88.2

Personnel Development Policy

The Company has set the policy, which complies with the Company's plan and directions for business growth, to constantly promote and develop personnels at all levels, in which each position and role would be evaluated individually for Competency necessary for effective operations in order to set the Career Path & Succession Plan to align with the Company's visions and core values of High Performing Organization by focusing on the business, employees, and society as the following:

Organization's Core Values ""(OPEC)""

Based on the visions and the shared values which the Company and employees hold as operating guidelines:

- "O" for **Operataion Excellence** or operation for success, highly driven
- "P" for **Partnership** or moral and ethical business partners
- "E" for **Employee** or employees who always strive for knowledge, capabilities, and motivation
- "C" for **Customer Centric** or customer as the focal point, to meet the needs with ethics

The following guidelines have been applied to all employees at all levels in order to ensure their readiness for aligning with the Company's priority policies:

- **Core Competency**
Employees have been developed and heaviliy coached on attitude, belief, and behavior appropriate for supporting and achieving the organizational shared values
- **Management Principles**
The Company realizes that management capability and skill are significant and critical tools for all managing-leveled employees and has set development guidelines appropriate for the present and future possibilities in order to prepare managing individuals with proper tools to lead the organization and the team to exceed the visions, obligations, and shared values of the Company.
- **Functional Competency**
Each personnel / position would be developed in knowledge, skills, and capaibilites appropriate to his/her role and job responsibility to ensure effective operations with full potential to exceed job expectations and be standardized onto the same direction.

In 2014, the Company began to incorporate Career Path to retain talents and excellent employees at the organization and promote the employees for their own career growth. The Career Path enhances

knowledge and capabilities of employees at all levels to exceed set goals and be competitive in the business.

In 2014, the Company supported executives and employees to several seminars as below:

Competency Area	Seminar Program	Course Hours	Number of Employees
Core Competency Management Principles	Program expected for all employees		
	• New Employees Orientation	8	47
	• Basic of Management Principles	4	44
	• KPI & Quality Objective	8	18
Functional Competency	• Operation Excellence by QCC	8	117
	• QCC Project Improvement - 7 Tools	8	34
	• QCC Committee	8	18
	• Genius in EXCEL 2013 for Professional HR	4	1
	• Genius in EXCEL 2013 for Professional Sales & Marketing	4	1
	• Green Productivity – increase productivity and friendly with environment	8	2
	• Supplier Management and Evaluation	8	1
	• Guidelines for Income and Value-Added Taxes	8	1
	• Prevention of Improper Tariff Practices and Use of Tax Right	4	2
	• Cautious Thought on P&L for Accountants	8	1
	• IT Evaluation	24	1
	• Logistic : Strategy & Management	40	1
	• Cobit 5 for Management	24	1
	• E-Filing of Financial Statements	8	1
	• Trade Expert Privilege Training : Professional Export Documents and Risk Management	8	1

2014 Personnel Development Guideline

Personnel development focuses on performing business operations with shared interest for employees, organization, and society. Personnel development guideline is consisted of:

- **Personnel Competency Development** or development of employees in terms of knowledge and capabilities in operations and safety to allow for excellent qualifications and performances, and career opportunities. The Company focuses on three (3) areas – skill, attitude, and competency / technique – as described in *the Individual Development Plan*, which aligns with the core *Competency* of the organization to promote employees for specialized expertises that would be acknowledged and display dependability to customers and external parties.
- **Code of Conduct and Good Governance** or promoting of understanding and practices, for employees, in accordance to good governance by joining appropriate activities which highlighted Thai culture and which creates values or benefits to society and environment as well as promoting of business-ethical practices and anti-corruption guideline policy.

Board of Directors



1. Sumeth Lersumitkul
Chairman of the Board
& CEO



2. Mrs. La-aid Vongvongpop
Chairman of Audit Committee &
Independent Director



3. Mr. Manit Jeeradit
Audit Committee
& Independent Director



4. Mr. Thaevan Uthavith
Audit Committee & Independent
Director



5. Mrs. Sureeporn Anuvatudom
Director & Joint-CEO



6. Miss Suwanna Chokdee-anand
Director & Senior Executive Vice
President



7. Mr. Methin Lersumitkul
Director

Board of Directors
1. Mr.Sumeth Lersumitkul / Chairman and Chief Executive Officer

Age 64 (1950)

Education

- Master Degree of Business Administration, Ramkhumhaeng University
- Bachelor Degree of Economics, Ramkhumhaeng University

Training

- Certification of Executive Development Program (EDP), 14/2014 (TLCA)
- Certification of Chief Executive Program, 15/2012 (CMA)
- Role of the Chairman Program (IOD)
- Role of Compensation Committee (IOD)
- Role of Nomination & Governance Committee (IOD)
- Director Certification Program (DCP) 107/2008 (IOD)
- Director Accreditation Program (DAP) 69/2008 (IOD)

No. of Share (%) 61.188

Effective Date of Position

Relationship among Directors Spouse of Mrs.Sureeporn Anuvatudom

Experience (Most Recent)	2011-present	Chairman and Chief Executive Officer, Moong Pattana International Pcl.
	2008-2011	Director and Chief Executive Officer, Moong Pattana International Pcl.
	1996-present	Advisory Director, Director Yoshino Moong Pattana (Thailand) Co.,Ltd.
	1994-present	Advisory Director, Pigeon Industries (Thailand) Co.,Ltd.
	1990-present	Chairman, Thai Pigeon Co.,Ltd.
	1981-2008	Chief Executive Officer Moong Pattana Marketing Co.,Ltd

2. Mrs.La-aid Vongvongepop / Chairman of Audit Committee and Independent Director

Age	70 (1944)	
Education	<ul style="list-style-type: none"> - Master Degree of Business Administration, Golden Gate University, California U.S.A. - Bachelor Degree of Commerce, Thammasat University - Bachelor Degree of Accounting, Thammasat University 	
Training	<ul style="list-style-type: none"> - Audit Committee Program (ACP) 22/2008 (IOD) - Director Certification Program (DCP) 51/2004 (IOD) - Director Accreditation Program (DAP) 23/2004 (IOD) 	
No. of Share (%)	0.008	
Relationship among Directors	None	
Experience (Most Recent)	2008-present	Independent Director and Chairman of Audit Committee, Moong Pattana International Pcl.
	2011-present	Independent Director and Audit Committee, Erawan Sugar Co.,Ltd Pte.
	2006-present	Director, TPN Singapore
	2006-present	Executive Director, Thapanin Co.,Ltd.
	2005-2012	Chairman of Audit Committee , Central Plaza Hotel Pcl.
	2009-2011	Chairman, Green R.V. Co.,Ltd.
	1998-2004	Deputy Managing Director, Thainox Stainless Steel Pcl.

3. Mr.Manit Jeeradit / Audit Committee and Independent Director

Age	66 (1948)	
Education	<ul style="list-style-type: none"> - Bachelor Degree of Art (Summa Cum Laude) Economics and Accounting, Claremont McKenna College, Carifornia, U.S.A. 	
Training	<ul style="list-style-type: none"> - Director Certification Program (DCP), 187/2014 (IOD) - Director Accreditation Program (DAP) 87/2011 (IOD) - Audit Committee Program (ACP) 36/2011 (IOD) 	
No. of Share (%)	None	
Relationship among Directors	None	
Experience (Most Recent)	2012-present	Chairman of Audit Committee, Chularat Hospital Group
	2011-present	Director and Audit Committee, Moong Pattana International Public Company Limited
	2004-2009	Chairman, BT Asset Management Company Limited.
	1999-2008	Senior Executive Vice President, Bank Thai Public Company Limited

4. Mr. Thaevan Uthavath / Audit Committee and Independent Director

Age	54 (1960)																
Education	<ul style="list-style-type: none"> - Master Degree Public and Private Management, National Institute of Development Administration (NIDA) - Master Degree of Public Affairs, University of Texas, U.S.A. - Master Degree of Public Administration, Midwestern State University, U.S.A. - Bachelor Degree LL.B., Thammasat University 																
Training	<ul style="list-style-type: none"> - Director Certification Program (DCP) 181/2013 (IOD) - Audit Committee Program (ACP) 43/2013 (IOD) - Director Accreditation Program (DAP) 72/2008 (IOD) 																
No. of Share (%)	None																
Relationship among Directors	None																
Experience	<table> <tr> <td>2014-present</td><td>Director Saint Honore (Bangkok) Ltd.</td></tr> <tr> <td>2008-present</td><td>Independent Director and Audit Committee, Moong Pattana International Public Company Limited</td></tr> <tr> <td>2003-present</td><td>Legal Advisor, Thai Legal Law Office</td></tr> <tr> <td>2003-present</td><td>Director, Sukajitra Co.,Ltd.</td></tr> <tr> <td>2001-2002</td><td>Public Affairs Director, Ford Operations (Thailand) Co.,Ltd.</td></tr> <tr> <td>1997-1999</td><td>Director of Legal Division, Mass Rapid Transit Authority of Thailand</td></tr> <tr> <td>1995-present</td><td>Director, Surint Omya Chemicals (Thailand) Co.,Ltd.</td></tr> <tr> <td>1982-1996</td><td>Attorney and Counselor at Law, Dr.Ukrit Mongkolnavin Law Office</td></tr> </table>	2014-present	Director Saint Honore (Bangkok) Ltd.	2008-present	Independent Director and Audit Committee, Moong Pattana International Public Company Limited	2003-present	Legal Advisor, Thai Legal Law Office	2003-present	Director, Sukajitra Co.,Ltd.	2001-2002	Public Affairs Director, Ford Operations (Thailand) Co.,Ltd.	1997-1999	Director of Legal Division, Mass Rapid Transit Authority of Thailand	1995-present	Director, Surint Omya Chemicals (Thailand) Co.,Ltd.	1982-1996	Attorney and Counselor at Law, Dr.Ukrit Mongkolnavin Law Office
2014-present	Director Saint Honore (Bangkok) Ltd.																
2008-present	Independent Director and Audit Committee, Moong Pattana International Public Company Limited																
2003-present	Legal Advisor, Thai Legal Law Office																
2003-present	Director, Sukajitra Co.,Ltd.																
2001-2002	Public Affairs Director, Ford Operations (Thailand) Co.,Ltd.																
1997-1999	Director of Legal Division, Mass Rapid Transit Authority of Thailand																
1995-present	Director, Surint Omya Chemicals (Thailand) Co.,Ltd.																
1982-1996	Attorney and Counselor at Law, Dr.Ukrit Mongkolnavin Law Office																

5. Mrs.Sureeporn Anuvatudom / Director and Joint-Chief Executive Officer

Age	64 (1950)
Education	<ul style="list-style-type: none"> - Master Degree of Business Administration Ramkhumhaeng University - Bachelor Degree of Economics, Ramkhumhaeng University
Training	<ul style="list-style-type: none"> - Role of Nomination & Governance Committee (IOD) - Director Certification Program (DCP) 181/2013 (IOD) - Director Accreditation Program (DAP) 69/2008 (IOD)
No. of Share (%)	1.33
Relationship among Directors	Spouse of Mr.Sumeth Lersumitkul
Experience (Most Recent)	2014- present Director and Joint-Chief Executive Office, Moong Pattana International Public Co. Ltd. 2008-2014 Director and Senior Vice President, Moong Pattana International Co., Ltd. 1981-2008 Vice President-Finance, Moong Pattana Marketing Co.,Ltd. 1983- present Director, Elegant Hardware Co.,Ltd.

6. Ms.Suwanna Chokdee-anand / Director and Vice President

Age	45 ปี (1969)	
Education	<ul style="list-style-type: none"> - Master of Business Administration (MBA Executive) Chulalongkorn University - Bachelor of Economics and Business Administration, majoring in marketing, Kasetsart University 	
Training	<ul style="list-style-type: none"> - Director Accreditation Program (DAP) 96/2012 (IOD) 	
No. of Share (%)	None	
Relationship among Directors	None	
Experience (Most Recent)	2012-present	Director & Senior Executive Vice President – Operation and Commercial, Moong Pattana International Pcl.
	2011 - 2012	Vice President – Marketing and Sales, Moong Pattana International Pcl.
	2009 - 2010	Managing Director, Maxus Thailand Co.,Ltd. (GroupM Thailand)
	2006 - 2009	Assistant Managing Director Branded Business Malee Enterprise Co.,Ltd.
	2003 – 2005	AVP. Channel Development Nestle (Thailand) Co.,Ltd.
	2001 - 2002	Senior Manager National Distributor Development (FoodServices BU), Nestle (Thailand) Co.,Ltd.

7. Mr. Methin Lersumitkul / Director

Age	38 (1976)	
Education	<ul style="list-style-type: none"> - Master of International Business, Aston Business School, UK - Bachelor Degree of Economics, Chulalongkorn University 	
No. of Share (%)	4.083	
Relationship among Directors	Son of Mr. Sumeth Lersumitkul and Mrs. Sureeporn Anuvatudom	
Experience (Most Recent)	2013-present	Director & Business Development Director, Moong Pattana International Public Co. Ltd.
	2011-2013	Marketing Director, Moong Pattana International Co. Ltd.
	2010-2011	Assistant Vice President, Moong Pattana International Co. Ltd.
	2002-2008	Marketing Manager / Group Brand Manager / Brand Manager, Moong Pattana Marketing Co.,Ltd.

Corporate Governance

The Board of Directors of Moong Pattana International Company Limited realizes the essential of the management system that is efficient, transparent, and auditable, which ultimately builds confidence for shareholders, investors, stakeholders, and all relevant parties.

