



# รายงานประจำปี 2558

บริษัท มุ่งพัฒนา อินเตอร์เนชั่นแนล จำกัด (มหาชน)  
Moong Pattana International Public Company Limited

ANNUAL  
REPORT  
2015



MOONG  
PATTANA

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POSSIBILITIES  
GREATER RESULTS

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## Message from the Chairman

Moong Pattana International Public Company Limited has been listed on the Market for Alternative Investment (MAI) for 7 years and has been able to maintain a sustainable growth rate over several years in the past.

Owing to the world economy depression during the past years, Thai economy in general has also been affected. Despite of the fact that quite a number of business sectors have been operating with suffering results for such tough business time, Moong Pattana International Public Company Limited has still been able to maintain sustainable growth with steady secure credit and reliable performance. In 2015, the Company had an outstanding achievement in profit in accordance with the equity method at earning profit of 0.56 Baht per share which was increased from 0.48 Baht per share in 2014. The Company net profit has obviously been increased from its previous 8.3% to 11.2% in 2015. Moreover, in 2015 return on equity ratio (ROE) was increased to 14.7% as compared to 13% in 2014. With the above-mentioned outstanding performance, the Board of Director has been much satisfied on its productive results.

The Company, moreover, has announced the increase of its registered share capital from 120 million Baht to 144.157 million Baht in order to support the company's future business expansion. As far as the executive committee is concerned, Ms.Suwanna Chokdee-anand has been promoted to be the Chief Executive Officer on June 1, 2015 to replace myself who currently holds the position of the Executive Committee Advisor and the Chairman of the Board of Directors. In addition, the Remuneration Committee of the Company has been newly appointed in 2015.

Since the past year, the Company has been expanded steadily to generate widen distribution channels, so that new products owners have appointed the Company as their Exclusive Distributor. At the same period of time, the products exported to the Lao People's Democratic Republic has been continuously expanded and received the consequential growth. We can conquer the large market share in there, despite of the high competition and purchasing power is involved. With the above sound reasons of successful operations, the Company is still in its Number 1 position in the market share of baby bottle and nipples products under the Pigeon Brand as well as to become one of the top three of market share for Personal Care Products under the V-Care Brand. We have severely promoted the product image and received the highly acceptable trust by the customers and partners very well.

In 2016, the Company will have to preserve growing onwards under the good compliance of the Corporate Governance Report (CGR), preventive measure regarding to the anti-corruption policy as our Company's intentionally announced in 2014. We are leading the Company to grow ethically, morally for sustainable growth, beside of promotion on the people development and good morale of working of all employees to contribution the end result of greater working efficiency in finally.

As the Chairman, I am firmly confident that the Company will encourage quality development in all management aspects with good ethics, proper code of conducts to be strengthen company and be able to compete with locally and Asian Region country markets with high confident to achieve our desirable targets with optimum success.

On behalf of Board of Directors,



Mr. Sumeth Lersumitkul  
Chairman of the Board

## **Vision & 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

Moong Pattana International Public Company Limited

As of December 31, 2015

Unit : Million Baht

<b>Profit and Loss Statement</b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
<b>Net sales</b>	665.60	693.66	699.20
<b>Total revenue</b>	682.38	714.10	732.77
<b>Gross profit</b>	353.50	352.50	309.04
<b>Net profit</b>	74.74	57.74	59.05

<b>Balance Sheet</b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
<b>Total assets</b>	742.17	681.93	724.24
<b>Total liabilities</b>	235.03	236.11	312.16
<b>Shareholders' equity</b>	507.14	445.82	412.08

<b>Financial Ratio</b>	<b>Unit</b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
<b>Net profit margin</b>	%	11.2	8.3	8.4
<b>Return of equity (ROE)</b>	%	14.7	13.0	14.3
<b>Return of fixed assets</b>	%	97.8	74.1	80.7
<b>Debt to equity</b>	Time	0.5	0.5	0.8
<b>Earning per share</b>	THB	0.56	0.48	0.49
<b>Book values per share</b>	THB	3.52	3.72	3.43



## General Information

<b>Name of Listed Company</b>	<b>Moong Pattana International Public Company Limited ("MOONG")</b>
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

<b>Company's Name</b>	<b>Thailand Securities Depository Company Limited</b>
Location	62 The Stock Exchange of Thailand Building, Rachadapisek Road, 4th -7th Floor, Klongtoey, Bangkok, Thailand 10110
Telephone	+66 2359-1200-1
Fax	+66 2239-1259

### Auditor

<b>Company's Name</b>	<b>EY Office Limited</b>
Location	33, Lake Ratchada Tower 193/136-137 Ratchadapisek Road, Klongtoey, Bangkok, Thailand 10110
Telephone	+66 2267-0777, 0-2661-9190
Fax	+66 2264-0789-90

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**Company's Shareholding Position in Other Companies**

<b>Name</b>		<b>Thai Pigeon Company Limited ("TP")</b>
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
<b>Name</b>		<b>Pigeon Industries (Thailand) Company Limited ("PIT")</b>
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
<b>Name</b>		<b>Yoshino Moong Pattana (Thailand) Company Limited ("YMP")</b>
Location		103/1 Wellgrow Industrial Estate, Bangna-Trad Road, Km. 36, Bangsamak, Bangkok 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.
- 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 4 CARE Company Limited to distribute the products under band *YURA*, *BR*, *Jintan*, and *4 CARE* 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



2013	<p><i>Roong Jaroen</i>, beside of the Company had cancelled the distribution of the product brand <i>YURA</i>. In order to facilitate the continuous growth, the Company partnered with DHL, the world leading logistic, to effectively manage the Company's crucial inventory.</p> <p>The Company had debuted the <i>Meet the Expert – Expertise from truly a deeply understanding the mom's need of raising baby campaign</i> 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.</p> <p>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.</p>
2014	<p>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.</p>
2015	<p>The company was appointed to be the sole distributor of Elleair tissue paper from Japan, Lord disposable razors from Egypt, and Mumu adult diapers, a Thailand manufacturer and Herband Kid's Gummies from Canada. There was a cancellation of distribution for 4-Care which included Tastifit coconut cream alternative and Balance organic rice drink. The Company increased its registered capital to 200 million Baht which was comprised of 200 million shares at a value of 1 Baht per share. For the year ending December 31, 2015, there was paid-up share capital of 144.157 million shares in order to expand and strengthen business operations. The capital increase is described as follows:</p> <ol style="list-style-type: none"> <li>1. Issued ordinary shares in the amount of 24 million shares in order to support the rights of warrants holders who exercised their warrants for the first time in order to purchase ordinary shares. In 2015, the number of warrants converted to ordinary shares was 215,800 units.</li> <li>2. Issued ordinary shares in the amount of 5 million shares in order to support the rights of the ESOP Project warrants holders to purchase ordinary shares (this project has not yet begun).</li> <li>3. Issued and offered ordinary shares in the amount of 24 million shares to existing shareholders in proportion to their respective shareholding (Right Offering) in which the company received the full amount of the paid-up share capital.</li> <li>4. Issued and offered ordinary shares in the amount of 27 million shares under the Private Placement Person that are unrelated to the company (this project has not yet begun).</li> <li>5. Debentures project for 500 Million Baht.</li> </ol>

## Overview of Business Operations & Revenue Structure

### Overview of Business Operations

The Company operates a distribution business and is a distributor of consumer products that are categorized into 2 core business operations. They are described as follows:

#### 1. The 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. The Company's Distribution Business

The Company's expertise lies within marketing. Our brand management manages product distribution so that brands are widely known and retain targeted customer loyalty through marketing activities. In addition, the Company specializes in distribution through a wide range of distribution channels throughout Thailand. This includes Modern Trade, Traditional Trade, Cash Vans, and other channels such as direct sales, e-commerce, etc. The Company's experience and expertise in brand management, which includes nationwide distributing channels, strengthen the Company's potential to be a well-qualified product distributor for any product aiming to penetrate the Thai market and results in an increase of distribution products. The various products categories are as follows:

2.1. Pigeon Mothercare and Baby Accessories from Japan. These products serve newborn babies to three year-olds along with maternity products for mothers in order to meet every need of motherhood. Products include nipples, baby bottles, feeding accessories, breast feeding accessories, baby wipes, etc.

2.2. Splash About Infant and Baby Swim Wear Products from England

##### 2.3. Personal Care Products

- Dental care products, toothbrushes and dental flosses under the Jordan brand
- Elleair tissue paper
- Lord razors and razor blades

##### 2.4. Food and Beverage Products

- Roong Chareon mini chili-paste
- Peachy baby food and snacks (available in Cambodia only)
- Herband kid gummies

##### 2.5. Elderly Products

- Mumu adult diapers

In addition to operating a distribution business and being a consumer product distributor, the Company engaged in 3 joint ventures with TP, PIT and YMP companies. The Company holds the equities of 47 percent, 2.5 percent and 6 percent respectively. As a result, the Company acquired the right to act as the sole distributor of these manufactured products in Thailand through these three (3) joint venture companies and also received other benefits from dividend income.