Therefore, the Board of Directors has established the Good Corporate Governance Policy in accordance to the good practices of the listed companies and the international Principles of Good Corporate Governance of the Economic Co-Operation and Development (OECD) as the guidelines, which covers the following five topics: Rights of Shareholders, Equitable Treatment of Shareholders, Roles of Stakeholders, Disclosure and Transparency, and Board's Responsibilities, earning favorable consideration and approval at the Board of Directors Meeting 3/2013 on August 2nd, 2013, effective immediately after the approval.

The operational and managing details are as the following:

1. Rights of Shareholders

Shareholders have the ownership right to control the company's operations with the appointed Board of Directors acting on their behalf and have the right to decision making of important changes of the company. Companies should encourage shareholders to exercise their rights; thus, the Company has established this principle to protect the rights of shareholders and provide convenience in equally-exercising their lawful rights or other rights beyond those required by law with the following details:

1. Shareholders hold common rights: the equitable right to receive profit share and dividend payment, receive equitable treatment on the Company's stock buyback, and independently buy, sell, and transfer their own shares

2. Shareholders have the right to control the Company's operations with the appointed Board of Directors acting on their behalf and the right to decision-making of important matters of the company at the Annual General Meeting (AGM) every year, such as, revision of the Memorandum of Association or the company's regulations, selection of auditors, and approval of Balance Sheet and Profit and Loss Statement, dividend payment, and issuance of securities for capital increase and decrease, etc.

Holding of Shareholders' Meeting

In regard to the 2014 Shareholders' Meeting, the Company held the Annual General Meeting (AGM) on Thursday, April 24th, 2014, at 13:30 on the 7th floor of Moong Pattana Building, Moong Pattana International Public Co. Ltd., 32 Bangna-Trat Soi 25 Bangna-Trat Road, Bangna, Bangkok, 10260. A total of 43 attendees were present, accounted for 102,730,701 shares or 85.61 percent of total shares, including altogether the Chairman and members of the Board of Directors and members of the Audit Committee, seven (7) directors total, as well as senior executives and the Company's independent auditor. As the Chairman acted as the meeting's Chairman and conducted the meeting with full legal compliance by adhering to the following steps:

Pre AGM

1. Through the communicating channel of the Stock Exchange of Thailand (SET), the Company had disclosed a letter and welcomed nominations for appointment of directors by all shareholders, in which shareholders must submit a written nomination letter to the Board of Directors within a dateline set by the Company along with the following: relevant documents to his/her shareholding status; nominee's acceptance letter by the nominated individual and qualification documents, in which the nominee must possess qualifications and no legal prohibiting characters in accordance to the Public Company Act; the right to propose meeting's agenda as well as supporting reasons to the agenda proposed and related documents through the Company's website (www.moongpattana.com). Thereafter, the

Board of Directors established the selection requirements for the meeting's agenda and nominees for the appointment of directors. In case that proposed agendas were selected, the Company would inform in the meeting's invitation as the agenda by shareholders; in case of rejection, the Company would provide explanations to shareholders at the meeting.

2. Shareholders could also submit questions through the website prior to the meeting. For the 2014 AGM, no agendas and nominees for Independent Director positions were proposed by shareholders.
3. Disclosed the meeting's schedule and agenda to shareholders through SET's communicating channel and the Company's website 30 days prior to the meeting date.
4. Mailed the meeting's invitation specifying place, date, time, rules, procedures, proposed agendas to the meeting along with details and explanations, the Board of Directors' input on each agenda, proxies, Annual Report, and other related information to all shareholders as of book closing date 14 days prior the meeting and announces on newspaper advertisement to invite shareholders for three consecutive business days prior to the meeting. Shareholders could download the meeting invitation, meeting documentations, and the Annual Report available in both Thai and English at the Company's website (www.moongpattana.com).
5. The Company allowed shareholders who were not available to attend the meeting to authorize proxy to their behalf or to the Independent Director of the Company, in which the Company would inform the name of every eligible Independent Director of the Company for receiving the authorization through Proxy, in which the Company delivered types A, B, and C along with the meeting invitation and could also be download on the Company's website including the notification of required documents or proofs and recommendations on proxy authorization, in which the B-typed Proxy allowed shareholders to establish their exercise of voting right on each agenda.

The Day of AGM

1. The company had provided equitable convenience to all shareholders, promoted to attract shareholders and, especially, institutional investors to join the meeting, and provided sufficient service staffs which allowed shareholders to register as early as 11:30, approximately two (2) hours prior to the meeting. The Board of Directors, all executives, and the Company's independent auditor were altogether presented at the meeting.
2. For the registration and evaluation of vote-counting, the Company leveraged a barcode system by a credible company who has been trusted by listed companies; furthermore, the Company also invited legal advisors to join the meeting as the witness of vote counting.
3. For transparency and auditability, voting ballots were available for each agenda.
4. Prior to the meeting, the meeting's Chairman had personally informed the total number of attendees, which comprised of attendees both in person and with proxy, and the explanation of the voting procedure with voting ballots.
5. The meeting's Chairman conducted the meeting in accordance to the agendas stated on the meeting's invitation without changes and did not seek considerations of other non-preapproved agendas.
6. The meeting's Chairman allowed for explanations and discussion on each agenda and for equitable rights of shareholders to provide questions, suggestions, and recommendations, in which the Company had noted relevant topics on the meeting's minutes for shareholders' review.
7. The resolution of each agenda, through voting rights, was based on the majority vote, in which one (1) share was equal to one (1) vote.
8. Prior to concluding resolutions of each of the agendas, the meeting's Chairman allowed shareholders to ask questions and seek explanations

9. Shareholders were allowed to vote for appointment of directors individually.
10. In case of additional shareholders joining the meeting, the Company would recount the total number of shareholders and shares. The additional shareholders could vote on only agendas whose resolutions had not been identified. Each of agenda's resolutions would be summarized and communicated by the meeting's Chairman.
11. The meeting's Chairman would inform voting results by specifying the total shares voted: agree, disagree, and not voting.

Post AGM

1. Post meeting, the Company disclosed the meeting's resolutions through SET's communicating channel which included details of resolutions and voting result of each agenda.
2. The Company ensured the recording of the meeting from start to finish and performed the minutes of the Shareholders Meeting accurately and thoroughly, especially the voting procedures and method of counting votes, to include the voting results of agreeing, not-agreeing, and not-voting, and the suggestions and questions provided by every shareholder. The recording was available, both in Thai and English, on the Company's website, www.moongpattana.com, within 14 days after the meeting.
3. The Company realized the importance of disclosing information accurately, completely, and transparently to investors, shareholders, related parties, and general public interest through SET's communicating channel and the Company's website. Should any question, suggestion, or recommendation arises, one can reach the *Investor Relations Officers* by telephone at 02-361-9009 ext. 152 or 119 or email at ir@moongpattana.com; the Company welcomed and would consider and leverage every suggestion and recommendation for the improvement and development of the Company's operations.

2. The Equitable Treatment of Shareholders

Every shareholder, executive and non-executive, including Thai or foreign, majority or minority, institutional or individual, should receive equitable and fair treatment, which builds the confidence for shareholders that the Board of Directors and the management would appropriately leverage shareholders' funds, a critical factor that leads to the confidence to invest with a company.

Therefore, the Company has prescribed the governance of matters as the operational guidelines to ensure that, for shareholders' confidence, the Company operates with equitable treatment, with all shareholders receiving the common rights as a shareholder indifferently.

Pre-AGM Providing of Information

In 2014, the Company held the Annual General Meeting (AGM) and provided equitable treatment to all shareholders as the following:

1. The Company allowed minor shareholders to propose additional meeting's agenda and nominees for appointment of directors during the AGM. In 2014, the Company had disclosed a letter to shareholders through the communicating channel of the Stock Exchange of Thailand (SET) in order of the minor shareholders to propose matters for consideration of to become meeting's agenda and to propose nominees for appointment of directors in accordance to recruiting procedures three (3) months prior to the AGM, as required by the Company, on the Company's website, www.moongpattana.com/investor
2. The Company has a policy to support all shareholders to attend the meeting, including non-major and institutional ones, by selecting a conveniently-commuting place for the event to enable multiple alternative routes.
3. The Company had informed SET of the meeting's schedule, agenda, and the input of the Board of Directors, including regulations applicable to the meeting, voting procedures, and voting rights and communicated through the Company's website,

www.moongpattana.com/investor, for advanced notification to shareholders one (1) month prior to the meeting.

4. The Company had mailed the meeting's invitation to shareholders, both in Thai and English, 14 days prior to the meeting.
5. For the 2014 AGM, the Company did not allow for non-preapproved agendas.
6. The Company allowed shareholders who were not available to attend the meeting to authorize proxy for another individual to attend the meeting and vote on their behalf by completing type-B proxy, which was delivered with the meeting's invitation; the shareholders could demand the direction of the authorized vote. Furthermore, the Company provided an alternative by providing two (2) eligible Independent Directors for receiving the attending and voting authorization from the non-attending shareholders. For the 2014 AGM, one shareholder of 4,800 shares authorized proxy to the Company's Independent Director.
7. For transparency and auditability, the resolution of each agenda, through voting rights, was based on the majority vote, in which one (1) share was equal to one (1) vote.
8. In order to allow shareholders to their right of appointing new directors individually during the 2014 AGM, Agenda 5, approval of appointment of directors to replace other directors at end of term, allowed shareholders to their right of appoint new directors individually in which the Company collected voting ballots from all attended shareholders in all voting cases: agreeing, disagreeing, and not-voting.

Protection against Abuse of Inside Information

Access to Company's Information

The Company would not provide special treatment to any shareholders. All shareholders, including minor and institutional shareholders, have equitable right to access the Company's information in accordance to the Equitable Disclosure of Information Policy and have sufficient information through the Company's disclosing channels as the following:

Telephone: 02-3619009 ext.152

Website : www.moongpattana.com

Investor Relations : ir@moongpattana.com

The Chief Executive Officer (CEO) would pertain to inside information, and the Company's Top Management would pertain to the Company's management approaches and policies. All personnels must keep confidential of their responsible information. The Company would not disclose the significant information that have not yet been disclosed to the public to unapproved employees, personnels or related personnels (including medias and analysts) until the information is displayed to the the public as adhered to the following requirements:

1. Prohibited executives and personnels with insider information, including investor-relations personnels, to use the information for benefits of oneself and/or others, which is equivalent to taking advantage of other shareholders, such as insider trading, and to trade within one (1) month prior to disclosing of financial statement or other relevant information until the Company discloses the information to SET.
2. The Company would communicate information to investors, analysts, relevant investing parties, and shareholders through communicating agents appointed by the Company, which are Mr. Sumeth Lersumitkul, CEO, and Ms. Pataya Tevatirarut, Senior Finance and Accounting Director, with the investor-relations personnels acts as the main coordinator in communicating and coordinating with analysts, investors, and other personnels requesting for financial information, operating results, the Company's financial status, and other operations with impacts to the Company.

3. Avoid providing information related to operations impacting share price or leading to benefits for specific individual during *the Quiet Period*, or the preparation period of financial statements to SET which is one (1) month prior to the official disclosure through SET's communicating channel. As an exception, when an issue or situation leads to incorrect financial information on the operating results, leading to misunderstanding of the person who uses the information, the Company would display the information to SET.

3. Role of Stakeholders

The Company aims to create long-term prosperity and stability, simultaneously realizes all stakeholders' interests, prescribes policy related to stakeholders focusing on their appropriate rights, whether stipulated by law or as mutually agreed, in the Code of Conduct, which is the guideline for responsibility, respect, and confidence that shareholders, customers, consumers, creditors, partners, employees, competitors, and regulating organizations would receive protection and be treated equitably, and publicizes on the Company's website, to include developing mechanism to support and motivate stakeholders to effectively engage in their duties.

1. Operating Policy and Responsibilities to Shareholders

The Company's policy for equitable practicing to shareholders and operating with full capabilities in order to create prosperous, consistent, and sustainable return to shareholders, in which the Company established operating guidelines to support the policy as the following:

- 1.1 Operate and make decisions with loyalty, morality, and ethics for highest benefits of for shareholders
- 1.2 Report situations pertaining the Company's future possibilities, both positive and negative, to shareholders along with constant, complete, and truthful explanations
- 1.3 Establish multiple communicating channels, including developing a Company's website to enable convenient accessibility to information for shareholders, and prepare information with easily-comprehended languages in both Thai and English.
- 1.4 Establish the following communing channels for notification of complaints or evidences unethical acts:

Mail	Chairman of Audit Committee Moong Pattana International Public Co. Ltd., 32 Bangna-Trat Soi 25 Bangna-Trat Road, Bangna, Bangkok, 10260
Telephone	02 361 9009 ext. 115
Email	ind.director@moongpattana.com

Establish response-to-complaints procedures and complainer's protections and systematically and fairly inform the complainer of results, which comply with the Company's complaining procedures.

- 1.5 Establish protections for employees or those who provide leads to violations without disclosing their names in the investigation.
- 1.6 Provide conveniences and promote for instutional investors to attend every Annual General Meeting (AGM).
- 1.7 Monitor to ensure that directors, executives, and employees do not seek for self benefits or for related parties by using information of the organization which has not been disclose to the public.

2. Operating Policy to Customers and Consumers

- 2.1 Strive for developing and delivering high standard, quality products required by customers with modern and highly-effective producing technology and products-validating system on every step.
- 2.2 Provide accurate information pertaining products and services to strive for the best benefits to customers in terms of both quality and fair prices.
- 2.3 Keep customers' information confidential and do not use the information for self benefits or for related parties.
- 2.4 Meet customers' need promptly to create the highest customer satisfaction.
- 2.5 Establish procedures to receive issues and complaints from customers and follow-up effectively to ensure customers promptly attain results, including establish customer satisfaction survey for future improvement and development of products and services.
- 2.6 Do not provide benefits to customers that are unethical or illegal customer acquisitions.

3. Operating Policy to Creditors

- 3.1 Provide equitable and fair treatment to creditors based on fundamental of mutual and fair returns.
- 3.2 Strictly follow through on agreed promises or conditions to creditors. In case of being unable to do so, must provide advanced notifications to creditors to altogether seek solutions and prevent negative consequences.
- 3.3 Do not request, receive, or provide any benefit that is not business ethical in negotiation with creditors.
- 3.4 Report accurate, complete, and timely debt status to creditors when requested.

4. Operating Policy to Partners

The Company's partners are business or individuals with business connection with the Company such as product or service providers to the Company, organizational subsidiaries, financial institutions whom the Company pertains to deposits or financing, or insurance companies, in which the guidelines are as the following:

- 5.1 The Company would provide equitable and fair treatment to partners based on fundamental of mutual and fair returns.
- 5.2 The Company prohibits requesting, receiving, or providing of any benefit that is not ethical in business negotiation or communication with partners.
- 5.3 The Company strictly follows through on agreed conditions to partners and in case of being unable to meet any of the conditions would provide immediate notifications to partners.
- 5.4 The Company had established partners-selecting policy for sourcing to enable transparency and fairness by attaining the approval from the Board of Directors and would conduct reviews of the policy as appropriated.

5. Operating Policy to Employees

The Company realizes that employees are valuable resource and key factors to exceeding goals of the Company and had established a policy to enable fair practices in terms of opportunities, returns, appointments, transfers, and potential developments by adhering to the following practices:

- 5.1 Fairly provide returns appropriate to knowledge, capabilities, responsibilities, and operating results.
- 5.2 Maintain safe working environment for employees' lives and assets.

- 5.3 In regard to appointments and transfers, including rewards and punishments to employees, must proceed with fairness and based on knowledge, capabilities, and appropriateness of employees.
- 5.4 Realize importance of competency and skills development of employees and consistently provide equitable opportunities appropriate to necessity of each of positions and levels.
- 5.5 Strictly comply with laws and regulations related to employees.
- 5.6 Equitably and fairly allow for feedbacks and recommendations based on professional knowledge of employees at all levels including on-the-job complaints, which would receive serious evaluation and solutions in order to meet the highest benefits of all parties and develop sustainable mutual relationship.
- 5.7 Maintain and promote teamwork among employees to encourage suitable cooperations and coordinations for assignments and the Company.
- 5.8 Respect the rights of employees with the same organization, do not criticize in ways that would lead to negative consequences, and do not take credits of others' works.

6. Operating Policy of Employees and Treatment to Other Employees

- 6.1 Establish operating mindset to all employees to conduct duties with loyalty, ethics, and transparency, including observing other employees' actions. Report to managers or Audit Committee when inappropriate or dishonest actions are found.
- 6.2 Respect other employees' rights including management, do not criticize in ways that would lead to negative consequences, and do not take credits of others' works.
- 6.3 Provide equitable and respectful treatment to other employees or people and do not differentiate based on nationalities, races, classes, genders, ages, religions, beliefs, social status, or diseases.
- 6.4 Managers must maintain himself/herself to deserve employees' respect; employees do not commit any disrespectful actions to managers.
- 6.5 Be discipline and comply with both written and unwritten rules and requirements of the Company and appropriate culture.
- 6.6 Support to develop and maintain teamwork among employees.
- 6.7 Refrain from providing or displaying opinions to external personnels or media or other actions that may negatively affect the Company's reputation and image or later become problems to the Company.

7. Operating Policy to Business Competitors

- 7.1 Promote for growth of the market or industry of which the Company operates by adhering in fair operations of business based on laws and business Code of Conduct.
- 7.2 Do not seek business competitors' confidential information by illegal or inappropriate means.
- 7.3 Do not damage business competitors' reputations through accusations without facts
- 7.4 Do not commit any actions that violate business competitors' intellectual properties.

8. Operating Policy to Governing Offices

- 8.1 Operate and manage to ensure strict operations to the intentions of laws and regulations set by governing offices.
- 8.2 Refrain from any actions that would support, promote, or become tools that lead to avoidance of operations complying with laws and regulations.
- 8.3 Provide cooperations to governing offices and report information in regard to violations or incompliance actions with laws or regulations of those governing offices.

9. Operating Policy to Community and Society

- 9.1 Be responsible and adhere to protecting environment including local custom and culture of the area in which the organization is located.
- 9.2 Consistently promote and conduct beneficial and creative activities to community and environment.
- 9.3 Prevent on-the-job accidents, injuries, and sicknesses of employees.
- 9.4 Promptly and effectively respond to situations that impact environment and community as the result of the Company's operations by providing full cooperations to government and related offices.

4. Disclosure and Transparency

The Board of Directors realizes the importance of the information and data critical to decision-makings of shareholders, minority investors, and other stakeholders and accurately, thoroughly, timely, and transparently discloses such information of the Company, including financial and non-financial information, through the SET Community Portal and the Company's website, etc., for accessibility, equitability, and credibility including the benefits for regulating organizations to oversee listed companies and funding. The details of the Company's disclosure of the information are as the following:

1. The Board of Directors altogether has established the guidelines on disclosure of information and transparency of the predetermined Code of Conduct and Good Corporate Governance Policy and has communicated and required all directors, executives, and employees to strictly follow.
2. The Board of Directors has established the accurate, thorough, on-time, and transparent reporting of financial and non-financial information.
3. The Board of Directors discloses the Code of Conduct and the Risk Management Policy to create and sustain the investing confidence of shareholders, investors, and analysts.
4. The Board of Directors prepares the responsibilities report of the Board to the Company's financial reports and discloses in the Annual Report.
5. The Board of Directors requires that the Audit Committee considers and nominates independent person to perform the duty of the Company's independent auditor and holds a meeting with the independent auditor without the presence of management at least once per year.
6. The Board of Directors ensures the role of Investor Relations officers, who manage and communicate the Company's data and information to interested parties, whether as shareholders, analysts, or investors, and can be reached at ir@moongpattana.com.

2014 Investor Relations Activities

- Hosting of the 2014 Annual General Meeting (AGM)
 - Moong Pattana International Public Co. Ltd. held the 2014 AGM on April 24, 2014.
- On July 1, 2014, attended Mai Forum 2014 by MAI and MAI Listed Company Association.
- Set in the City at Siam Paragon on November 20 – 23, 2014.
- Q32014 Opportunity Day by SET on November 24, 2014.

All information is disclosed on the Company's website at www.moongpattana.com.

The Company has an Investor Relations Team whom shareholder and other personnels could contact as the following:

Ms. Pataya Tevatirarut : Company Secretary
Mrs. Sasitorn Lersumitkul : Investor Relations Officer
Telephone : 02-3619009 ext. 152, Fax : 02-3619025
Email : ir@moongpattana.com

Letter
Company Secretary
Moong Pattana International Public Co. Ltd.,
32 Bangna-Trat Soi 25 Bangna-Trat Road,
Bangna, Bangkok, 10260

5. Responsibilities of the Board

Structure and Components of the Board

The Company setup a Board of Directors to filter and research for managing and governing guidelines of the Company's operations, in which each of directors has his/her independency in expressing opinions on the Company's operations in order to effectively monitor and direct management's operations for accuracy and transparency.

Components of the Board

The Company's Board is consisted of directors with diverse qualifications, skill sets, experience, and specialized expertises which are all advantageous to the Company and its structure has been established as the following:

- A minimum of five (5) members
- A minimum of three (3) Independent Directors, in which at least one (1) is proficient in business, accounting, and finance

As of January 31, 2015, the Board of Directors of Moong Pattana International Public Co. Ltd. comprises of seven (7) members as the following:

Independent Directors	3 Members
Executive Directors	4 Members

Producing of Stakeholding Report of Directors, Executives, and Relevant Parties

The Company requires producing of stakeholding report of directors, executives, and relevant parties as fundamental for governance of stakes held at the director and executive levels, requires directors and executive to produce such report, and requires the Company Secretary to be responsible for records keeping, leveraged for investigations and governance on conflict of interests. Pertaining changes, executives are responsible to report the changes to only the Company Secretary.

Producing of Changes in Investment Holdings Report

For internal control, the Company requires that its directors and executives, including their spouses and children under the legal age, when their investment holdings of Moong Pattana International Public Co. Ltd. change, must inform the Company, report the changes to the Securities Exchange Commission Thailand (SEC) and the Stock Exchange of Thailand (SET), as required by Clause 59 and of the Securities and Exchange ACT B.C. 2535, within three (3) days starting from the date of buying, selling, or transferring, and be responsible to report buying, selling, and holding of the Company's shares during the following Board Meeting. Every quarter and at year end, Office of Company Secretary would create a

letter prohibiting directors or divisions with insider information from disclosing the information to external personnel or those unrelated and from buying and selling of the Company's shares within 45 days, from the book closing date to the reporting date to SET or prior to financial statements being disclosed to the public, in order to prevent inappropriate use of insider information, in which throughout the past year the directors and executives had strictly complied.

Development of Directors and Executives

The Company's Board has been supporting for trainings and providing of relevant knowledge to directors and executives in order to achieve consistent improvement to operations such as encouraging of meetings between directors and senior executives for exchanges of perspectives and producing of competency development for directors at president and vice-president levels, etc. by assigning the Human Resources to follow the progress of the succession planning of directing presidents and vice presidents to ensure that the Company comprises of directors with adequate wisdom and competency for the operations as the following:

1. The Board of Directors requires for the executives' competency development, to include the succession planning, such as Chief Executive Officer (CEO), Senior Vice President, and Managing Directors of all divisions.
2. The CEO evaluates executives' operations and competency and validates to the required competency in order to produce individual development to reduce competency gap.
3. The Human Resources is assigned to follow the progress, training, and competency development of the successors to the Senior Vice President and Managing Directors.
4. The Senior Vice President ensures rotation of responsibilities and duties of executives with relevant qualifications; Vice-President level executives and managing directors are required to participate in the Board Meeting to ensure comprehension, experience, and readiness for managing the organization in the future.
5. The CEO reports the results of operations and individual development of qualified executives to the Board of Directors once per year.

Furthermore, The Board of Directors manages to ensure of the immediate orientation when the new directors are appointed, covering details of every aspect of the Company's business operations, to include supporting of the Board of Directors, Executives, and the Company Secretary to attend beneficial seminars to perform the duties of directors, executives, and company secretary, such as the Director Accreditation Program (DAP) and the Director Certification Program (DCP) held by the IOD.

The Board of Directors has also supported and enabled the related parties within the Company's corporate governance structure to complete trainings: the Board of Directors, the Audit Committee, Executives, the Company Secretary, and the independent auditor for continuous improvement of performances. The details of the seminars completed are as the following:

Directors	Programs
1. Mr. Sumeth Lersumitkul	<ul style="list-style-type: none"> - Certification of Executive Development Program (EDP), 14/2014, TLCA - Certification of Chief Executive Program, 15/2012, CMA - Certification of Role of the Chairman Program (RCP), IOD - Certification of Role of the Compensation Committee (RCC) , IOD - Certification of Role of the Nomination and Governance Committee (RNG), IOD - Certification of Director Certification Program (DCP),

Directors		Programs
		107/2008, IOD - Certification of Director Accreditation Program (DAP), 69/2008, IOD
2. Mrs. Sureeporn	Anuvatudom	- Certification of Role of the Nomination and Governance Committee (RNG), IOD - Certification of Director Certification Program (DCP), 181/2013, IOD - Certification of Director Accreditation Program (DAP), 69/2008, IOD
3. Ms. Suwanna	Chokdee-anand	- Certification of Director Accreditation Program (DAP), 96/2012, IOD
4. Mrs. La-aid	Vongvongepop	- Certification of Director Certification Program (DCP), 51/2004, IOD - Certification of Director Accreditation Program (DAP), 23/2004, IOD - Certification of Audit Committee Program (ACP), 22/2008, IOD
5. Mr. Thaevan	Uthaivath	- Certification Director Certification Program (DCP), 181/2013, IOD - Certification of Audit Committee Program (ACP), 43/2013, IOD - Certification Director Accreditation Program (DAP), 72/2008, IOD
6. Mr. Manit	Jeeradit	- Certification Director Certification Program (DCP), 187/2014, IOD - Certification Director Accreditation Program (DAP), 87/2011, IOD - Certification of Audit Committee Program (ACP), 36/2011, IOD

Summary of 2014 Meetings of Board of Directors, Committees, and Sub-Committee

First Name – Last Name	Meetings Attended	Type of Committee Meetings					
		Board (B)	Audit Committee (AC)	Executive Committee (EC)	Risk Mgmt Sub-Committee (RC)	Creating Shared Value Sub-Committee (CSV)	Shareholders' Meeting
		Number of Attendances					
1. Mr. Sumeth Lersumitkul	B/EC/RC	4/4		12/12	4/4		1/1
2. Mrs. Sureeporn Anuvatudom	B/EC/RC	4/4		12/12	4/4		1/1
3. Ms. Suwanna Chokdee-anand	B/EC/RC/CSV	4/4		12/12	4/4	2/2	1/1
4. Mrs. La-aid Vongvongepop	B/AC	4/4	5/5				1/1
5. Mr. Manit Jeeradit	B/AC	4/4	5/5				1/1
6. Mr. Thaevan Uthaivath	B/AC	4/4	5/5				1/1
7. Mr. Methin Lersumitkul	B/EC/RC	4/4		12/12	4/4		1/1

B = Board of Directors

AC = Audit Committee

EC = Executive Committee

RC = Risk Management Sub-Committee

CSV = Creating Shared Value Sub-Committee

Self-Assessment of the Board

The Board of Directors has established the annual performance assessment of the Company's directors evaluate the performances and issues to enhance the operations' suitability and effectiveness, in which the directors' individual self-assessment is consisted of six (6) topics:

1. Structure and qualifications of the Board of Directors
2. Duties, roles, and responsibilities of the Board of Directors
3. The Board Meetings
4. Operations of the Board of Directors
5. Operations of the Executives Management
6. Self development of directors and executives

Nomination and Appointment of Directors and Senior Executives

The Company's requirements are that appointment of the Company's directors occurs at Shareholders' Meeting, in which the Board of Directors must comprise of a minimum of five (5) members and a minimum of half the members must reside in the country. In case of vacancy due to other reasons beside end of term, at the following meeting the Board of Directors proposes qualified candidate(s) for the replacement. In case that any director wishes to resign from the Company, the director must submit a resignation letter, and the resignation is effective on the reception date of the letter by the Company.