### Investment in Associated Companies

Thai Pigeon Company Limited (TP) is a joint venture company between the Pigeon Corporation of Japan and Moong Pattana International Public Company Limited which was incorporated on September 11, 1990. TP operates in manufacturing and the distribution of various baby products and accessories under the brand name Pigeon, both domestically and internationally. Products include nipples, baby bottles, plastic accessories, bottles and nipples sanitizing solutions, etc. At the current stage, the Company has paid-up capital of 122 million Baht and is the sole distributor of TP manufacturing products in Thailand.

## Other Long Term Investments

Yoshino Moong Pattana (Thailand) Company Limited (YMP) is a three company joint venture of Yoshino Kokusho (Japan), Nomura Jimusho Incorporated (Japan), and Moong Pattana International Public Company Limited. Each company holds equity in YMP at 83%, 11% and 6% respectively. Yoshino Moong Pattana (Thailand) Company Limited was incorporated on December 19, 1994 and operates in the manufacturing of plastic packages, parts, and plastic materials both domestically and internationally. Products include distributing sprayers, pump valves, shampoo bottles, conditioner tubes, makeup powder cases, etc. Moong Pattana International Public Company Limited is the sole distributor of YMP manufacturing products in Thailand.

Pigeon Industries (Thailand) Company Limited (PIT) is a joint venture company of Pigeon Corporation of Japan and Moong Pattana International Public Company Limited and it was incorporated on April 29, 1996. PIT operates in the manufacturing and distribution of skin wipes and breast pads both domestically and internationally. Moong Pattana International Public Company Limited is the sole distributor of PIT manufacturing products in Thailand.

## Revenue Structure

Source of Revenue	2015		2014		2013	
	THB Mil	%	THB Mil	%	THB Mil	%
Sales of Mothercare and Baby Accessories	534.6	71.2	529.8	69.6	500.3	63.4
Sales of Customer Goods	130.0	17.3	130.7	17.2	104.6	13.3
Sales of Plastics and Containing Products	1.0	0.1	33.2	4.4	94.3	12.0
Share of Income from Investments through the Equity Method <sup>1</sup>	68.7	9.2	46.4	6.1	56.4	7.1
Income from Dividends <sup>2</sup>	4.6	0.6	3.7	0.5	2.4	0.3
Other Incomes <sup>3</sup>	12.2	1.6	16.7	2.2	31.1	3.9
Total Income	751.1	100.0	760.5	100.0	789.1	100.0

Remarks:






1. Share of income from Investment in TP
2. Dividends from YMP and PIT
3. Other incomes include rental income, commissions, gains on disposal of assets and gains on exchange rate

## Business Strategies of the Company's Core Businesses & Product Lines

### 1. Products under the Company's Branded Businesses

#### 1.1 **Personal Care Products under the V-care Brand**

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

Brand	Product Category	Product's Highlight
 <b>V-care Natural</b>	Multiple-purpose cottons	100% cotton, soft and gentle, free of chemical substances that cause possible irritation
 <b>V-care Beauty and Makeup</b>	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.
 <b>V-care</b>	Skin Wipes for Women	Naturally mild formula, alcohol-free, scents of chamomile and rose hip, attractive packaging with Hello-Kitty design
 <b>V-care Men</b>	Skin Wipes for Men	Refreshing Cool Max formula for manly confidence, reduce perspiration and accumulation of bacteria – the cause of body odor
 <b>V-care Toothbrush</b>	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 products and affordable price 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 2015, the Company had a policy to improve and develop products under the V-care brand and the Company fully invested in a comprehensive marketing plan to leading as the top priority brand in customer mind. The Company launched its first brand ambassador, Nicha- Ms. Nutthanicha Dungwattanawanich, a rising star from channel 3, and promoted a new campaign called "V-care... the Origin of Beautiful Skin" under the slogan, "Clear Skin without Deceiving Cotton". The Company organized various marketing activities throughout the year in order to make target customers aware of the Company's products. Activities included a nationwide roadshow trip in department stores and makeup workshops with renowned makeup artists and included advertising through media and social media, BTS and LED screens. The company also had a specific emphasis on making storefronts even more attractive.





Picture from a press conference launching the V-Care Brand Ambassador on May 21, 2015, at the Play Room, Oriental Residence Hotel, Wireless Road, Bangkok.



Picture from V-Care workshop activities held on July 21, 2015 at S31 Hotel, Sukhumvit, Bangkok.

### Marketing Activities of the Skin Wipe Product Lines

The Company consistently emphasized the support of marketing activities for V-care Hello Kitty Natural Skin Wipes. In 2015 the Company highlighted product qualities such as alcohol free, organic & fresh scented and clean without a bother skin effect.

After the first launch of the V-Care Hello Kitty Skin Wipes collection, the company has greatly successfulness of the sales growth. During this year, we have launched 4 new package designs aimed at extensive wide-range marketing.



For the skin wipe product lines, the company continues to create product awareness through marketing activities that captures its main target consumers. This includes communication through social media which is a key medium to connect to people's lifestyles today.

Promotions available at department stores throughout the country stimulated awareness of the V-Care brand, making it more well-known among target groups. The Company also planned comprehensive public relations advertising via print media and social media. This included marketing in magazines, radio, TV, websites and other channels in order to promote product awareness and create consumer trust in the product's quality so that products would be well received by all customers, especially those in the target group.



A picture from the Sampling Troop marketing activity that offered free product samples during the Songkran festival at 8 different PTT gas stations in order to create greater product awareness and test the products.



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**Sales and Distribution Channels**

The Company thoroughly distributes products through a nationwide coverage of distribution networks, primarily through modern and traditional trades. The latter is comprised of wholesalers and retailers across all regions throughout the country. Other distribution channels include direct sales, specialty shops, hospitals, beauty institutes and e-commerce.

**1.2 Foggy and Smile–V Household Products**

Household products that the Company distributes are Foggy and Smile-V spray bottles that include Gerlach industrial knives. We are the manufacturer and distributor of Foggy, we own the registered trademarks of both Foggy and Smile-V which makes the Company the first manufacturer interested in the development of spray products. For more than 30 years, Foggy has maintained its reputation on quality, especially its nozzles which have been developed to be practical and are recognized for their durability.

**Competitive Strategies**

The Company positioned the Foggy Brand as a premium grade product for spraying bottles. There are a variety of spray bottle models suitable for heavy industry and ordinary use. Foggy Duty products place an emphasis on market segments that are driven by customers looking for quality, highly durable products that can be used in business operations such as laundry services and car washes. Foggy Multi products are widely used in restaurants, beauty salons, landscaping businesses, etc. As a result, apart from mass distribution channels, specific distribution channels have been explored with the aim of reaching industrial customers. However, the Smile-V brand focuses on mass marketing at an economical price point with various designs in order to reach target customer groups that use the products only temporarily.

**Sales and Distribution Channels**

The Company distributes products across the country through a network of nationwide channels which includes industrial network channels.

**2. Distribution Businesses****Types of Products or Services**

The Company operates a distribution business and is the sole distributor of core product lines such as Pigeon mothercare and baby accessories, food and beverages under the Roong Jaroen brand which includes Roong Chareon mini chili-paste, Splash About baby and kids swimwear from the United Kingdom, Jordan oral care products, Peachy Baby food and snacks which are distributed to Cambodia, Elleair tissue paper, Lord razors from Egypt and Mumu adult diapers.

**Quality and Standard of the Distribution Products**

The Company distributes proven quality products that have been certified by development laboratories to reassure consumers of product quality that meet international standards. For instance, Pigeon products were validated by a research and development laboratory in order to create new innovations and have product quality tested in order to meet standards through the use of modern equipment and technologies so that products could be distributed worldwide. Jordan oral care products were validated by an internationally acknowledged research and development laboratory in Norway. The laboratory is recognized for its expertise in the innovative development of toothbrushes and dental flosses. Nevertheless, the company was certified by the management system ISO 9001:2000, re-affirming our intention to present effective products and services which includes effective and standardized operating systems.

**Quality product details are as follows:****1) Mothercare and Baby Accessories under Pigeon Brand**

The Company is Thailand's exclusive distributor of Pigeon products manufactured by the Pigeon Corporation from Japan. Mother care and baby accessories under the Pigeon brand have been widely accepted and recognized among mothers and families all over the world for their high quality products.

The Company had become the Number 1 leading brand in Japan, China and many countries including Thailand.

Various products were tested and are constantly being developed from Pigeon Central Laboratories, located in Ibaraki, Japan. Every product was researched and tested through the expertise of actual customers in order to be assured that the products met the customer's demands and enhanced the baby's and family's quality of life.

The Company has been marketing and distributing products under the Pigeon brand in Thailand for more than 30 years. In Thailand, Pigeon products have become a trusted brand that is thought of first by mothers. Products have been classified into 7 categories: feeding accessories, baby wipes, mother care and accessories, weaning and accessories, health and hygiene care, toiletries and skincare products, and cleansing and sterilizing accessories. Among all Pigeon products, feeding accessories is the core sales product equaling 67% of the Company's total sales.



### Competitive Environment

Feeding accessories are the Company's core product and they compete in a highly competitive market with a number of other brands in the market. However, Pigeon has held the position of the Number 1 brand in feeding accessories for a long period of time. Currently, Pigeon has 34% of the market share and continues to have sustainable growth in sales performance. Feeding products under the Pigeon brand is comprised of baby bottles, nipples, nursing bottles, and child pacifiers to relax the baby.