One-third (1/3) of the number of directors must leave the positions during every Annual General Meeting. In case that one-third (1/3) of the number of directors results in a non-integer, the number of leaving directors is the closest to the result. Directors who had left may be re-elected. In addition to the release of directors at end of terms, directors are released from their position in case of:

- 1) death
- 2) resignation
- 3) lack of qualification or possess prohibited characters in accordance to Section 68 of the Public Company Act B.E. 2535
- 4) vote of release at shareholders meeting in accordance to Section 76 of the Public Company Act B.E. 2535
- 5) court's order of release
- 6) in addition to the releases of directors in accordance to the Public Company Act, directors must be released in case that they display lacks of suitable trust to manage a business with the public as shareholders in accordance to Section 89/3 and would not be able to continue as directors (Section 89/4 of the Securities and Exchange Act B.E. 2535)

Nomination of Directors

Since the Company does not comprise of a Nomination Committee, the Board of Directors is to evaluate and filter individuals to appoint as a director, whether as an Independent Director for shareholders or as an Independent Director, based on competency and experience to enhance the strength of the Board, in which the following qualifications as required by the Company are:

Nomination of Independent Directors

To enable Independent Directors to truly be independent, the Board of Directors has established tougher qualifications required for the nomination than those of the Securities Exchange Commission of Thailand (SE) and the Stock Exchange of Thailand (SET) as the following:

Qualifications of Independent Directors

1. Invest in the Company at the maximum of 0.5 percent of the total preferred stocks of the Company, Parent Company, subsidiaries, associated companies, or juristic persons with potential conflict of interest; shares held by related persons are also accounted.
2. Not a director who takes part in managing staffs, employees, advisors with monthly salaries; is an individual with governing authorization of the Company, Parent Company, subsidiaries, associated companies, subsidiaries at similar level, or juristic persons with potential conflict of interest (present and two (2) years prior to the appointment).
3. Do not have blood relationship with or registration as father, mother, spouse, brother, sister, or children including spouse of child of any of directors, major shareholders, individuals with governance authorization, or personnels to be nominated as executives or individuals with governance authorization over the Company or the subsidiaries.
4. Do not have business relationship, benefits, or stakes, both direct and indirect, in both finance and management of the Company, subsidiaries, associated companies, or individuals with conflict of interest that lead to lack of independency.
5. Not or never been a financial auditor of the Company, Parent Company, subsidiaries, associated companies, or juristic persons with potential conflict of interest and not a major shareholder, director who is not independent, director or managing partner of the financial auditing firm in which the independent auditor of the Company, Parent Company, subsidiaries, associated companies, or juristic persons with potential conflict of interest operates, except exceeding two (2) years of such descriptions prior to the date of seeking approval from the firm.
6. Not or never been a service provider of any professions including service providing of legal advices or finances which receive service fee exceeding THB two (2) million per year from the Company, Parent Company, subsidiaries, associated companies, or juristic persons with potential conflict of interest, and in case that the service provider of profession is juristic persons, includes a major shareholder, director who is not independent, and director or

managing partner of service provider of the profession, except exceeding two (2) years of such descriptions prior to the date of seeking approval from the firm.

7. Not a director who is appointed as an agent of the Company's directors, major shareholders, or shareholders who are related to the Company's major shareholders.
8. Possess other characters led to inability to identify independency relevant to the Company's operations.

Term of Independent Directors

The Independent Directors may be in position for the maximum of 9 consecutive years or three (3) terms starting from the date first appointed as Independent Director. In case of continuous appointment of Independent Director, the Board of Directors would evaluate the necessities in details.

Nomination of the Board of Directors

Since the Company does not comprise of a Nomination Committee, the Board of Directors has established the nomination by (1) having shareholders propose suitably nominees based on qualifications, experience, and expertise in the field that the business operates for the appointment as the member of the Board of Directors (2) considering of the directors resigned at their end of term to be re-elected for an additional term based on performances.

The Board of Directors would evaluate, filter, and select the individuals with suitable qualifications and propose for shareholders to elect as the member of the Board of Directors during the Annual General Meeting (AGM), in which the elected nominee must attain approval from the Shareholders' Meeting with at least more than half the votes from the preferred stocks presented at the meeting. In case of vacancy due to other reasons beside end of term, such as death or resignation, the remaining members of the Board of Directors could select suitably-qualified replacing director for the following meeting without requesting a Shareholders' Meeting for election. However, if the vacancy was less than two (2) months, the Board of Directors could not select replacing director, could wait for an election at Shareholders' Meeting, or could vote in which the resolution of the Board of Directors in selecting an additional director must comprise of votes at least three-fourth (3/4) of the remaining directors and the replacing individual may be in position only during the remaining term of his/her predecessor director. Details of the requirements and procedures in seeking resolution to appoint each director individually are as the following:

1. During the election for appointment of director, one share is equal to one vote, and each shareholder must vote with all their shares for one or multiple nominees. In case of voting for multiple nominees, the shares could not be distributed.
2. During the election for appointment of director, voting must be proceeded nominee by nominee, in which shareholders must vote with all their shares for each of their preferred nominees.
3. The nominees with highest votes and runner-ups in order are appointed as directors equal to the number of directors required for the appointment during the meeting. In case that the runner-up nominees received equal votes and the number of runner-up nominees exceeded the required number of directors to be appointed, the Chairman of the Meeting would provide an additional, tie-breaking vote.
4. Each of the nominated directors must receive votes exceeding half the total votes of shareholders presented with rights to vote, in which the Company would present the following details of each of nominating directors with the meeting's invitation: education, work experience, director positions in other companies, experience, and legal cases (if applicable). In case of nominating for a director who resigned at end of term to again return to resume the position, additional information regarding the number of meeting attendances and his/her

performances during the year would be included to incorporate into the decision making of shareholders.

5. The Company has been holding orientations for newly-appointed directors to ensure their comprehension of business operations and the Company's operating policies.

Internal Information Controls

The Committees realizes the significance of leveraging internal information that are critically important and have not yet been disclosed to the public for personal interests and, therefore, has established and included the Company's shares-buying and selling and the use of internal information policies in the Code of Conduct to protect the interests of shareholders, investors, and minority investors and promote transparency concerning the confidentiality and the use of internal information, including the severe punishments for the insiders, as the following details:

- Employees must avoid the use of internal information for self-interest in buying or selling shares of the Company or providing internal information to other parties for buying or selling shares of the Company.
- Employees must transparently buy and sell shares of the Company and report the transactions immediately at their occurrences
- Employees must avoid buying and selling shares of the Company during the time period prior to the disclosure of the Company's financial statements, status, or other important information.
- Employees must avoid disclosing the information to the public without authorization to prevent external parties from making decision of buying and selling shares of the Company with inaccurate information.

All directors and executives have signed and acknowledged their duties and responsibilities of reporting their investment holdings of the Company and their changes, including those of their spouses and children under the legal age, to the Securities Exchange Commission Thailand (SEC) and the Stock Exchange of Thailand (SET), as required by the Clause 59 and SEC Announcement Ref. Sor Jor 12/2009, the Organization and Disclosure of Report of the Holdings of the Committee, Management, and Auditor, and the Clause 275, the Liabilities, of the Securities and Exchange ACT B.C. 2535, as the following:

All directors and executives hold the responsibility to report their investment holdings, including of their spouses and children under the legal age to the SEC and SET as the following:

1. The report of the first investment holdings (form 59-1) within 30 days after the closing date of public offering or the date of being appointed as director or executive
2. The report of changes of investment holdings (form 59-2) for every transaction of selling, buying, transferring, or receiving investment shares within three (3) days starting on the date of the transaction and the copy of the report submitted to the Executive Committee for records

Additionally, the Board of Directors has also set the requirement for all directors to disclose their conflict of interest and relevant parties to the Board, in which the Company Secretary would propose them for review once per year.

Internal Control and Risk Management

Internal Control of the Company

With strong emphasis on internal control, the Company's Internal Audit thoroughly investigates each of every division of the Company, for instance: organization internal control, risk analysis, operations control, information communication technology, and progress follow-up system, to ensure sufficient internal supervision and suitable operations for the business and to prevent potential damages.

The Management consistently and continuously reports the results of Internal Control Division of the Company directly to the Board of Directors. In 2014, the result displayed zero significant issue or problem. Moreover, the Company also realizes the importance of feedbacks and recommendations to enhance the operations of Internal Control to enable highest efficiency and effectiveness possible.

Summary of the Internal Control Division and Internal Audit of the Company are as the following:

Part 1: Internal Control within the Organization

1. The Board of Directors and executives have established guidelines for operations to adhere to integrity and ethics which include day-to-day operations, decision makings on all matters, and treatment for partners, customers, and external parties.
2. The Board of Directors monitors and governs to ensure establishment of clear, measurable operating targets, developed and proposed to the Board of Directors by the Executive Committee, as the guidelines for employees' operations.
3. Establishment of thorough review of the targets including their possibilities and not the establishment of targets with internal motivation or benefits or that may lead to illegal acts. Establishing targets by considering business context as the priority.
4. Development, with consistent reviews, of organizational structure which allows Management to perform effectively.
5. Development of Code of Conduct and prohibition of Management and employees' behaviors and actions that lead to written conflict of interest including corruptions which negatively affects the organization.

Part 2: Risk Evaluation

1. Ensuring consistent risk evaluation for both internal and external risks in which the Risk Management Committee, consisted of executives from diverse divisions, proposed the risk management planning of the Company to the Board of Directors in every quarter.
2. Ensuring development of standardized monitoring of situations which are factors of risks and measurable reduction of those risks
3. Communication with all employees to ensure compliance to the established risk management to include monitoring of compliance progress.
4. Compliance with generally-accepted accounting standard suitable for the Company's business.

Part 3: Internal Control of Operations

1. The Internal Control Division of the Company is in writing and appropriately provides thorough coverage to all operations, for instance:

- Establishing, in writings, policies and deliberate operating requirements for matters on finance, procurement, general management that also prevents violations.

- Distinctively establishing, in writings, scopes, authorizations, duties, and financial approving allowances of management at different levels.

2. Three (3) distinctive areas of responsibilities have been differentiated for checks and balances: approving, recording of accounting and information, and assets managing and keeping.

3. Clear, deliberate, and precise procedures for transactions between the Company and major shareholders, Board of Directors, or individuals related to the forementioned parties have been established to ensure that the transactions must encounter established approving procedures.

4. The approving individuals cannot be stakeholders of the transactions with major shareholders, directors, executives, or individuals related to the forementioned parties and must base their approval on the highest benefits of the Company by considering the transactions as ones with external parties.

5. In case that the transactions with major shareholders, directors, executives, or individuals related to the forementioned parties lead to long-term effects, complete follow-ups to ensure compliance to the agreed conditions are required.

6. Operations of subsidiaries and associated companies are consistently monitored, and guidelines for the directors or executives in these companies assigned by the Company have been established.

7. The Company's operations adhere to illegality prevention to reduce business risk and protect the reputation of the Company.

Part 4: Information Communication Technology

1. Information incorporating into decision making of the Board of Directors are sufficient.

2. The Board of Directors received meeting's invitation or document with necessary and sufficient information to consideration at least seven (7) days prior to the meeting.

3. Minutes of the meetings are appropriately comprehensive to enable audits by shareholders on the suitabilities of directors' duties.

4. Supporting documents to accounting and other relevant accounting documents are organizedly kept.

Part 5: Monitoring System

1. The Company has established monitoring procedures for compliance with Code of Conduct and requirements and with the prohibition of Management and employees' behaviors and actions that may lead to conflict of interest.

2. Consistent investigations for compliance with Internal Control have been established.

3. Internal Audit reports results of investigation directly to the Audit Committee to ensure his/her operating independency and straightforward reporting.

4. Significant abnormalities are reported to the Board of Directors / the Audit Committee for timely consideration for resolutions.

5. Progress of the resolutions against abnormalities is consistently reported to the Board of Directors / the Audit Committee.

6. In case of acts of violation or suspects of violation, illegal actions, or other wrongdoings that may significantly affect the reputation and financial status of the Company, management must immediately report to the Board of Directors

The Audit Committee and the Board of Directors agreed upon and comply with the established Internal Control Policy.

The Company appointed Ms. Sriwan Juengsawad as Internal Audit Manager, whose approved appointment, release, transfer, or termination, including performance evaluation, are performed by the Audit Committee.

In 2014, the Audit Committee had reviewed the Internal Control Division evaluated by the executives and the internal-auditing firm evaluated by the executives and the Internal Control Division and had not found any significant abnormalities or deficiencies, which align with the perspective of the Company's Independent Auditor.

Transactions between Related Parties
Details of the Transactions

The details of the transactions between the Company and associated companies, related businesses, and associates with potential conflict of interest with the Company, during 2013 – 2014, ending on December 31, 2013, and December 31, 2014, are as the following:

Thai Pigeon Company Limited (TP)

Type of Business Production and distribution of Pigeon baby accessories, such as nipples, baby bottles, plastic goods, and sanitizing solution for nipples and baby bottles

Relationship A joint venture between Pigeon Corporation (Japan) and the Company, in which the Company holds 47.0 percent of issued and paid-up capital, with mutual Executive Board

Pigeon Industries (Thailand) Company Limited (PIT)

Type of Business Production and distribution of skin wipes and breast pads

Relationship A joint venture between Pigeon Corporation and the Company, in which the Company holds 2.5 percent of issued and paid-up capital, with mutual directors

Yoshino Moong Pattana (Thailand) Company Limited (YMP)

Type of Business Production and local and oversea distribution of plastic and coated-plastic goods

Relationship A joint venture between Yoshino Kokusho (Japan), Nomura Jimusho Inc. (Japan), and the Company, in which the Company holds 6.0 percent of issued and paid-up capital, with mutual Executive Board

List of Individuals that may have conflict of interest with the Company and their relationship

Individual with Potential Conflict of Interest	Relationship
Mr. Sumeth Lersumitkul	Holds the position of Chief Executive Officer and is the major shareholder of the Company at 61.19%
Mrs. Sureeporn Anuvatudom	Holds the position of Joint-Chief Executive Officer and is the shareholder of the Company at 1.33%

Transactions of Products and Services

Seller of Products/ Provider of Services	Buyer of Products/ Recipient of Services	Transaction Detail / Key Condition	Transaction Value (THB Mil)	
			2013	2014
	PIT	Boxes and plastic lids – the Company sets the sales price consisted of the cost and the profit, which were the same as the price for other customers	12.4	2.8
	YMP	The Company sources production-required raw materials and equipments for YMP and, for this service, receives 1.5 percent of the prices of the materials/services and, in accordance to the distributor-appointing contract*, commission fees of 0.3 percent of the prices of the products that YMP sells to the following five customers: Proctor and Gamble / Unilever / Lion Corporation / Shiseido / Kao Corporation* (revised Jan 1 st , 2014)	11.6	6.6
TP	The Company	Pumps for plastic bottles – the Company sets the sales price consisted of the cost and the profit, which are the same as the price for other customers	104.1	92.4
PIT		The Company buys Pigeon products such as skin wipes and breast pads from PIT	89.8	73.9
YMP		The Company buys plastic goods from YMP, such as boxes and plastic lids, makeup-powder cases, hair-dying combs, pumps and sprayers for bottles	96.5	35.7

* Some transactions were based on the contract agreements of jointly setting of the sales price

The transactions between the Company and joint ventures are those of selling and buying products and services between one another at the market prices.

The Audit Committee held that these transactions and prices were appropriate.

Transactions of Dividends Received from Related Businesses

Dividends Provider	Transaction Detail	Transaction Value (THB Mil)	
		2013	2014
TP	The Company received dividend income	14.1	14.1
PIT		2.0	2.0
YMP		0.4	1.7

The Audit Committee held that these transactions and prices were appropriate.

Transactions of Total Outstanding between Related Businesses and the Company

Individual / Juristic Persons with Total Outstanding Transaction	Transaction Type	Total Outstanding Value (THB Mil)	
		2013	2014
TP	Trade payable	31.3	27.3
PIT	Trade receivable	0.7	-
	Trade payable	29.9	28.8
YMP	Trade receivable	69.1	0.1
	* Trade and other receivable	0.8	1.3
	Trade payable	24.9	1.1

* revenues without the fee derived from selling of YPM products and sourcing of raw materials and production equipments for YMP in accordance to contract agreement

The Audit Committee held that these transactions and prices were appropriate.

Transaction of Collateral

The Company had a borrowing transaction with a financial institution, in which Mr. Sumeth Lersumitkul, the Company's Chairman, provided the collateral for the Company with his personal assets and without charging any fee to the Company, as the following:

Loan Provider	Loan Limit (THB)	Detail of Collateral
Bangkok Bank	18,000,000	Land and building, title deed no. 20253, Bangwua, Bangpakong, Chachoengsao, area of 5,396 sq.m. (3 rai 1 ngarn and 49 sq.wah - <i>Thai measuring units</i>)

During the 3rd quarter of 2014, the Company had completely recouped the collateral in full.
The Audit Committee held that these transactions and prices were appropriate.

Necessity and Appropriateness of Transactions between Related Parties

The Company had engaged in appropriate transactions with related businesses, in which the Audit Committee had examined and considered the Company's transactions with its associated companies and the associates with potential conflicts of interest with the Company by inquiring information from executives and the Certified Public Accountant (CPA)-registered auditors along with the consideration of various documents provided by the Company. During the Audit Committee Meeting, the Audit Committee had considered the occurred transactions between the related parties for the fiscal year of 2013-2014 Financial Statements, ending on December 31, 2013, and December 31, 2014, and had approved the transactions presented by the Company.

Approving Measures or Procedures of Transactions between Related Parties

The Company has clearly defined the approving measures and procedures for transactions between related parties, which were approved at the Board of Directors Meeting 1/2013 on February 27, 2013, to control the connected transactions of the Company or its joint ventures and associates with potential, present, or future conflicts of interest in accordance to the stipulations or rules by the Securities Exchange

Commission (SEC) of Thailand. Furthermore, the Company has appointed the Audit Committee to provide perspectives concerning the necessity and the appropriateness of the transactions and prices by considering the terms and conditions to align with normal business practices in the market and comparing the prices with external parties. In case that the Audit Committee does not possess the specific expertise on the potential transactions, the Company would appoint a specialist, such as an accounts auditor and an assets appraiser, etc., who is independent of the Company and does not have any conflict of interest with the transactions, to incorporate in decision-making of the Audit Committee and propose to, as appropriate, the Board of Directors Meeting or Shareholders Meeting for further approval.

Nevertheless, the Company has also prohibited the executives or associates with direct or indirect conflicts of interest to be involved in the approving process. Moreover, the Board of Directors would monitor to ensure that the Company complies with the laws of Securities and Exchange; instructions, rules, regulations, or stipulations of the Stock Exchange of Thailand (SET); the stipulations of disclosure of information, reporting of connected transactions, and acquisitions or disposals of important assets of the Company and its associated companies; the accounting standards established by the SET and the Federation of Accounting Professions (FAP), and discloses the transactions between related parties as an appendix attached to the Company's audited Financial Statements and in the 56-1 Form and Annual Report.

Policy or Possibility of Future Transactions between Related Parties

The Company may, in the future, consistently engage in the transactions with its associated companies given normal business terms and conditions, which can be referenced with those of the same types of when the Company engages with external parties, such as buying and selling raw materials and finished goods and entering contracts of leasing buildings/offices or managing/servicing, etc. The potential transactions must adhere to the business-operation necessities of the Company and its affiliated companies with establishment of pricing policies that are clear, justified, and appropriate to the market prices, including the examination and consideration of the Audit Committee for compliances and appropriateness of such transactions occurring every quarter.

In regard to potential future transactions that do not follow normal business practices, the Company requires that the Audit Committee examine and audit such transactions for compliances and appropriateness prior to entering the transactions.

Additionally, regarding transactions with potential future conflicts of interest, the Board of Directors must ensure their compliances with the laws of Securities and Exchange; instructions, rules, regulations, or stipulations of the SET; the stipulations of disclosure of information, reporting of connected transactions, and acquisitions or disposals of important assets of the Company and its associated companies; the accounting standards by the FAP and the CPA of Thailand.

The Board of Directors' Responsibility for Financial Reporting

Dear Shareholders
Moong Pattana International Public Company Limited,

The Board of Directors is responsible for Moong Pattana International Public Company Limited's financial statements, including the financial information presented in the 2014 Annual Report. The Company has chosen the proper and consistent accounting policy, which is in compliance with the generally accepted accounting principles for the preparation of its financial statement. In addition, the Company has disclosed essential information sufficiently in the notes to Statements of Financial Position for the benefit of shareholders, general investors and stakeholders in an appropriate manner.

The financial statement of the Company has been examined by the Company's auditor, EY Office Limited. The Company's Board of Directors and Executives have supported relevant data and documents in order that the auditor could examine and express an opinion in accordance with generally accepted auditing standards. The auditor's opinion is presented in the Auditor's Report as part of the annual report.

The Board of Directors has provided and maintained a risk management system and appropriate and efficient internal controls to ensure that accounting records are accurate, with integrity and adequate to protect its assets and uncover weaknesses in order to prevent fraud or materially irregular operation.

The Board of Directors has appointed the Audit Committee to review the Company's accounting policy, internal control system, internal audit, risk management systems and disclosure of any interrelated transactions. In this regard, comments aforementioned on these issues have been included in the Audit Committee Report which is presented in the annual report.

The Board of Directors believes that the Company's overall management structure and internal control system are satisfactory. Objective and unconditional audit results by the Company's auditor are able to bring about reasonable confidence that the Company's financial statement for the year ended 31 December 2014 has shown accurate financial performance and cash flows in conformity with generally accepted accounting principles as well as related laws and regulations.



(Mr. Sumeth Lersumitkul)
Chairman

Report of the Audit Committee

Dear Shareholders
Moong Pattana International Public Company Limited,

The Audit Committee of Moong Pattana International Pcl. consists of 3 Independent Directors whose qualification, knowledge, ability, and specific experience are accordingly completed with the notification of the Stock Exchange of Thailand as well as whose independency of performance to follow the Charter of the Audit Committee. The 3 Independent Directors are Mrs. La-aid Vongvongepop, as the Chairman of the Audit Committee, Mr. Manit Jeeradit, and Mr. Thaevan Uthavath, as the members of the Audit Committee.

In 2014, there were 5 meetings of the Audit Committee which were attended by the Company's Senior Executives and Manager - Internal Auditing Division in the related agendas to jointly propose the information or suggestion which were beneficial to the administration. The meetings' results were summarized and included in the report always proposed to the Board of Directors for acknowledgement. The summaries of the results are as follows:

1. Quarterly Statements of Financial Position and Annual Statements of Financial Position of 2014

The Audit Committee had considered the verification of the quarterly Statements of Financial Position and the annual Statements of Financial Position of 2014, with the cooperation of the Auditor and the Executives who were responsible for the preparation of the financial report, by making inquiries and receiving the explanation concerning the accuracy and completeness of the Statements of Financial Position following the accounting standard. In addition, the Committee had considered the accounting amendment which had an impact on the significance of the Statements of Financial Position prior to submitting to the Board of Directors for approval. Moreover, the Audit Committee had met and consulted with the Auditor with no presence of the management at the meeting to acknowledge the opinion or remark concerning the procedure of the preparation of the Statements of Financial Position, the internal control of the accounting, and the disclosure of important information of which were found no problem or abnormal transaction which were significant.

The Audit Committee opinioned that the aforementioned Statements of Financial Position were accurate in accordance with the important information of the general accepted accounting standard and had adequacy of the disclosure of important information.

2. Internal Control System

The Audit Committee had jointly verified the internal control system with the Auditor and the internal Auditor in every quarter. According to the report of the internal auditing result in 2014 following the assigned plan which covered important work system, there was no significant abnormality or deficiency found in the internal control system. The operations were authorized and approved in compliance with the stipulated principles. The Executives received an emphasis to improve as stated in the report of the internal auditing results to increase efficiency and effectiveness.

The Audit Committee opinioned that the Company's internal control system was adequate and compatible with the Company's business and had a clear separation of the power and duty.

3. Compliance with the Securities and Exchange Law

The Audit Committee had reviewed the compliance with the Securities and Exchange Law, the notification of the Stock Exchange, and laws related to the Company's business, with the Internal Auditing Division and the Corporate Secretary Office of the Company, it was found that there was no significant matter of non-compliance with the laws.

4. Transaction with possible conflicts of interest

The Audit Committee had quarterly considered the verification of the transaction with connected persons or enterprises with the finding that the Company had followed the normal general trading agreement and the transactions provided the utmost benefit to the Company's business operation without any indication of abnormality and the disclosure of the Company's information was performed with adequacy.

5. Verification of the Risk Management

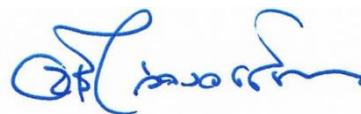
The Audit Committee had quarterly verified the progress of the risk management with the Risk Management Sub-Committee with the indication and categorization of the risk, risk assessment, the Company's internal and external risk management with the short-term and long-term planning, including the consistent monitoring and reviewing of the risk management.

6. Consideration and Nomination of the Auditor of 2015

The Audit Committee had considered the performance of the Auditor in the past period with the realization of reputation and creditability, professional independency, service proficiency, consistently on time certifying of Statements of Financial Position, and the consultancy of accounting standard, and proposed to the Board of Directors for further approval to the shareholders' Annual General Meeting to appoint 1) Mr. Narong Puntawongs, C.P.A No. 3315, or 2) Miss Siraporn Ouannunkun. C.P.A. No. 3844 of EY Corporate Services Limited as the Company's Auditor for 2015 in another term with the Auditing fee at a total of Baht 770,000 (Seven Hundred Seventy Thousand Baht)

The self-assessment of the Audit Committee had compared the important activities of the Committee all with the Charter of the Audit Committee and the good guideline for practice, the result was at a good level.

In conclusion, the Audit Committee had opinioned that the Company's Statements of Financial Position had prepared in accordance with the general accepted accounting standard with appropriate and effective internal control system, the business operation had followed the regulations of laws, with suitable risk management, and the Audit Committee had completely performed their duties following the Charter of the Audit Committee stipulated by the Board of Directors.