### Pigeon Product Highlights

Pigeon products have been well accepted and have been recognized as a high quality product from Japan. Japan is one of the world's most reputable countries in regards to high technology and standardized products. The products have undergone thorough research and a well-developed process that considers the baby's development stages and breast feeding behaviors of mothers. As a result, the Pigeon brand and its products have been well received by mothers all over the world, including Thailand.

Since the Pigeon brand has been recognized and accepted as a leading brand in the mother care and baby accessories market for more than 30 years, Pigeon products have been mentioned and recommended from one generation to another, from mother to children, from children to the next generation.

- Quality:** Pigeon products were produced with modern technology. They have been proven and certified as standardized products by reputable institutes, both domestically and internationally. Besides that, the Pigeon brand has innovated and designed alternative products to help mothers that are taking care of babies. The products were well received and highly accepted from mothers worldwide because they met consumer demands. They were also convenient to use, practical and durable.

- **Variety:** The Pigeon brand offers various products for consumers to choose from covering every stage of motherhood beginning at pregnancy until child delivery. On top of that, the Company has developed baby products to help with child development from birth to age 3. Products are available in different price ranges in order to meet target customer's needs. This is an advantage over other competitors that normally penetrate the market focused on a specific group of consumers.

## Marketing Activities

As a leading Company in mother care and baby products, Pigeon is recognized as an expert in child and baby development. Pigeon is an advisor and friend to new moms as a result of that "Meet the Expert" campaign has been consistently held through various marketing activities. Moreover, Pigeon is the only brand that supports and emphasizes the importance of breastfeeding.



A picture from the "Pigeon Supports Breastfeeding" communication campaign with an inspirational mother named Ple Jariyadee Spencer.

In the previous year, Pigeon organized a campaign called "Pigeon Supports Breastfeeding". The Company was recognized as the first in the private sector to support breastfeeding through various marketing activities. Ple, Jariyadee Spencer was chosen as the model mom of inspiration in order to pass on encouragement to mothers and to support the breastfeeding campaign.

In order to communicate with consumers, Pigeon implemented comprehensive communication tools both "Above the Line" and "Below the Line". However, adjustments were made to media strategies in order to reach mothers in the digital age which have changed their living behavior and the way they take information in.

In the previous year, Pigeon took an important step to serve the community through campaigning, encouraging and supporting breastfeeding. The Company organized "Thailand Breastfeeding Day by Pigeon", which was a big gathering of breastfeeding mother throughout the country to show their power and make statistics in regards to breastfeeding at the same time. There were 410 breastfeeding mothers who participated in the activity. This awesome number was also recorded in Thailand's Book of Records.





"Thailand Breast Feeding Day by Pigeon" event at Chalerm Prabaramee Building Soi Soonvijai

Pigeon has outstanding products that support breastfeeding activity. Another important product that has a high possibility of future growth is the Breast Pad. Pigeon continues to research and develop this product and the newly designed Breast Pad called the "Honeycomb" has been already launched. Activities are also welcome the consumer and the press representatives to visiting the production line of this modernize technology. The Honeycomb breast pad has an innovative gel design from Japan with a quick absorption that traps a considerable amount of milk which creates confidence and keeps mothers dry without an odor of milk.



Ple Jareeyadee leading members of the "Pigeon Little Moments Club" to visiting the production of the newly designed Honeycomb texture breast pad.

Beside of marketing communications and consumer activities, Pigeon hold activities that promote breastfeeding by having marketing activities in hospitals. Activities include the support of building breastfeeding rooms in different hospitals, giving information to pregnant mothers and special activities for members of the Pigeon Little Moments Club which now has 47,000 members in the group. The Pigeon Little Moments Club gives opportunities to receive counsel on raising children and personal care from expert doctors. Members can join activities arranged by the club throughout the year which creates a strong bond between the brand and its customers which causes Pigeon to be more prominent than other brands in the market.











Provide support to build up breastfeeding rooms in more than 25 hospitals nationwide in Thailand



4 years anniversary of the Pigeon Little Moments Club

## 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 product and target customers are as following:

Brand	Product Category	Target Group
	Food (Mini 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 18-35
	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
	adult diapers	Consumer group at the age of over 50
	Lord razors and razor blades	Consumer group at the age of 18-50
	tissue paper	Consumer group at the age of 25-35
	kids gummies	Consumer group at the age of over 2

## Competitive Strategies

The Company acts as a product distributor for different brand owners and focuses on coverage through distribution channels which enables products to reach a wide range of consumers in order to create brand and product recognition. In regards to marketing, the Company works with brand owners and closely co-evaluates performances in order to ensure each product meets its agreed growth target.



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**Joint Venture Business Operations****Yoshino Moong Pattana (Thailand) Company Limited or YMP**

YMP is a joint venture of 3 companies including the Yoshino Kokusho Company (Japan), Nomura Jimusho Company (Japan) and Moong Pattana International Public Company Limited. YMP focuses on the manufacturing of plastic packages, parts and plastic materials and also sells sprayers, pump valves and shampoo bottles domestically and internationally. YMP leverages manufacturing machines and equipment with advanced technology and is comprised of departments that include production, assembly, quality control, logistics and customer service at professional levels in order to meet customer's demands and comply with international standards. In 2014, YMP expanded its manufacturing in response to an increase in orders from customers. In 2015, the company invested in new machines that were imported from Japan at an approximate value of 144 million Yen to support the customer's demand on production. 52 million Baht was invested for installation of these new machines and factory area improvement. The renovation is expected to be complete and handed over within the first week of February 2015. The company is the exclusive and sole distributor of YMP products in Thailand.

**Pigeon Industries (Thailand) Company Limited or PIT**

PIT is a joint venture between Pigeon Corporation of Japan and Moong Pattana International Public Company Limited. The main products manufactured by PIT are classified in two categories as follows:

- 1) Baby Wipes - Alcohol and perfume free cleansing clothes used for cleaning the face, arms and other body parts of infants and adults. The product comes in small portable packages for convenience. The fabric is thick and extra soft and can be used as often as needed. The wipes are also available in a mosquito repellent product.
- 2) Disposable Breast Pad - Made from materials that have been researched and tested by Pigeon Corporation in Japan. The pads absorb excess milk and can be worn for every kind of movement. They prevent side leaking with two pieces of adhesive tape which prevents slippage when used.

PIT is the production base for baby wipes and disposable breast pads and has been officially certified by the Pigeon Corporation (Japan). The company is the sole distributor of PIT products in Thailand.

PIT was awarded as the best manufacturer in the country for 14 consecutive years by the Labor Ministry. In 2015, PIT received the AEO certificate (Authorized Export Operator) which was certified by the Department of Customs as a valid exporter with credibility with systems that maintain safety until the consumer receives their goods.

**Thai Pigeon Company Limited or TP**

Authorized by the Pigeon Corporation of Japan, TP is the official manufacturer of silicone nipples, baby bottles, and plastic accessories for babies within the Pigeon brand. There are various types and sizes of TP manufactured silicone nipples as specified by the Pigeon Corporation such as classic silicone, dome silicone, natural-like and mini natural-like nipples.

Moreover, the baby bottles were produced in every size and were made of polycarbonate (only exported to India until the end of 2013), polypropylene and polyphenol sulfonic resin (PPSU), materials that were directly imported from overseas with food grade level quality, toxin free and extremely safe for infants. The baby bottles were also processed through sanitized and standardized productions by using advanced technological machines that came from overseas and expert staff oversaw every step of the production process. These machines protected against dust and defects and there was quality control regarding size, volume and durability in accordance with Pigeon Quality Standards in order to reassure that the products were safe, of high quality and were the best products possible.

Additionally, Pigeon nipples have been certified by the Thai Industrial Standard Institute and the Japan Industrial Standard (JIS) which is Japan's principle standard in validating the standards of baby bottles, nipples and all other products.

Currently, the Japanese government has determined along with the Pigeon Corporation that this JIS standard is a pioneer in this product group in Japan. Through standardized operations and productions, TP has received the following certifications:

- ISO 14001: 2001 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 in 2010
- TIS 969-1990 Thai Industrial Standard for Rubber Nipples for Babies Bottles
- TIS 18001/BS OHSAS Occupational Health and Safety Assessment Series in 2011
- TLS 8001-2010 Thai Labor Standard from the Department of Labor Protection and Welfare in 2013
- AEO (Authorized Export Operator) from the Thai Customs Department in 2013
- ISO 50001 Energy Management System in 2015
- TP was awarded a certificate from the Board of Investment in Thailand on December 14, 1999 and on July 22, 2012 and was granted land ownership and exemption of import duties on raw materials.

### **Industrial Conditions**

Since TP manufactures only Pigeon products and the company was set up to be the production base for the Pigeon Corporation's baby bottles and nipples, all products manufactured by TP are sold to the Pigeon Corporation and its subsidiaries which includes Moong Pattana International Public Company Limited (only distributes in Thailand). TP's business operations are primarily dependent on the policies of the Pigeon Corporation. TP's export revenues has increased every year which leads us to believe that the baby bottle and nipple industry has been growing consistently as a result of perpetual new products and sales promotions.

### **Competitive Strategies**

TP is extensively quality oriented and recognizes the value of product quality. Products have undergone quality testing in accordance with JIS, a Japanese standard, along with the Thai Industrial Standard Institute. On top of that, TP's products have been improved and developed so that they are modern, safe and have variety in order to satisfy a diverse group of consumers. In addition to that, TP's production policies are strategically set as a reflection of the forecast of each consumer group's needs. They are based on extensive data from its sales division, new product development plans or improvements of existing products to be more effective by focusing mainly on quality, convenience and safety.

### **Sales and Distribution Channels**

All manufactured products of TP in Thailand are sold through Moong Pattana International Public Company Limited which manages all distribution and marketing for Pigeon products. For international markets, TP exports its products to the Pigeon Corporation and official representatives of the Pigeon Corporation in Singapore, etc.

### **Logistics Management**

The Company realizes that logistics management is a key function in the supply chain. The Company has assigned DHL International (DHL), the world's leader in logistics, to oversee warehouse operations and product deliveries of Moong Pattana International Public Company Limited. This is in accordance with the jointly determined policy of logistical control which includes receiving joint venture products, internal preparations for shipping and shipping products to customers. To ensure the best condition of products and timely delivery, comprehensive inventory and storage systems are needed and extensive product verification must be implemented to strictly comply with quality control according to international standards.

## **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**

The Company has determined that the scope of risk management is concrete and integrated in all aspects according to the Enterprise Risk Management Best Practices Philosophy. The scope includes determining tolerable strategic risk plans, clear structure of risk management, and the construction of risk management action plans which need to be executed in every sector. It also includes monitoring and reporting to executives, auditors and the board of directors so that they are constantly aware of possible risk in compliance within predetermined objectives in areas of finance, production, marketing, quality controls, environmental compliances, and social responsibilities. This ensures that the company is able to prevent and reduce the impacts of all possible risk at tolerable levels and return to normal conditions within an appropriate period of time. The company has developed short term, midterm and long term risk management plans in order to prevent possible risk that may occur in the present or the future.

In 2015, the Company prioritized the development of modern and advanced information systems in order to effectively support the foreseen business growth, take advantage opportunities from the opening of the Asean Economic Community (AEC), and adjust properly to any potential future risk. The company has developed the following risk management plan:

### **1. Strategic Risk**

#### **Risk from Business Competition**

The Company's business operates in the sales and distribution of consumer products and has earned a reputation in the management of daily use personal care products and food and beverages. These products are in an extremely competitive industry with great potential and perpetual growth every year. The Company foresees the need to enhance and sustain our competitive capabilities by exploring and increasing new products under the company and corporate brand. The Company must constantly expand its diverse distribution channels and sales outlets across all regions through information systems that meet international standards and are supported by a strong, advanced supply chain and logistical management in order to meet and exceed customer satisfaction through high quality products, appropriate prices, effective and competitive costs, and on-time delivery of shipments.

### **2. Operational Risk**

#### **Risk from the Fluctuating Prices of Raw Materials and Products which Impacts Production Costs**

Due to a world economy that continues to slow down, resulting from changes in the treasury management of the United States and European Union (EU) countries, the procurement transactions of raw materials and requisites for production have presented a challenge in cost management regarding future demands. The changes in policies of key partners have required that the Company's procurement division adapt their strategies to enable them to manage competitive costs by working closely with the marketing team in planning and quality control, recruiting new partners who possess strengths in costs in order to improve product quality and maintain market appropriate, affordable and competitive prices. Nevertheless, the company agreed to conditional business policies with key domestic and international partners in order to maintain the agreed upon price for at least one year.

### **3. Financial Risk**

#### **3.1 Risk from not being able to Deliver Profit**

Due to a world economy that continues to slow down, European Union countries and China affect the inevitable slowdown of the Thai Economy. These external factors influence a slowdown in public and private sector spending. In 2015, the economic situation in the country caused a slowdown in economic activity which directly impacted the Company's income growth. To prevent foreseen potential risk, the company pushed strict controls in every division of the organization in regards to spending and highly promoted a cost-conscious mentality for all employees. This resulted in a decrease of expenses compared to 2014. Notwithstanding in 2015, the Company had a policy that sought business partners to help reduce the cost of raw materials in order to get efficient of lower investment and management costs so that the Company was able to continue building profit even though income stabilized due to a slowdown in the domestic and foreign economy.

**3.2 Risk from the Fluctuation of the Exchange Rate**

The fluctuation of Thai Baht's exchange rate in the 2015 global markets directly impacted the Company due to higher costs of oversea purchases, as well as multiple currencies that were required for purchasing materials. The adverse shift of the exchange rate inevitably impacted the overall profit causing the Company to closely monitor the exchange rate of different currencies and negotiate with brand product owners in order to adjust production costs to be in line with the fluctuation of the exchange rate so that the Company's profits would be preserved. Moreover, in order to manage this risk, the company engaged in a forward agreement for a fixed exchange rate. In the previous year, the Company's profits were slightly impacted by the fluctuation of the exchange rate. However, the overall gross profit margin was at a normal level compared to the previous year because more than 80% of the Company's products were manufactured in Thailand.

**3.3 Risk from Fluctuations in Financing Interest**

The Company attained short term loans from financial institutions to be used for working capital in business operations. However, fluctuations in financing interest directly impacted to administrative costs. As a result, the Company managed incoming finances to serve its objective at appropriate interest levels through various financial avenues in order to have sufficient alternative reserves available sources. The Company entered more loans agreement with new financial institutions to diversify financial risk and to enable adequate financial sourcing with the lowest cost possible. In 2015, the Company increased its registered capital by offering ordinary shares to existing shareholders. This enabled the Company to require a smaller amount of loans from financial institutions which reduced the risk from the fluctuations in financing interest.

**4. Compliance Risk****4.1 Product Liability Law**

The Company emphasize awareness of consumer benefits protection and health protection policy especially product quality. The products must be validated through the required standardized inspection by the Quality Assurance Division which is assigned by the company to ensure that consumers receive the best quality products that are always fresh and new. In addition, the Company arranged after purchase services and a customer complaint division to coordinate product protection that ensures that the customers receive quality products and prevents against possible consumer complaint risk.

**4.2 Risk from Safety, Environmental and Social Issues**

The Company values personnel wellness and focuses on the health and safety of its employees and outside associates which include the environment and the community. These are critical to ensuring smooth and sustainable business operations in order to have sustainable development. The company thinks that it is the responsibility and duty of all employees at every level and all partners to passionately comply with these policies.

## Capital Structure / Shareholder Structure

### Shareholders

#### 1. Top 20 shareholders as of December 30, 2015:

No.	First name – Last name		No. Shares	%
1.	Mr. Sumeth	Lersumitkul	88,301,926	61.254
2.	Mr. Methin	Lersumitkul	5,880,000	4.079
3.	Mr. Suthee	Lersumitkul	5,880,000	4.079
4.	Mr. Sorrapun	Lersumitkul	5,880,000	4.079
5.	Mrs. Sureeporn	Anuvatudom	1,920,000	1.332
6.	Mr. Pornchai	Thanuputrachai	1,856,000	1.287
7.	Ms. Juntarawan	Jarootum	1,831,000	1.270
8.	Mr. Pornchai	Ngarmmaneewut	1,495,000	1.037
9.	Ms. Chanatip	Srithrakul	1,394,140	0.967
10.	PIGEON CORPORATION		1,200,000	0.832
11.	Mr. Paisit	Thungwiwutwong	1,178,874	0.818
12.	Ms. Paweena	Srithrakul	1,146,600	0.795
13.	Ms. Roongrat	Siripermpoonsuk	1,068,700	0.741
14.	Ms. Tanaporn	Preechatanachote	622,020	0.431
15.	Mr. Anuruk	Boonsawaeng	613,700	0.426
16.	Mr. Teerawut	Jernarongrit	600,000	0.416
17.	Mr. Sopon	Wirasatnee	560,000	0.388
18.	Mr. Apiwat	Siwayathorn	531,100	0.368
19.	Ms. Maliwan	Nopadonsatarn	529,273	0.367
20.	Mr. Jesada	Hemanwichai	500,000	0.347

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

No.	First name – Last name		No. shares	%
1.	Mr. Sumeth	Lersumitkul	88,301,926	61.254
2.	Mr. Methin	Lersumitkul	5,880,000	4.079
3.	Mrs. Sureeporn	Anuvatudom	1,920,000	1.332
4.	Mrs. La-aid	Vongvongepop	12,000	0.008
<b>Total</b>			<b>96,113,926</b>	<b>66.673</b>



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**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**

ปี	2015	2014	2013
Earning Per Share (THB)	0.56	0.48	0.49
Dividend Rate Per Share (THB)	0.30	0.20	0.20
Dividend Rate Per Net Income (%)	48%	42%	41%