(Mrs. La-aid Vongvongepop)
Chairman of Audit Committee

Financial Statements

Independent Auditor's Report

The independent auditor's report of the Company's 2012-2014 Financial Statements was prepared by Mr. Narong Pantawong, CPA registration no. 3315 of EY Corporate Services Limited and indicated, without restricted conditions, that the Financial Statements had disclosed the financial status and operating results accurately and appropriately to the generally-accepted accounting standard.

Financial Statements

Moong Pattana International Public Company Limited
Statements of Financial Position
As at 31 December 2012-2014

(Unit : Million Baht)

	Financial Statements (Equity Method)					
	31/12/2012		31/12/2013		31/12/2014	
	Amount	%	Amount	%	Amount	%
Assets						
Current assets						
Cash and cash equivalents	23.7	3.5	3.9	0.5	6.5	1.0
Trade and other receivables	214.6	31.7	228.5	31.5	147.7	21.7
Related parties	59.6	8.8	69.8	9.6	0.1	0.0
Unrelated parties	152.6	22.6	156.6	21.6	141.2	20.7
Less: Allowance for doubtful accounts	(2.0)	(0.3)	(4.0)	(0.5)	(1.8)	(0.3)
Total trade accounts receivable - net	210.2	31.1	222.4	30.7	139.4	20.4
Other accounts receivable	4.3	0.6	6.0	0.8	8.3	1.2
Inventories	72.1	10.7	69.7	9.6	68.0	10.0
Other current assets	8.5	1.3	8.3	1.1	11.0	1.6
Total current assets	318.8	47.1	310.4	42.9	233.2	34.2
Non-current assets						
Restricted bank deposits	3.1	0.5	3.1	0.4	0.0	0.0
Investment in associated company	210.7	31.1	252.9	34.9	285.3	41.8
Other long-term investments	24.9	3.7	24.9	3.4	24.9	3.7
Property, plant and equipment	77.5	11.5	73.2	10.1	77.9	11.4
Investment properties	22.9	3.4	22.9	3.2	22.9	3.4
Intangible assets	4.0	0.6	24.4	3.4	25.7	3.8
Deferred tax assets	4.5	0.7	3.8	0.5	3.9	0.6
Other non-current assets						
Leasehold rights to buildings	8.7	1.3	8.0	1.1	7.4	1.1
Others	1.2	0.2	0.6	0.1	0.7	0.1
Total non-current assets	357.6	52.9	413.9	57.1	448.7	65.8
Total assets	676.4	100.0	724.2	100.0	681.9	100.0

Moong Pattana International Public Company Limited
Statements of Financial Position (Con't)
As at 31 December 2012-2014

(Unit : Million Baht)

	Financial Statements (Equity Method)					
	31/12/2012		31/12/2013		31/12/2014	
	Amount	%	Amount	%	Amount	%
Liabilities and shareholders' equity						
Current liabilities						
Bank overdrafts and short-term loans from banks	21.5	3.2	48.5	6.7	57.0	8.4
Trade and other payables	257.8	38.1	248.6	34.3	154.9	22.7
Related parties	83.4	12.3	86.1	11.9	57.2	8.4
Unrelated parties	114.9	17.0	113.3	15.6	29.4	4.3
Accrued expenses	52.1	7.7	36.1	5.0	48.8	7.1
Accounts payable - others	7.3	1.1	13.2	1.8	19.5	2.9
Current portion of long-term loans						
Short-term loans						
Current portion of finance lease liabilities	1.3	0.2	1.4	0.2	3.3	0.5
Accrued corporate income tax	-	-	0.3	0.0	-	-
Other current liabilities	4.3	0.6	3.6	0.5	2.5	0.4
Total current liabilities	284.9	42.1	302.5	41.8	217.6	31.9
Non-current liabilities						
Long-term loans - net of current portion	-	-	-	-	-	-
Finance lease liabilities - net of current portion	1.4	0.2	0.8	0.1	8.4	1.2
Provision for long-term employee benefits	13.2	1.9	8.9	1.2	10.1	1.5
Total non-current liabilities	14.6	2.2	9.7	1.3	18.5	2.7
Total liabilities	299.4	44.3	312.2	43.1	236.1	34.6
Shareholders' equity						
Registered share capital	120.0	17.7	120.0	16.6	120.0	17.6
Registered share capital issued and fully paid-up	120.0	17.7	120.0	16.6	120.0	17.6
Share premium	34.8	5.1	34.8	4.8	34.8	5.1
Retained earnings						
Appropriated - statutory reserve	12.0	1.8	12.0	1.7	12.0	1.8
Unappropriated	210.2	31.1	245.3	33.9	279.0	40.9
Total shareholders' equity	377.0	55.7	412.1	56.9	445.8	65.4
Total liabilities and shareholders' equity	676.4	100.0	724.2	100.0	681.9	100.0

Moong Pattana International Public Company Limited
Statements of Comprehensive Income
For the year ended 31 December 2012-2014

(Unit: Million Baht)

	Financial statements (Equity Method)					
	2012		2013		2014	
	Amount	%	Amount	%	Amount	%
Revenues						
Sales of goods	617.9	95.5	699.2	95.4	693.7	97.1
Other income						
Rental income	3.0	0.5	3.1	0.4	2.0	0.3
Commission income	13.8	2.1	14.3	1.9	10.0	1.4
Dividend income from other companies	4.1	0.6	2.4	0.3	3.7	0.5
Others	8.3	1.3	13.8	1.9	4.7	0.7
Total revenues	647.2	100.0	732.8	100.0	714.1	100.0
Expenses						
Cost of sales	339.1	52.4	390.2	53.2	341.2	47.8
Selling expenses	154.6	23.9	171.7	23.4	205.0	28.7
Administrative expenses	145.3	22.4	163.0	22.2	153.4	21.5
Total expenses	638.9	98.7	724.8	98.9	699.5	98.0
Profit before share of income from investment in associated company, finance cost and corporate income tax	8.3	1.3	7.9	1.1	14.6	2.0
Share of income from investment in associated company	44.1	6.8	56.4	7.7	46.4	6.5
Profit before financial cost and corporate income tax	52.3	8.1	64.3	8.8	61.0	8.5
Finance cost	0.8	0.1	1.6	0.2	2.3	0.3
Profit before corporate income tax	51.6	8.0	62.7	8.6	58.7	8.2
Corporate income tax	1.6	0.2	3.7	0.5	1.0	0.1
Profit for the year	50.0	7.7	59.1	8.1	57.7	8.1
Basic earning per share -net income (baht/share)	0.42		0.49		0.48	

Moong Pattana International Public Company Limited
Statements of Cash Flows
For the year ended 31 December 2012-2014

(Unit: Million Baht)

	Financial Statements (Equity Method)		
	2012	2013	2014
Cash flows from operating activities			
Profit before tax			
Adjustments to reconcile profit to net cash provided by (paid from) operating activities	51.6	62.7	58.7
Depreciation and amortisation	11.9	11.0	13.6
Allowance for doubtful accounts (reversal)	0.2	2.0	(1.5)
Allowance for diminution in value of inventories	0.0	12.5	(5.6)
Unrealised exchange (gain) loss	(0.6)	(0.3)	(0.3)
Reversal allowance for loss on impairment of investment properties	(3.4)	-	-
Gain on sale of equipment	(2.4)	(0.6)	(3.2)
Provision for long-term employee benefits	1.3	(0.5)	1.2
Realised actuarial gain on obligation	-	(3.8)	-
Dividend received from investment in other companies	(4.1)	(2.4)	(3.7)
Share of income from investment in associated company	(44.1)	(56.4)	(46.4)
Interest expenses	0.8	1.6	2.3
Income from operating activities before changes in operating assets and liabilities	11.3	25.8	15.0
Operating assets decrease (increase)			
Trade and other receivables	(22.0)	(15.9)	82.2
Inventories	(38.5)	(10.0)	7.3
Other current assets	(3.6)	0.2	(2.1)
Other non-current assets	(0.3)	0.7	(0.2)
Operating liabilities increase (decrease)			
Trade and other payables	32.5	(8.9)	(93.6)
Other current liabilities	(1.1)	(0.6)	(1.2)
Cash flows from operating activities	(21.6)	(8.6)	7.5
Cash paid for interest expenses	(0.8)	(1.6)	(2.3)
Cash paid for corporate income tax	(5.3)	(2.7)	(1.4)
Net cash flows from operating activities	(27.8)	(12.9)	3.7

Moong Pattana International Public Company Limited
Statements of Cash Flows (Con't)
For the year ended 31 December 2012-2014

(Unit: Million Baht)

	Financial Statements (Equity Method)		
	2012	2013	2014
Cash flows from investing activities			
Decrease (increase) in restricted bank deposits	-	-	-
Decrease in restricted bank deposits	-	-	3.1
Dividend received from investment in associated company	11.8	14.1	14.1
Dividend received from investment in other companies	4.1	2.4	3.7
Acquisition of equipment	(4.8)	(4.4)	(1.5)
Proceeds on sales of equipment	4.1	0.7	4.1
Increase in intangible assets	(2.8)	(21.0)	(4.1)
Net cash flows from investing activities	12.4	(8.1)	19.4
Cash flows from financing activities			
Increase (decrease) in bank overdrafts and short-term loan from bank	21.5	27.0	8.5
Repayment of finance lease liabilities	(2.0)	(1.8)	(5.0)
Dividend payment	(24.0)	(24.0)	(24.0)
Net cash flows used in financing activities	(4.4)	1.2	(20.5)
Net increase in cash and cash equivalents	(19.8)	(19.8)	2.6
Cash and cash equivalents at beginning of year	43.5	23.7	3.9
Cash and cash equivalents at end of year	23.7	3.9	6.5

- **Financial's Ratio**

Financial Ratios	Unit	Financial Statements (Equity Method)		
		2012	2013	2014
LIQUIDITY RATIO				
Liquidity ratio	Times	1.1	1.0	1.1
Collection days	Days	80	85	80
Average number of days sales	Days	69	96	93
PROFITABILITY RATIO				
Gross profit margin	%	45.1	44.2	50.8
EBITDA	%	10.4	10.8	8.8
EBIT	%	8.5	9.2	8.8
Net profit margin	%	8.1	8.4	8.3
Return on equity	%	13.3	14.3	13.0
EFFICIENCY RATIO				
Return on total assets	%	7.4	8.2	8.5
Return on fixed assets	%	64.5	80.7	74.1
FINANCIAL POLICY RATIO				
Debt to Equity ratio	Times	0.8	0.8	0.5
Dividend Payment	%	48.0	40.6	41.6
Par Value (1 Baht)				
Book Value Per Share	Baht	3.14	3.43	3.72
Earnings Per Share	Baht	0.42	0.49	0.48
Dividends per share	Baht	0.20	0.20	0.20

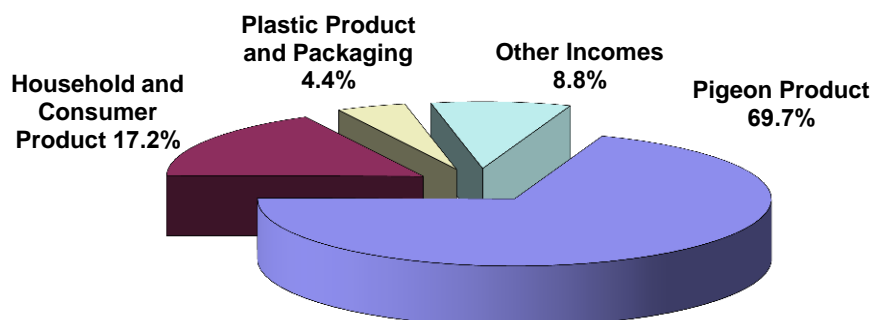
Management's Discussion and Analysis of Financial Status and Operating Results

Overall Business Operations

The Company operates business in sales and distribution of consumer products, highlighted by Pigeon mothercare and baby accessories. Certain portions of the products that the Company distributes are produced by Thai Pigeon Company Limited (TP), a joint venture between Pigeon Corporation Company Limited (Pigeon Corp), Japan, and the Company, such as nipples, baby bottles, and drinking-training cups, etc. Furthermore, certain types of products distributed by the Company such as skin wipes and breast pads are produced by Pigeon Industry (Thailand) Company Limited (PIT), another joint venture with Pigeon Corp, the producer of Pigeon baby products in Japan; other types of products such as baby care category and breastfeeding equipments, etc. were imported by Pigeon Corp. Nonetheless, the Company also conducts the business as the distributor of other products in addition to Pigeon mothercare and baby accessories, for instance, plastic packaging, Foggy sprayers, consumer products such as cottons and toothbrushes, and V-Care skin-wipes. In 2012, the Company was appointed as the distributor of Jordan toothbrushes and several other items, for examples, 4Care beverages and coconut cream and Roong Charean Thai chilies, etc. Additionally to the investments in TP & PIT, the Company also invested in a joint venture Yoshino Moong Pattana (Thailand) Company Limited (YMP), resulting into the Company being the distributor of YMP in Thailand.

In term of overall operating results during 2012 - 2014, total revenues of the Company, which comprised of sales of goods, other income, and profit share from investment in associated companies, were THB 691.3 million in 2012, THB 789.2 million in 2013, an increase of THB 97.9 million or 14.2 percent, and THB 760.5 million in 2014, or a decrease of THB 28.7 million or 3.6 percent. The lower total revenue in 2014 was impacted by the decline in revenue from plastic products and packaging, from THB 94.3 million to THB 33.2 million in 2013 and 2014 respectively, and from profit share from investment in associated companies which slid from THB 56.4 million in 2013 to THB 46.4 million in 2014, or 17.7 percent. Based on Illustration 1, which represents the revenue structure classified by product types in 2014, the Company's revenues were driven primarily by the Pigeon products at 69.7 percent of the total revenues, followed by household and consumer products at 17.2 percent and plastic products and then other incomes, consisted of dividend and profit share from investment in associated companies, commission income, and other sources of revenues, accounted for 8.8 percent while the remaining driver was plastic products and packaging at 4.4 percent.