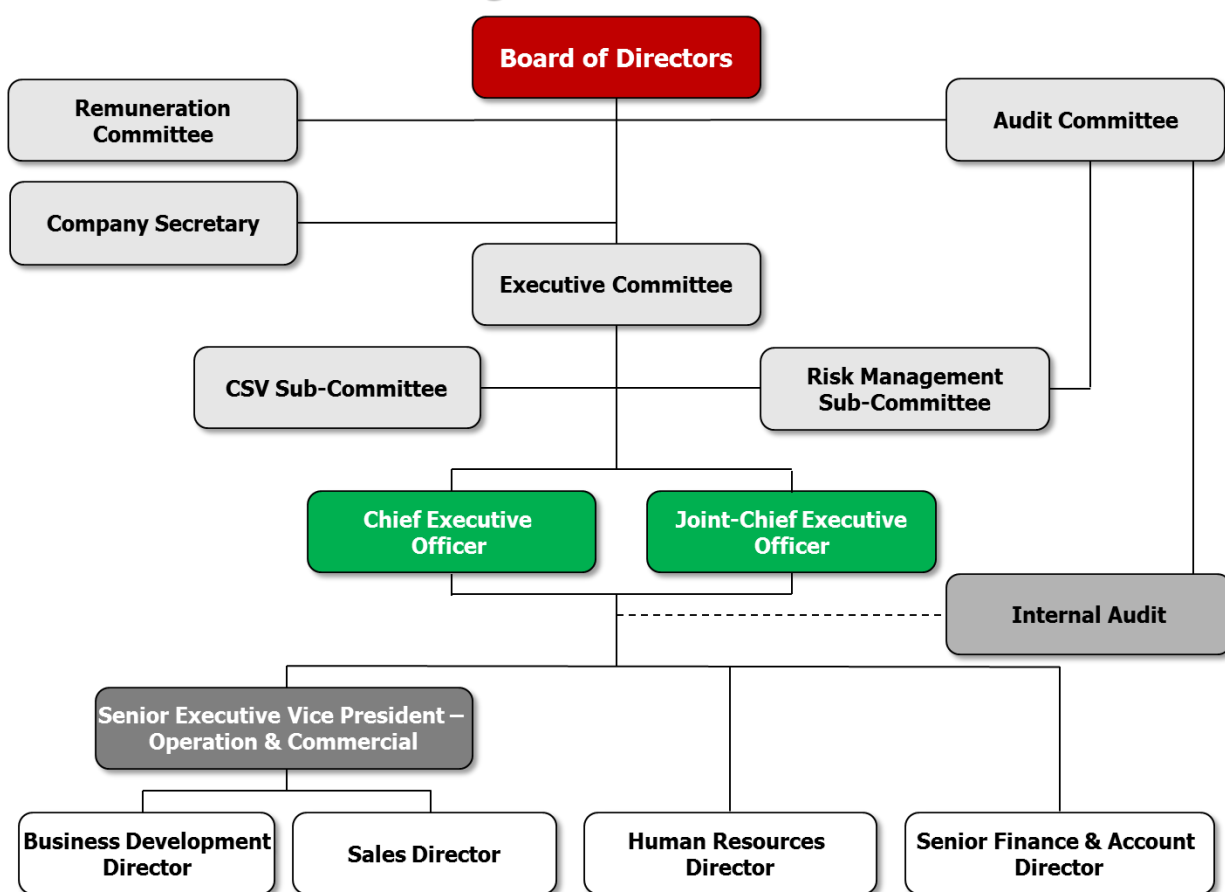
## Management Structure

As of December 31, 2015, the management structure of the Company comprises of:

- A Board of Directors
- Four (5) Committees
  - Audit Committee
  - Executive Committee
  - Remuneration Committee
  - Risk Management Sub-Committee
  - Creating Shared Value Sub-Committee

### Management Structure:

#### Organization Chart



## Management Structure

The management structure of the Company comprises of the Board of Directors and four (5) 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 (3) directors who are also executives:
  - a. Chief Executive Officer (CEO),
  - b. Joint-CEO, and
  - c. Director of Business Development
2. Three (3) Independent Directors
3. One (1) Non-executive Director

### The Board of Directors as of December 31, 2015:

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

### 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.

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**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 2015:**

1. Responsibility to consider and provide opinions on significant matters regarding the Company's operations in 2015 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](http://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, 2015, 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

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**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 (3) 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. Ms. Suwanna Chokdee-anand, Chief Executive Officer (CEO), has been effectively performing the duty of CEO and welcoming opinions from all directors.

As of December 31, 2015, the Company's Executive Committee comprises of four (3) members as the following:

<b>First Name – Last Name</b>		<b>Position</b>
1. Ms. Suwanna	Chokdee-anand	Chief Executive Officer
2. Mrs. Sureeporn	Anuvatudom	Member of Executive Committee
3. 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 2015, 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, 2015, the Company's Risk Management Sub-Committee comprises of the following five (5) members:

<b>First Name – Last Name</b>		<b>Position</b>
1. Mrs.Sureeporn	Anuvatudom	Chairman of Risk Management Sub-Committee
2. Ms. Suwanna	Chokdee-anand	Member of Risk Management Sub-Committee
3. Ms. Pataya	Tevatirarat	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 2015.

### **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.

### **• Remuneration Committee**

The board of directors has approved the remuneration committee charter as appropriate in order to compile the composition, responsibilities, duties and direction which the board of directors assigned to the remuneration committee so that they follow it in an ethical, suitable and transparent manner in compliance with good corporate governance in order to establish the stakeholder's confidence and trust.

As of December 31, 2015, the Company's Creating Shared Value Sub-Committee comprises of the following 3 members:

<b>First Name – Last Name</b>		<b>Position</b>
1. Mr. Manit	Jeeradit	Chairman of Remuneration Committee
2. Mrs. La-aid	Vongvongepop	Member of Remuneration Committee
3. Mr. Thaevan	Uthaivath	Member of Remuneration Committee

### **Composition and Qualification of the Remuneration Committee**

1. The remuneration committee must be comprised of at least 3 directors (who do not hold the position of executive director). At least one director needs to be an independent director and the chairman of the remuneration committee should be an independent director.
2. The remuneration committee members can hold the position for a period of 1 year (until there is a change). Directors who retire by rotation may be reelected by the board of directors.
3. In the case that a position on remuneration committee is vacant due to reasons other than those stated in clause number 2, such as termination, resignation, or removal, the board of directors shall be appointed as a well-qualified person to fill the vacancy on the remuneration committee in order to have a sufficient number of committee members as was defined by the board of directors in the charter. This authorized person will resume the duties of the remuneration committee member they replaced for the remaining time of the previous remuneration member's term.

### **Scope of Power, Duties and Responsibilities**

1. To consider the guidelines and regulations concerning the remuneration and benefits of the directors and the chief executive officer or to give recommendations on determining a fair and appropriate remuneration in order to present it to the board of directors' meeting or the shareholders' meeting for approval.

2. To carry out the duties assigned by the board of directors.

### **Responsibilities**

The remuneration committee is directly responsible to the board of directors to carry out the duties and responsibilities that the board of directors assigned. The board of directors is responsible for the company's operations in regards to any third parties.

### **Meetings**

1. The remuneration committee meeting should be held at least one time a year and invitations to attend the meeting may be given to members of management, executive directors or any related employees if deemed appropriate in order to give recommendations, information or any reports concerning relevant issues.
2. The meeting of the remuneration committee shall be comprised of no less than two-thirds of the committee's members at that time in order to be considered as a quorum.
3. The remuneration committee member who has a stake in the agenda item under consideration is obligated to withhold their vote except in the consideration of remuneration for all directors.
4. In vote casting, the remuneration committee member has the right to cast 1 vote and a majority vote shall be considered as an approval. In the case that vote counts are tied, the chairman of the remuneration committee shall cast another vote to reach a verdict.

### **Reporting**

The remuneration committee shall report their operations to the board of directors in order to inform and prepare a remuneration committee report to be disclosed in the Company's annual report. The report must be signed by the chairman of the remuneration committee.

### **Evaluation of Operations**

The remuneration committee shall report the results of the annual self-assessment concerning the operations of the remuneration committee to the board of directors. The remuneration committee charter was presented to the board of directors at the board of directors' meeting No. 3/2558 held on March 18, 2015.

### **• 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, 2015, the Company's Creating Shared Value Sub-Committee comprises of the following 9 members:

<b>First Name – Last Name</b>		<b>Position</b>
1. Ms. Suwanna	Chokdee-anand	Chairman of Creating Shared Value Sub-Committee
2. Mr. Werawat	Wongprasert	Member of Creating Shared Value Sub-Committee
3. Ms. Pataya	Tevatirart	Member of Creating Shared Value Sub-Committee
4. Ms. Siriluk	Binmartor	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. Maliwan	Teamtun	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 2015.

### **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, 2015, the Company's Executive Management is consisted of the following six (6) members:

<b>First Name – LastName</b>			<b>Position</b>
1.	Ms. Suwanna	Chokdee-anand	Chief Executive Officer (CEO)
2.	Mrs. Sureeporn	Anuvatudom	Joint - Chief Executive Officer
3.	Ms. Pataya	Tevatirarut	Senior Finance and Accounting Director
4.	Mr. Methin	Lersumitkul	Business Development Director
5.	Mr. Werawat	Wongprasert	Human Resources Director
6.	Ms. Siriruk	Binmartor	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.



1. Operations that achieve the Company's approved guidelines, objectives, targets, and policies including overall supervision of the Company's operations
2. Follow-up on operating results and progress including reporting and informing of results, issues or obstacles, and improvement guidelines to the Executive Committee
3. Continuous improvement of organization and personnel for quality and effectiveness
4. Authorization to approve advertising expenses of medias and sales promotions worth more than THB 8,000,000
5. Authorization to consider and approve project budget in case of new products
6. 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
7. Consideration and establishment of organization structure and manpower in accordance to annual budget
8. 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
9. 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
10. 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
11. 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 3<sup>rd</sup> 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

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**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 8<sup>th</sup>, 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 Chairmans 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
- Chairman of the Remuneration Committee THB 10,000 / Meeting
- Members of the Board of Directors THB 30,000 / Meeting
- Members of the Audit Committee THB 30,000 / Meeting
- Members of the Remuneration Committee THB 7,500 / Meeting

List of Directors		2015 Meeting Allowance (THB)	Bonus	Other Right
1. Mrs. La-aid	Vongvongepop	450,000	None	None
2. Mr. Manit	Jeeradit	350,000	None	None
3. Mr. Thaevan	Uthaivath	315,000	None	None
4. Mr. Sumeth	Lersumitkul	425,000	None	None
5. Mrs. Sureeporn	Anuvatudom	150,000	None	None
6. Ms. Suwanna	Chokdee-anand	150,000	None	None
7. Mr. Methin	Lersumitkul	150,000	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

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.

Type of Remuneration	2015 Amount (THB)	2014 Amount (THB)	2013 Amount (THB)
Total Salaries	25,880,840	19,407,780	19,399,900
Bonuses	3,536,784	3,098,881	1,892,520
Social Security Funds	54,750	36,000	36,000
Provident Funds	776,416	582,233	560,997
Advisory fee	1,076,380	-	-
Long-term employees' benefit	350,758	998,700	998,700
<b>Net Total</b>	<b>31,675,928</b>	<b>24,123,594</b>	<b>22,888,117</b>

### Human Resources as of December 31, 2015

The Company has a total of 138 employees, in which in 2015 the Company had paid a total of THB 120.5 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 Remuneration in 2015	MOONG
Executives	
▪ Male (number)	2
▪ Female (number)	4
Operating and Supporting Employees	
▪ Male (number)	64
▪ Female (number)	68
Remuneration (THB million)	120.5

### 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 2015, 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 capaibilites of employees at all levels to exceed set goals and be competitive in the business.

In 2015, the Company supported executives and employees to several seminars as below:

<b>Type of Competency</b>	<b>Name of Course</b>	<b>Hour</b>	<b>No. of Employee</b>
Core Competency	Base of Training Course for all employee		
	Induction program	8	49
	Rock the Battle # 2	6	94
	Switch on to Win Together	4	140
Functional Competency	Supply Chain and DSP knowledge	16	13
	Basic Sales Forecast and data analysis	16	8
	Basic sales forcast for Marketing and Sales	8	30
	Learning log and Promotion evaluation	8	30
	Commercial knowledge for demand palnning	16	8
	Effective Warehouse Management by IT System	16	2
	Report Writing Skills	8	1
	E-Revunue via Internet (Site Test)	8	2
	Tax Appeal	8	1



Inventory Management Strategy for Excellence	8	1
Legal & Financial Due Diligence Strategies (For successful Acquisitions, JVS & Strategic Alliances)	16	1
Anti-Corruption for Executive Program (ACEP)	4	4
Letter of Credit and UPC 600	8	1
Strategic for Modern Trade Channel	8	1
Negotiation for Buyer & Purchaser	8	1
The significant of Thai financial reporting standard (TFRS)	8	1
Intragrated Audit - Purchasing system	8	1
Warehouse Management System program	8	1
Full Truck Load Program	8	1
Warehouse Professional program	8	1
80 ways to save Tax legally	8	1
Withholding Tax	8	1
Company Reporting Program	8	1
ITIL Best Practices for IT Service Management	24	1
Big Data Analytics	16	1
Company Secretary Program	16	1
Director Accreditation Program (DAP)	8	1
Effective Quality Management Representative	8	1
Investment Laws in Myanmar 2015	16	1
Problem solving & decision makging analysis	8	1
IT Audit for Non IT Audit	8	1
Strategic Planning:Optimzing your digital marketing	14	1
CSR for corporate Sustatinability	14	2
CSR Reporting	7	2
Certified Investment and Securities Analyst Program (CISA) Level 1	48	1
Business Matching Forum	16	1
Dialogue to Human Resources Development	4	2
E-Newsletter and Management Communication Tools	8	1
Purchasing, Procurement & Strategic Summit 2015	16	1
Hino Smart Driver (HSD)	16	11
Corporate Governance Assessment Report	8	1
Hedge Accounting	8	1
2016 deferred tax	8	1
Effective Inventory Stock Management	8	1

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**2015 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.

## Bord of Directors



**1. Sumeth Lersumitkul**  
Chairman of the Board



**2. Mrs. La-aid Vongvongpop**  
Chairman of Audit Committee,  
Independent Director,  
Remuneration Committee



**3. Mr. Manit Jeeradit**  
Chairman of Remuneration  
Committee, Audit Committee  
& Independent Director



**4. Mr. Thaevan Uthaivath**  
Independent Director,  
Audit Committee,  
Remuneration Committee



**5. Mrs. Sureeporn Anuvatudom**  
Director & Joint-CEO



**6. Miss Suwanna Chokdee-anand**  
Director & CEO



**7. Mr. Methin Lersumitkul**  
Director

**Board of Directors**
**1. Mr.Sumeth Lersumitkul : Chairman of the Board of Director**

Age 65 (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 (%) 61.254  
Effective Date of Position

Relationship among Directors Spouse of Mrs.Sureeporn Anuvatudom

Experience (Most Recent)	2015-present	Chairman of the Board of Director, Moong Pattana International Pcl.
	2011-2015	Chairman of the Board of Director & Chief Executive Officer, Moong Pattana International Pcl.
	2008-2011	Director & Chief Executive Officer, Moong Pattana International Pcl.
	1996-2558	Advisory Director, Director Yoshino Moong Pattana (Thailand) Co.,Ltd.
	1994-2558	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, Independent Director and Remuneration Committee**

Age 71 (1944)

**Education**

- Master Degree of Business Administration, Golden Gate University, California U.S.A.
- Bachelor Degree of Commerce, Thammasat University
- Bachelor Degree of Accounting, Thammasat University
- Certified Public Accountant (Thailand) No.5834

**Training**

- Anti-Corruption for Executive Program (ACEP)\_2015
- 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)	2015-present	Remuneration Committee, Moong Pattana International Pcl.
	2008-present	Independent Director and Chairman of Audit Committee, Moong Pattana International Pcl.
	2011-present	Independent Director and Audit Committee, Erawan Sugar Co.,Ltd.
	2006-present	Director, TPN Singapore Pte.
	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 : Chairman of Remuneration Committee, Independent Director, Audit Committee**

Age 67 (1948)

**Education**

- Bachelor Degree of Art (Summa Cum Laude)  
Economics and Accounting,  
Claremont McKenna College, Carifornia, U.S.A.

**Training**

- Anti-Corruption for Executive Program (ACEP)\_2015
- 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)	2015-present	Director, License2Q Co.,Ltd.
	2015-present	Chairman of Remuneration Committee Moong Pattana International Pcl.
	2012-present	Chairman of Audit Committee, Chularat Hospital Group
	2011-present	Director and Audit Committee, Moong Pattana International Pcl.
	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 55 (1960)

**Education**

- 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, Wichita Falls, Texas, U.S.A.
- Bachelor Degree LL.B., Thammasat University

**Training**

- Anti-Corruption the Practical Guide (ACPG) 25/2015
- Chartered Director Certification Program (CDC) 9/2015, Institute of Directors (IOD)
- Executives Training on Justice Administration (Batch 19), National Justice Academy, Office of the Judiciary\_2015
- 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	2015-present Remuneration Committee, Moong Pattana International Pcl. 2014-present Director Saint Honore (Bangkok) Ltd. 2008-present Independent Director and Audit Committee, Moong Pattana International Pcl. 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
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**5. Mrs.Sureeporn Anuvatudom : Director and Joint-Chief Executive Officer**

Age 64 (1950)

**Education**

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

**Training**

- Anti-Corruption for Executive Program (ACEP)\_2015
- Role of Nomination & Governance Committee (IOD)
- Director Certification Program (DCP) 181/2013 (IOD)
- Director Accreditation Program (DAP) 69/2008 (IOD)

No. of Share (%) 1.332

Relationship among Directors Spouse of Mr.Sumeth Lersumitkul

Experience (Most Recent)	2014-present	Director and Joint-Chief Executive Office, Moong Pattana International Pcl.
	2015-present	Director, Yoshino Moong Pattana (Thailand) Co.,Ltd.
	2008-2014	Director and Senior Vice President, Moong Pattana International Pcl.
	1981-2008	Vice President-Finance, Moong Pattana Marketing Co.,Ltd.
	1983-present	Director, Elegant Hardware Co.,Ltd.