Illustration 1. Revenue Structure Year 2014



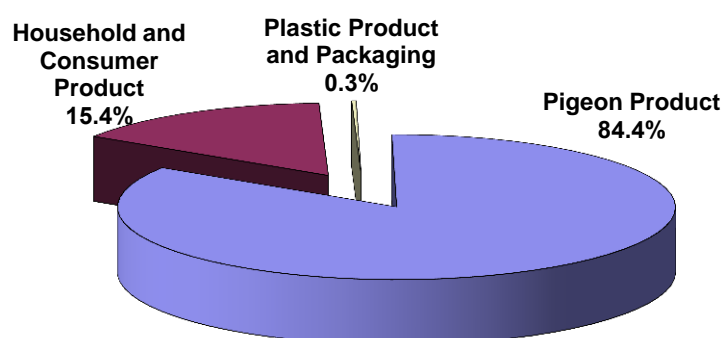
In term of growth classified by product types, in 2014 the Company had incremental sales revenue of Pigeon mothercare and baby accessories, as compared to 2013, of 5.9 percent, and sales revenue derived from distributing household and consumer products also rose by 25 percent as the results of the Company's tremendous focus in additional sales promotions, distributing channels, and distribution of new products. With the policy to improve the overall gross profit of the Company, sales revenue from plastic products and packaging dropped 64.8 percent since the product type carried minimal gross profit in comparison to other product types. Other incomes also

decreased in 2014 due to the declined operating results of the associated companies, which were direct correlation of the Company's profit share from the investment.

For cost of sales over the past three (3) years, their ratios to sales revenue were 54.9, 55.8, and 49.2 percent in 2012 – 2014 respectively; last year the Company had sold higher portion of lower-cost products which drove 2014 cost of sales down to 49.2 percent from 55.8 percent in 2013.

The Company's gross profit had improved constantly and risen significantly in 2014 to 50.8 percent from 44.2 percent in 2012 as the result of lower cost previously mentioned. Illustration 2 presents the gross profit in 2014, classified by product types, and shows that the Company's primary gross profit was the sales of Pigeon mothercare and baby accessories, which were accounted for 84.4 percent of the total, followed by the gross profit derived from sales of household and consumer products at 15.4 percent; the gross profit of plastic products and packaging resulted into 0.3 percent of the total. Moreover, further analysis of the overall gross profit classified by product types showed that in 2012 - 2014 the Company had increased the gross profits of sales of Pigeon mothercare and baby accessories of THB 236.4, 266.3, and 297.4 million respectively at the margin of 50.8, 53.2, and 56.1 percent respectively. In regard to household and consumer products, its gross profit in 2012 was THB 40.2 million, slightly declined to THB 39.7 million in 2013, and jumped to THB 54.2 million in 2014, with the margin of 44.7, 38.0, and 41.4 percent respectively. In 2014, the gross profit margin of these product types, as compared to 2013, improved due to higher sales of products with more profit-margin, combining with the gross profit margin of sales of plastic products and packaging over the past three years that were lowered: 3.6, 3.2, and 2.8 percent in 2012 – 2014 respectively. Realizing the direction of reduced gross profit from sales of plastic products and packaging and being consistent to the high gross profit-oriented policy, the Company lowered the sales revenue of the product type from 11.9 to 4.4 percent in 2013 and 2014 respectively.

Illustration 2. Gross Profit by Product Type in 2014



In term of operating expenses, the Company had selling and administrative expenses per sales revenue of 48.5, 47.9, and 51.7 percent in 2012 - 2014 respectively. Selling expenses in 2014 rose by 7.9 percent due to additional sales promotions, distributing channels, and distribution of new products, in addition to the fall in profit share from associated companies and other incomes, led to the Company's lower 2014 net profit (equity method) by THB 1.4 million or 2.4 percent from 2013. However, based on separate financial statement the Company's net profit increased from THB 16.8 million in 2013 to THB 25.4 million in 2014, a surge of 51.2 percent.

Based on the Company's financial status, at fiscal year-ends of 2012-2014, the Company had total assets of THB 676.4, 724.2, and 681.9 million respectively, in which the latter was driven by lower account receivables, specifically in plastic products and packaging. However, the increase of investment in associated companies was from the higher profit share received. On the other hand, the Company had total liabilities at fiscal year-ends of 2012 - 2014 of THB 299.4, 312.2, and 236.1 million respectively, which were composed by trade and other payables and loans from financial institutions, in which the Company's trade and other payables at the fiscal year-end of 2012 was THB 257.8 million, decreased to THB 248.6 in 2013, and significantly dropped to THB 154.9 in 2014 due to termination of raw-material sourcing activities for associated companies. In addition, the Company had increased the short-term loans from financial institutions from THB 21.5 million in 2012 to THB 48.5 million in 2013 and finally to THB 57.0 million in the most recent year as

well as total shareholders' equity from THB 377.0 million in 2012 to THB 412.1 million and THB 445.8 million at the fiscal year-end of 2013 and 2014 respectively as the result of the Company's growing net profit that carried hefty momentum.

Operating Results

Revenue

The Company achieved total revenues (Table 1), which comprised of sales of goods, other income, and profit share from investment in associated companies, of THB 691.3, 789.2, and 760.5 million in 2012-2014 respectively, presenting the year-over-year decline of THB 28.7 million or 3.6 percent from 2013 to 2014, driven by the decrease of profit share from investment in associated companies from THB 56.4 million in 2013 to THB 46.4 million in 2014, a slide of THB 10.0 million or 17.7 percent, and the lowered other incomes of THB 31.1 to 16.7 million, or 46.3 percent, in 2013 and 2014 respectively.

During 2012 – 2014, total revenues from sales of products were THB 617.9, 699.2, and 693.7 million respectively. The slightly lower revenue in 2014 of 0.1 percent was driven by the lower sales of plastic products and packaging, a product type with low gross profit, from THB 94.3 to 33.2 million, accounted for a drop of 64.8 percent, in 2013 and 2014 respectively. Excluding this particular driver, which aligned with the Company's policy revolving around high-gross profit products, the Company achieved growing sales revenue of 9.2 percent or from THB 604.9 million in 2013 to THB 660.5 million last year.

Such sales revenue as a ratio to 2012 total revenue was 89.3 percent, moved to 88.6 percent in 2013, and rose to 91.3 percent in 2014. Deep-diving further, majority of the revenues was from Pigeon products at THB 465.5, 500.3, and 529.7 million in 2012 – 2014 respectively, and sales revenue from household and consumer products also constantly climbed from THB 89.9 million in 2012 to THB 104.6 and 130.7 million in 2013 and 2014 respectively as the result of the increase in V-Care and Jordan products and new products such as Roong Charean mini chilies paste and Splash About swimwears, in which the Company operated as the distributor. However, sales revenue from plastic products and packaging fluctuated from THB 62.5 million in 2012 to THB 94.3 and 33.2 million in 2013 and 2014 respectively; the drop last year was in alignment with the policy of lowering the sales mix of plastic products and packaging because of its lower gross profit compared to other product types.

In addition to the primary revenues from sales, the Company also had other incomes of THB 73.4, 89.9 and 66.9 million in 2012 - 2014 respectively. These other incomes were consisted of profit share and dividend from investment in associated companies, commission income, rental income, and other sources of revenue, etc. During 2012 - 2014, the Company has received profit share and dividend from the investment of THB 48.2, 58.8, and 50.1 million respectively, and commission income of THB 13.8, 14.3, and 10.0 million respectively. The decline of commission income from 2013 to 2014 was driven by changes of policies in the associated companies, which led to the Company no longer sourcing raw materials for them and hence receiving zero commission income from raw-materials sourcing in 2014.

Table 1. Structure of Total Revenue

(unit : million baht)

Type of Revenue	2012		2013		2014	
	Amount	%	Amount	%	Amount	%
Pigeon Product	465.5	67.3	500.3	63.4	529.8	69.6
Household and Consumer Product	89.9	13.0	104.6	13.3	130.7	17.2
Plastic Product and Packaging	62.5	9.0	94.3	12.0	33.2	4.4
Profit Share from Investment-Equity Method ¹⁾	44.1	6.4	56.4	7.1	46.4	6.1
Dividend Income ²⁾	4.1	0.6	2.4	0.3	3.7	0.5
Other Incomes ³⁾	25.1	3.6	31.1	3.9	16.7	2.2
Total Revenue	691.2	100.0	789.1	100.0	760.5	100.0

Note :

1 Profit share from TP

2 Dividend Income from YMP และ PIT

3 Other Incomes consisted of rental income, commission income, profit from selling of assets, and profit from currency exchange

Cost of Sales

The Company's operating results of constant increase in sales revenue concurrently led to the increase in cost for selling different types of products. The costs of sales were THB 339.1, 390.2, and 341.2 million in 2012 – 2014 respectively with their ratio to respect sales revenues increased from 54.9 to 55.8 percent in 2012 and 2013 and decreased to 49.2 percent in 2014 based on the forementioned driver of the fall in sales of higher-cost products.

Classifying the cost of sales by product types, as presented on Table 2, cost of sales and gross margin, evidently the cost per revenue for selling Pigeon mothercare and baby accessories had continuously decreased: 49.2, 46.8, and 43.9 percent in 2012 – 2014 respectively; in term of household and consumer products, the ratios were 55.3, 62.0 and 58.6 percent respectively for the same time period. Both decreases of cost per revenue in 2014 were direct correlations to the increase in sales with higher gross profit than 2013. Lastly, plastic products and packaging accumulated zero marketing and sales-promotion expenses and resulted into high cost per revenue at 96.4, 96.8, and 97.2 percent in 2012 – 2014 respectively.

Table 2. Cost of Sales and Gross Margin (unit : million baht)

Type of Product		2012		2013		2014	
		Amount	%	Amount	%	Amount	%
1. Pigeon Product	Sales	465.5	100.0	500.3	100.0	529.7	100.0
	Cost of Sales	229.1	49.2	234.0	46.8	232.3	43.9
	Gross Margin	236.4	50.8	266.3	53.2	297.4	56.1
2. Household and Consumer Product	Sales	89.9	100.0	104.6	100.0	130.7	100.0
	Cost of Sales	49.7	55.3	64.9	62.0	76.6	58.6
	Gross Margin	40.2	44.7	39.7	38.0	54.2	41.4
3. Plastic Product and Packaging	Sales	62.5	100.0	94.3	100.0	33.2	100.0
	Cost of Sales	60.3	96.4	91.3	96.8	32.3	97.2
	Gross Margin	2.3	3.6	3.0	3.2	0.9	2.8
Total Sales		617.9	100.0	699.2	100.0	693.7	100.0
Total Cost of Sales		339.1	54.9	390.2	55.8	341.2	49.2
Total Gross Margin		278.8	45.1	309.0	44.2	352.5	50.8

Gross Profit

Based on the operating results over the past three (3) years, the Company's gross profit surged into the right direction with THB 278.8, 309.0, and 352.5 million in 2012 - 2014 respectively with the gross profit margin of 45.1, 44.2, and 50.8 percent respectively during the same period of fiscal years. The improved margin in 2014 was driven by the increased volume of higher-margin products sold, such as mothercare and baby accessories and household and consumer products and the decreased volume of plastic products and packaging sold as previously stated.

In 2014, the Company's gross profit was primarily driven by the sales of Pigeon mothercare and baby accessories, in which the gross profit from this product type was worth THB 297.4 million, or 84.4 percent of the total gross profit. The next driver was the sales of household and consumer products which posted gross profit of THB 54.2 million, accounted for 15.4 percent of the total gross profit; whereas by sales of plastic products and packaging posted gross profit of THB 0.9 million, or 0.3 percent of the total gross profit. As presented on Table 2, the gross profit margin of the sales of Pigeon mothercare and baby accessories and household and consumer products had increased to 56.1 and 41.4 percent respectively; whereas, the gross profit of plastic products and packaging had decreased to 2.8 percent based on previously-mentioned reason. Conclusively, total gross margin improved in 2014: from 44.2 percent or THB 309.0 million in 2013 to 50.8 percent or THB 352.5 million in 2014.

Selling and Administrative Expenses

The Company had higher selling and administrative expenses following the Company's higher sales of various product types. These expenses were THB 299.8 million in 2012 and had increased to THB 334.7 and 358.4 million or 11.6 and 7.1 percent in 2013 and 2014 respectively, accounted for 48.5, 47.9, and 51.7 percent to the Company's sales revenue in 2012 - 2014 respectively. The increased selling expenses in 2014 were driven by the Company's focus on customer-engaging, sales-driven activities, such as promotions, price reductions to simulate sales, products launches, and marketing cost to promote new products, and rose to THB 205.0 million, a jump of THB 171.7 million or 19.4 percent from 2013. On the other hand, the administrative expenses were tightly controlled, and the mindset to lower cost was promoted to employees, resulted in the reduction of the expense in comparison to 2013. Even when the Company strategically made an investment to improve the information technology system, which became effective on January 2014, in order to enable an efficiency increase of operations and competently support the expansion of the Company's business, the overall administrative expense decreased by 5.9 percent from the prior year.

Table 3. Selling and Administrative Expenses

(unit : million baht)

Type of Expense	2012		2013		2014	
	Amount	%	Amount	%	Amount	%
Marketing and Selling Expenses	154.6	51.6	171.7	51.3	205.0	57.2
Administrative Expenses	145.3	48.4	163.0	48.7	153.4	42.8
- Personnel Expenses	102.1	34.1	107.2	32.0	139.2	38.8
- Depreciation Expenses	11.9	4.0	11.0	3.3	13.6	3.8
- Others	31.2	10.4	44.7	13.4	0.6	0.2
Operating Expenses	299.8	100.0	334.7	100.0	358.4	100.0

Dividend Received from Investment in Associated Companies

Based on the equity held by the Company of YMP at 6.0 percent and PIT of 2.5 percent, the Company had received recurring dividends from both associated companies, in which the dividends during 2012 - 2014 were THB 4.1, 2.4, and 3.7 million respectively.

Profit Share from Investment in Associated Companies Using Equity Method

The Company entered a joint-venture investment with Pigeon Corp to establish TP as the production base for Pigeon mothercare and baby accessories, such as nipples, baby bottles, and drinking-training cups, etc., in which the Company held 47.0 percent of equity in TP. Over the past three (3) years, the Company's profit share from the investment, using equity method, was THB 44.2 million in 2012, rose to THB 56.4 million in 2013, but fell to 46.4 million in 2014 due to TP's decline in profit from operations.

Profit before Finance Cost and Income Tax Expenses

During 2012 - 2014, the Company had profit before finance cost and income tax expenses of THB 52.3, 64.3, and 61.0 million respectively, which were accounted for 8.1, 8.8, and 8.5 percent to the total revenues respectively.

Net Profit

The Company had posted net profit over the past three (3) years of THB 50.0 million in 2012, THB 59.1 million in 2013, and THB 57.7 million in 2014. The most recent decline was due to the lowered profit share from investment in associated companies. However, based on separate financial statement, the Company's net profit significantly surged in 2014 - THB 16.8 to 25.4 million from 2013 to 2014, or a soar of THB 8.6 million or 51.2 percent, resulted from higher gross profit and effective control of administrative expenses.

Earnings per share (EPS) for 2012 – 2014 were at 0.42, 0.49, and 0.48 respectively, and dividend payments to shareholders were consistently in 2nd quarter of every year of the same amount of THB 24.0 million (THB 0.20 per share) from previous year's profit.

Financial Status of the Company

Asset

As of December 31, 2014, the Company had total assets worth THB 681.9 million, a decrease of 5.8 percent from year end of 2013, mainly consisted of account receivables, inventories, investment in associated companies, other long-term investment, lands, buildings, equipments, investment properties, and other assets. The decrease of assets was due to lower account receivables as the result of lower sales of plastic products and packaging, slightly decrease of inventories in comparison to 2013, and additional investment in associated companies.

Account Receivable

As of December 31, 2014, the Company had account receivables of THB 139.4 million, a decrease of 37.3 percent from 2013. The majority was unrelated businesses, mostly modern trades, or hyper-market stores, such as Lotus, BigC, and department stores, i.e. Central Department Store, with a credit period ranged from 60 to 75 days depending on the customer's credit score. Nonetheless, the account receivables also included general wholesalers and retailers, and stores in other provinces, whom the Company provided credit period of 30-60 days. Moreover, most of the account receivables, or 70.3 percent of the net account receivables, were those whose payment periods were not yet due. In regard to the policy for doubtful accounts, generally, provision would be in effect based on collecting experiences and other account receivables analysis such as purchase record and payment history to determine the business and financial status of the account receivables. In addition, the Company had performed an annual credit review of each customer, had completed appropriate credit changes, and had also established measures for overdue payments in order to prevent possible impacts to the Company's liquidity, in which full provision would be in effect for those whose overdue were over 90 days. As of December 31, 2014, the Company had provision of doubtful account of THB 1.8 million, a reduction of THB 2.2 million or 55.0 percent from 2013, highlighting the Company's higher efficiency in managing account receivables in comparison to prior year.

Table 4. Age of Account Receivable

(unit : million baht)

Account receivables aging	Financial statements (equity method)		
	31 Dec. 2012	31 Dec. 2013	31 Dec. 2014
Account receivable –unrelated parties			
Not yet due	101.1	106.2	99.3
Past due not over 3 months	48.4	46.7	39.6
Past due 3-6 months	1.3	0.4	0.7
Past due 6-12 months	0.6	0.7	0.2
Over than 12 months	1.2	2.6	1.3
Account receivable –related parties			
Not yet due	59.5	69.8	0.1
Past due not over 3 months	0.1	0.0	0.0
Total account receivable	212.2	226.4	141.2
Less Allowance for doubtful accounts	2.0	4.0	1.8
Trade account receivable	210.2	222.4	139.4

Table 5. Allowance for Provision against Doubtful Accounts

Age of Account Receivable	Allowance % for Provision against Doubtful Accounts
Past Due: 3 - 4 months	40
Past Due: 4 - 5 months	50
Past Due: 5 - 6 months	60
Past Due: 6 - 12 months	80
Past Due: over 12 months	100

Inventory

As of December 31, 2014, the Company had net inventory worth THB 68.0 million, accounted for 10.0 percent of the Company's net assets and a 2.4 percent decrease from 2013 year-end, as the result of the Company's effective warehouse management. Based on the Table below, the Company's inventory could be classified as finished goods, packaging work-in-process, packages, and goods in transit; primarily the inventories were finished goods, accounted for 67.5 percent of the net inventory as of December 31, 2014, followed by packaging work-in-process at 20.1 percent.

Table 6. Inventory

(unit : million baht)

Type of Inventory	Financial Statement (Equity Method)		
	Dec 31st, 2012	Dec 31st, 2013	Dec 31st, 2014
Finished Goods	44.4	54.4	48.8
Packaging Work-in-Process	20.2	20.8	14.5
Packages	4.4	3.7	4.0
Goods in Transit	8.7	0.7	5.0
Total Inventory	77.8	79.6	72.3
<u>Less</u> Provision against Diminution in Value of Inventory	5.7	9.9	4.3
Net Inventory	72.1	69.7	68.0

The Company had the inventory policy to record finished and work-in-process goods by accounting the lower of either the average cost or the expecting net value of the products. The cost of a finished product was consisted of the purchased price, packing films, packaging containers, and import tax and marine insurances in case that the product was an import; in contrast, the expecting net value was consisted of the cost of product deducted with the diminution in value of inventory. Efficiently, the Company had managed the warehouse by leveraging the First in First out (FIFO) process, the effective layout, receiving and shipping documentations, and frequency-predetermined quality controls of products, including quarterly reports of slow movers for the Marketing Division, who works closely with the Purchasing and Warehouse Divisions on purchasing and distributing plans. Additionally, provision would be in effect for obsolete and damaged products by considering the types of products that were older than 9 months, in which in 2014, the Company had set the provision for allowance for diminution in value of inventories of THB 4.3 million, a reduction from 2013 of THB 5.6 million or 56.6 percent, highlighting the Company's higher efficiency in managing inventories.

Table 7. Age of Inventory

(unit : million baht)

Age of Inventory	Financial Statement (Equity Method)		
	As of Dec 31, 2012	As of Dec 31, 2013	As of Dec 31, 2014
1 - 90 Days	52.6	51.2	47.0
91 - 180 Days	6.1	8.9	0.0
181 - 270 Days	1.0	2.6	11.2
271 - 365 Days	4.4	4.0	3.2
Over 1 Year	5.0	12.2	5.9
Goods in Transit	8.7	0.7	5.0
Total Inventory	77.8	79.6	72.3
<u>Less</u> Provision against Diminution in Value of Inventory	5.7	9.9	4.3
Net Inventory	72.1	69.7	68.0

Table 8. Allowance for Provision against Diminution in Value of Inventory

Age of Inventory	Type of Product	% of Obsolescence
9 Months - 1 Year	Pigeon and Others	50
	Knife	10
Over 1 Year but Less than 3 Years	Pigeon and Others	70
	Knife	20
Over 3 Years	Pigeon and Others	100
	Knife	30

Investment in Associated Company

Using equity method, the Company held 47 percent stake in TP worth THB 285.3 million as of December 31, 2014, accounted for 41.8 percent of the total assets, which was an increase of THB 32.4 million or 12.8 percent of total assets from 2013 year-end. The Company had realized the rise in profit share, using equity method, from the investment in associated company based on the joint-venture's improved operating results in 2014.

Other Long-Term Investments

The Company had invested in YMP and PIT and held 6.0 and 2.5 percent respectively of these companies' shareholders' equity. The investments had been recorded as long-term using cost method, steadily worth THB 24.9 million.

Net Land, Building, and Equipment and Investment Property

The Company's land, building, equipment, and investment property were mainly consisted of lands, buildings, building improvements, vehicles, and investment properties. As of December 31, 2014, the Company had fixed assets worth THB 100.8 million, accounted for 14.8 percent of total assets.

Liquidity and Fund Sources of the Company

Cash Flow

Table 9. Cash Flow

(unit : million baht)

Detail	2012	2013	2014
Cash Flow from Operating Activities	(27.8)	(12.9)	3.7
Cash Flow from (Used in) Investing Activities	12.4	(8.1)	19.4
Cash Flow from (Used in) Financing Activities	(4.4)	1.2	(20.5)
Net Increase (Decrease) in Cash and Cash Equivalents	(19.8)	(19.8)	2.6

Considering the cash flows from all operating activities in 2012 - 2014, the Company had net cash flow from operating activities of THB -27.8, -12.9, and 3.7 million respectively. The negative results in 2012 and 2013 were driven by the increase of customers and inventories and the decrease of account payables, combined with the investment worth THB 23.5 million in the information technology system in 2013, resulted into THB -8.1 million of net cash flow from investing activities and THB -19.8 million in net cash flow. However, in 2014 the Company posted an improved net cash flow from operating activities mainly due to decreases from previous year of THB 82.2 million in account receivable, THB 7.3 million in inventories, and THB 93.6 million in account payables, resulted into an improved net cash flow of THB 2.6 million in comparison to 2013 and cash as of December 31, 2014, of THB 6.5 million.

Liquidity Ratio

During 2012 - 2014, the Company had liquidity ratios of 1.1, 1.0, and 1.1 respectively. Moreover, collections periods were 80, 85, and 80 days in 2012 - 2014 respectively, in which the Company had tightened the collections period in 2014 by five (5) days.

On the other hand, product-sales period were 69, 96, and 93 days in 2012 - 2014 respectively. In 2014, the Company enhanced the efficiency in inventories management and resulted in THB 68.0 million of inventories in 2014, a fall from THB 69.7 million in 2013, and in a decrease of the provision against diminution in value of inventories from THB 9.9 million in 2013 to THB 4.3 million in 2014, which led to the three (3) days decrease from prior year in product-sales period.

Liability

As of December 31, 2014, the Company had total liabilities of THB 236.1 million, primarily consisted of account and other payables worth THB 154.9 million: THB 57.2 million of related businesses and THB 48.8 million of non-related businesses.

In addition to account and other payables, other liabilities comprised of provision for long-term employee benefits, which was established for the first time as required by the Accounting Standard No. 19 - Employee Benefits, effective in 2014, worth THB 10.1 million.

Additionally, in 2014, the Company also had interest dues as of December 31, 2014, of THB 57.0 million as presented with the following details on Table 10:

Table 10. Liability

(unit : million baht)

Liability	Financial Statement (Equity Method)		
	Dec 31st, 2012	Dec 31st, 2013	Dec 31st, 2014
Liability with Interest Due			
– Bank Overdraft and Short-Term Loan	21.5	48.5	57.0
– Long-Term Loan (Due within 1 Year)	-	-	-
– Long-Term Loan from Financial Institution	-	-	-
Total Liability with Interest Due	21.5	48.5	57.0

Shareholders' Equity

From December 31, 2012, to December 31, 2014, the Company had shareholders' equity of THB 377.0, 412.1, and 445.8 million respectively, in which the increases were driven by annual net profit deducted by dividend payments and the backlogged provision for long-term employee benefits required by the Accounting Standard No. 19. In 2014, shareholders' equity increased to THB 445.8 million as the result from 2014 annual net profit of THB 57.7 million deducted by dividend payments of THB 24.0 million.

Suitability of Capital Structure

Debt-to-Equity ratios (D/E) at year-end 2012 - 2014 were 0.8, 0.8 and 0.5 respectively, representing the Company's extremely strong capital structure.

Remuneration for the Independent Auditor

In 2012, the total remuneration for the auditors of Ernst & Young Office Limited for the audit of the Company's accounting was THB 700,000.

In 2013, the total remuneration for the auditors of Ernst & Young Office Limited for the audit of the Company's accounting was THB 700,000.

In 2014, the total remuneration for the auditors of EY Office Limited for the audit of the Company's accounting was THB 770,000.

Critical Factors and Influences with Possible Impacts to Future Operations or Financial Status

Dependence to Pigeon Corp, Owner and Producer of the Pigeon Brand

The Company's primary business is the distribution of Pigeon products, such as nipples, baby bottles, and skin wipes, etc., which were accounted for 75.3, 71.6, and 76.4 percent of the net sales revenue in 2012 - 2014 respectively and 84.8, 86.2, and 84.4 percent of the Company's total gross profit respectively for the same fiscal years. Although the Company's business could be regarded as highly-dependent to Pigeon products, the Company has always maintained a strong, sustainable relationship with Pigeon Corp and was trusted as the exclusive distributor of Pigeon products in Thailand. Furthermore, the Company has bonded with Pigeon Corp, forming joint ventures of TP and PIT in order to produce Pigeon products and exclusively sell to the Company for further distribution in Thailand.

Additionally, even though the Company is the minority shareholder of TP with the equity of 47 percent and does not possess complete control in TP's dividend payments, in which its cash flow from dividends depend on the major shareholder, Pigeon Corp, TP has always paid satisfying dividends to the Company over the years.

Nonetheless, the Company has foreseen the risk of dependency to sales of Pigeon products and strived to become the distributor of other consumer products as displayed in the higher mix of household and consumer products in 2014.



The Professional Trading Company