**6. Ms.Suwanna Chokdee-anand : Director and Chief Executive Officer**

Age 46 ปี (1969)

**Education**

- Master of Business Administration (MBA Executive)  
Chulalongkorn University
- Bachelor of Economics and Business Administration,  
majoring in marketing, Kasetsart University

**Training**

- Anti-Corruption for Executive Program (ACEP)\_2015
- How to Develop a Risk Management Plan (HRP)\_2015
- Commercial Contracts Drafting, Risk Management and Tax Aspects,  
Narit & Associates Ltd.\_2013
- Business Process and SOP, Thai Productivity Institute\_2012
- Director Accreditation Program (DAP) 96/2012 (IOD)
- Successful Formulation & Execution Strategy\_SFE (IOD)\_2011

No. of Share (%) None

Relationship among Directors None

Experience (Most Recent)	2015-present	Director & Chief Executive Officer Moong Pattana International Pcl.
	2015-present	Director, Pigeon Industries (Thailand) Co.,Ltd.
	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 39 (1976)

**Education**

- Master of International Business, Aston Business School, UK
- Bachelor Degree of Economics, Chulalongkorn University

**Training**

- Director Accreditation Program (DAP) 122/2015 (IOD)
- How to Develop a Risk Management Plan (HRP)\_2015
- Investment Laws in Myanmar 2015, Idea Forum Co.,Ltd.
- Transforming Mindsets for Executive Leadership – Boost Accountability, Engagement and Collaboration in your team, Netherlands – Thai Chamber of Commerce (NTCC)\_2014
- Commercial Contracts Drafting, Risk Management and Tax Aspects, Narit & Associates Ltd.\_2013

No. of Share (%) 4.079

Relationship among Directors Son of Mr. Sumeth Lersumitkul and Mrs. Sureeporn Anuvatudom

Experience (Most Recent)	2013-present	Director & Business Development Director, Moong Pattana International Pcl..
	2011-2013	Marketing Director, Moong Pattana International Pcl.
	2010-2011	Assistant Vice President, Moong Pattana International Plc
	2002-2008	Marketing Manager / Group Brand Manager / Brand Manager, Moong Pattana International Plc.



## 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 24<sup>th</sup>, 2014, at 13:30 on the 7<sup>th</sup> 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](http://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](http://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](http://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](mailto: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](http://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](http://www.moongpattana.com)

Investor Relations : [ir@moongpattana.com](mailto: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	<b>Chairman of Audit Committee</b> 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.

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**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:

- 1.1 The Company would provide equitable and fair treatment to partners based on fundamental of mutual and fair returns.
- 1.2 The Company prohibits requesting, receiving, or providing of any benefit that is not ethical in business negotiation or communication with partners.
- 1.3 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.
- 1.4 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:

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



- c. 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.
- d. Realize importance of competency and skills development of employees and consistently provide equitable opportunities appropriate to necessity of each of positions and levels.
- e. Strictly comply with laws and regulations related to employees.
- f. 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.
- g. Maintain and promote teamwork among employees to encourage suitable coopeartions and coordinations for assignments and the Company.
- h. 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 Compnay'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 incomppliance actions with laws or regulations of those governing offices.

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**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](mailto:ir@moongpattana.com).

**2015 Investor Relations Activities**

- Hosting of the 2015 Annual General Meeting (AGM)
  - Moong Pattana International Public Co. Ltd. held the 2014 AGM on April 30, 2015.
- On July 1, 2015, attended Mai Forum 2015 by MAI and MAI Listed Company Association.
- Q32015 Opportunity Day by SET on November 14, 2015.

All information is disclosed on the Company's website at [www.moongpattana.com](http://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 : <a href="mailto:ir@moongpattana.com">ir@moongpattana.com</a>
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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	3 Members
Non-executive Director	1 Member

### **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 personnels 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"> <li>- Certification of Executive Development Program (EDP), 14/2014</li> <li>- (TLCA)</li> <li>- Certification of Chief Executive Program, 15/2012 (CMA)</li> <li>- Role of the Chairman Program (IOD)</li> <li>- Role of Compensation Committee (IOD)</li> <li>- Role of Nomination &amp; Governance Committee (IOD)</li> <li>- Director Certification Program (DCP) 107/2008 (IOD)</li> <li>- Director Accreditation Program (DAP) 69/2008 (IOD)</li> </ul>
2. Mrs. Sureeporn	Anuvatudom	<ul style="list-style-type: none"> <li>- Anti-Corruption for Executive Program (ACEP)_2015</li> <li>- Role of Nomination &amp; Governance Committee (IOD)</li> <li>- Director Certification Program (DCP) 181/2013 (IOD)</li> <li>- Director Accreditation Program (DAP) 69/2008 (IOD)</li> </ul>
3. Ms. Suwanna	Chokdee-anand	<ul style="list-style-type: none"> <li>- Anti-Corruption for Executive Program (ACEP)_2015</li> <li>- How to Develop a Risk Management Plan (HRP)_2015</li> <li>- Commercial Contracts Drafting, Risk Management and Tax</li> </ul>

Directors		Programs
		Aspects, Narit & Associates Ltd._2013 - Business Process and SOP, Thai Productivity Institute_2012 - Director Accreditation Program (DAP) 96/2012 (IOD) - Successful Formulation & Execution Strategy_SFE (IOD)_2011
4. Mrs. La-aid	Vongvongpop	- Anti-Corruption for Executive Program (ACEP)_2015 - Audit Committee Program (ACP) 22/2008 (IOD) - Director Certification Program (DCP) 51/2004 (IOD) - Director Accreditation Program (DAP) 23/2004 (IOD)
5. Mr. Thaevan	Uthaivath	- Anti-Corruption the Practical Guide (ACPG) 25/2015 - Chartered Director Certification Program (CDC) 9/2015, Institute of Directors (IOD) - Executives Training on Justice Administration (Batch 19), National Justice Academy, Office of the Judiciary_2015 - Director Certification Program (DCP) 181/2013 (IOD) - Audit Committee Program (ACP) 43/2013 (IOD) - Director Accreditation Program (DAP) 72/2008 (IOD)
6. Mr. Manit	Jeeradit	- Anti-Corruption for Executive Program (ACEP)_2015 - Director Certification Program (DCP), 187/2014 (IOD) - Director Accreditation Program (DAP) 87/2011 (IOD) - Audit Committee Program (ACP) 36/2011 (IOD)
7. Mr. Methin	Lersumitkul	- Director Accreditation Program (DAP) 122/2015 (IOD) - How to Develop a Risk Management Plan (HRP)_2015 - Investment Laws in Myanmar 2015, Idea Forum Co.,Ltd. - Transforming Mindsets for Executive Leadership – Boost Accountability, Engagement and Collaboration in your team, Netherlands – Thai Chamber of Commerce (NTCC)_2014 - Commercial Contracts Drafting, Risk Management and Tax Aspects, Narit & Associates Ltd._2013

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

First Name – Last Name	AGM	Number of Attendances					
		Type of Committee Meetings					
		Board	Audit Committee	Executive Committee	Remuneration Committee	Risk Mgmt Sub-Committee	Creating Shared Value Sub-Committee
1. Mr. Sumeth Lersumitkul	1/1	6/6		12/12			
2. Mrs. Sureeporn Anuvatudom	1/1	6/6		12/12		4/4	
3. Ms. Suwanna Chokdee-anand	1/1	6/6		12/12		4/4	1/1
4. Mrs. La-aid Vongvongpop	1/1	6/6	5/5		2/2		
5. Mr. Manit Jeeradit	1/1	6/6	5/5		2/2		
6. Mr. Thaevan Uthaivath	1/1	6/6	5/5		2/2		
7. Mr. Methin Lersumitkul	1/1	6/6		12/12		4/4	

Remark : Director joining the meeting and early inform if there is any duty aboard.

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**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,

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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 2015, 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.

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**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 organizesly 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 2015, 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.



## Transaction 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

#### **Sumethaporn Company Limited**

**Type of Business** Advisory

**Relationship** Mr.Sumeth Lersumitkul and Mrs.Sureeporn holds 75% and 25% of issued and paid-up capital

### 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 Chairman of the Board and is the major shareholder of the Company at 61.254%
Mrs. Sureeporn Anuvatudom	Holds the position of Joint-Chief Executive Officer and is the shareholder of the Company at 1.332%
Mr. Methin Lersumitkul	Holds the position of Director and is the shareholder of the Company at 4.079%

**Transactions of Products and Services**

Buyer of Products/ Recipient of Services	Transaction Detail / Key Condition	Transaction Value (MB)	
		2015	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	-	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. (revised Jan 1st, 2014)	5.8	6.6
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	111.4	92.4
	The Company buys Pigeon products such as skin wipes and breast pads from PIT	85.4	73.9
	The Company buys plastic goods from YMP, such as boxes and plastic lids, makeup-powder cases, hair-dying combs, pumps and sprayers for bottles	5.5	35.7
	The Company has hired Mr.Sumeth Lersumitkul as the Company's Advisory.	1.1	-
	The Company has rent some area on 18th floor and 19th floor (whole floor) at Thodsaphol Land Buliding for office.	0.3	-
	The Company has hired Sumethaporn Co.,Ltd. as the Company's Advisory.	1.2	-

\* 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 Joint Ventures**

Dividends Provider	Transaction Detail	Transaction Value (MB)	
		2015	2014
TP	The Company received dividend income	14.1	14.1
PIT		2.5	2
YMP		2.1	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 (MB)	
		2015	2014
TP	Other receivable	1.7	-
	Trade payable	47.3	27.3
PIT	Trade receivable	-	-
	Trade payable	24.1	28.8
YMP	Trade and other receivable	1.6	1.4
	Trade payable	1	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.

**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 2014-2015 Financial Statements, ending on December 31, 2014-2015, 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.

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**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 2015 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 2015 has shown accurate financial performance and cash flows in conformity with generally accepted accounting principles as well as related laws and regulations.

On behalf of the Board of Directors



(Mr. Sumeth Lersumitkul)  
Chairman of the Board

## The Remuneration Committee Report

To The Shareholders of Moong Pattana International Public Company Limited

The remuneration committee shall be comprised of at least 3 directors, one of which shall be an independent director. The chairman of the remuneration committee shall be an independent director appointed by the board of directors for a term of 1 year (unless there is a change).

The Company's remuneration committee for 2015 was comprised of the following 3 members:

- |                            |  |
|----------------------------|--|
| 1. Mr. Manit Jeeradit      | Chairman of the Remuneration Committee |
| 2. Mrs. La-aid Vongvongpop | Remuneration committee                 |
| 3. Mr. Thaewan Uthavath    | Remuneration committee                 |

The remuneration committee carried out its duties and responsibilities in accordance with the remuneration committee charter. The remuneration committee considered the regulations concerning fair and appropriate remuneration of directors and the chief executive officer in order to present them to the board of directors and/or the meeting of shareholders for approval.

In 2015, the remuneration committee hold the meeting in two times and all remuneration committee members were in attendance. The remuneration committee regularly reported the results to the board of directors' meeting. Therefore the major operations of the remuneration committee could be summarized as follows. In 2015, the remuneration committee approved the MOONG-ESOP Project, an issuance and offer of warrants to purchase ordinary share for directors, executive directors and Company employees to be further presented at the shareholders' ordinary meeting.

The remuneration committee has the opinion that issuing and offering warrants to directors, executive directors and company employees would encourage all parties as an reward of appreciation for everyone who had a part in the Company's achievements and successes and to motivate the Company personnel to be dedicated which would extend benefits to the Company's operations and create the utmost benefits for shareholders in the future.

On behalf of the remuneration committee



(Mr. Mani Jeeradit)  
Chairman of the remuneration committee



## The Audit Committee Report

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 Uthavith, as the members of the Audit Committee.

In 2015, 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 2015**

The Audit Committee had considered the verification of the quarterly Statements of Financial Position and the annual Statements of Financial Position of 2015, 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 2015 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**

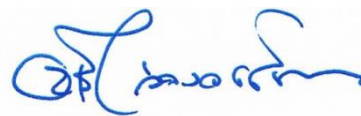
The Audit Committee had quarterly verified the progress of the risk management with the Risk Management Sub-Committee with the indication and categorization of the risk, risk assessment, the Company's internal and external risk management with the short-term and long-term planning, including the consistent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

**6. Consideration and Nomination of the Auditor of 2016**

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 opined 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 Vongvongpop)  
Chairman of Audit Committee

## The Independent Auditor's Report

To The Shareholders of Moong Pattana International Public Company Limited

I have audited the accompanying statement of financial position in which the equity method is applied of Moong Pattana International Public Company Limited, which comprise the statements of financial position as at 31 December 2015, and the related statements of income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Moong Pattana International Public Company Limited for the same period.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

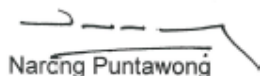
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the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

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

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

### Opinion

In my opinion, the financial statements in which the equity method is applied and the separate financial statements present fairly, in all material respects, the financial position of Moong Pattana International Public Company Limited as at 31 December 2015, and its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Narong Puntawong

Certified Public Accountant (Thailand) No. 3315

EY Office Limited

Bangkok: 24 February 2016

## Financial Statements

**Financial Statements**  
**Moong Pattana International Public Company Limited**  
**Statements of Financial Position**  
**As at 31 December 2013-2015**

(Unit : Million Baht)

	Financial Statements (Equity Method)					
	31/12/2015		31/12/2014		31/12/2013	
	Amount	%	Amount	%	Amount	%
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	3.8	0.5	6.5	1.0	3.9	0.5
Trade and other receivables	137.1	18.5	147.7	21.7	228.5	31.5
Related parties	-	-	-	-	69.8	9.6
Unrelated parties	129.1	17.4	141.2	20.7	156.6	21.6
Less: Allowance for doubtful accounts	(1.6)	(0.2)	(1.8)	(0.3)	(4.0)	(0.5)
Total trade accounts receivable - net	127.5	17.2	139.4	20.4	222.4	30.7
Other accounts receivable	9.6	1.3	8.3	1.2	6.0	0.8
Inventories	94.5	12.7	68.0	10.0	69.7	9.6
Other current assets	10.1	1.4	11.0	1.6	8.3	1.1
<b>Total current assets</b>	<b>245.5</b>	<b>33.1</b>	<b>233.2</b>	<b>34.2</b>	<b>310.4</b>	<b>42.9</b>
<b>Non-current assets</b>						
Restricted bank deposits	-	-	-	-	3.1	0.4
Investment in associated company	338.2	45.6	285.3	41.8	252.9	34.9
Other long-term investments	24.9	3.4	24.9	3.7	24.9	3.4
Property, plant and equipment	76.4	10.3	77.9	11.4	73.2	10.1
Investment properties	22.9	3.1	22.9	3.4	22.9	3.2
Intangible assets	23.1	3.1	25.7	3.8	24.4	3.4
Deferred tax assets	3.7	0.5	3.9	0.6	3.8	0.5
Other non-current assets						
Leasehold rights to buildings	6.7	0.9	7.4	1.1	8.0	1.1
Others	0.7	0.1	0.7	0.1	0.6	0.1
<b>Total non-current assets</b>	<b>496.6</b>	<b>66.9</b>	<b>448.7</b>	<b>65.8</b>	<b>413.9</b>	<b>57.1</b>
<b>Total assets</b>	<b>742.1</b>	<b>100.0</b>	<b>681.9</b>	<b>100.0</b>	<b>724.2</b>	<b>100.0</b>

**Moong Pattana International Public Company Limited**  
**Statements of Financial Position (Con't)**  
**As at 31 December 2013-2015**

(Unit : Million Baht)

	<b>Financial Statements (Equity Method)</b>					
	<b>31/12/2015</b>		<b>31/12/2014</b>		<b>31/12/2013</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Liabilities and shareholders' equity</b>						
<b>Current liabilities</b>						
Bank overdrafts and short-term loans from financial	60.0	8.1	57.0	8.4	48.5	6.7
Trade and other payables	159.2	21.5	154.9	22.7	248.6	34.3
Related parties	72.4	9.8	57.2	8.4	86.1	11.9
Unrelated parties	27.8	3.7	29.4	4.3	113.3	15.6
Accrued expenses	48.2	6.5	48.8	7.1	36.1	5.0
Accounts payable - others	10.8	1.5	19.5	2.9	13.2	1.8
Current portion of finance lease liabilities	2.7	0.4	3.3	0.5	1.4	0.2
Accrued corporate income tax	-	-	-	-	0.3	0.0
Other current liabilities	2.3	0.3	2.5	0.4	3.6	0.5
<b>Total current liabilities</b>	<b>224.2</b>	<b>30.2</b>	<b>217.6</b>	<b>31.9</b>	<b>302.5</b>	<b>41.8</b>
<b>Non-current liabilities</b>						
Finance lease liabilities - net of current portion	5.5	0.7	8.4	1.2	0.8	0.1
Deferred tax liability	0.0	0.0	-	-	-	-
Provision for long-term employee benefits	5.3	0.7	10.1	1.5	8.9	1.2
<b>Total non-current liabilities</b>	<b>10.8</b>	<b>1.5</b>	<b>18.5</b>	<b>2.7</b>	<b>9.7</b>	<b>1.3</b>
<b>Total liabilities</b>	<b>235.0</b>	<b>31.7</b>	<b>236.1</b>	<b>34.6</b>	<b>312.2</b>	<b>43.1</b>
<b>Shareholders' equity</b>						
Registered share capital	200.0	27.0	120.0	17.6	120.0	16.6
Registered share capital issued and fully paid up	144.2	19.4	120.0	17.6	120.0	16.6
Share subscription received in advance	0.1	0.0	-	-	-	-
Share premium	34.8	4.7	34.8	5.1	34.8	4.8
Retained earnings						
Appropriated - statutory reserve	13.0	1.8	12.0	1.8	12.0	1.7
Unappropriated	315.0	42.4	279.0	40.9	245.3	33.9
<b>Total shareholders' equity</b>	<b>507.1</b>	<b>68.3</b>	<b>445.8</b>	<b>65.4</b>	<b>412.1</b>	<b>56.9</b>
<b>Total liabilities and shareholders' equity</b>	<b>742.1</b>	<b>100.0</b>	<b>681.9</b>	<b>100.0</b>	<b>724.2</b>	<b>100.0</b>

**Moong Pattana International Public Company Limited**  
**Statements of Comprehensive Income**  
**For the year ended 31 December 2013-2015**

(Unit: Million Baht)

	Financial statements (Equity Method)					
	2015		2014		2013	
	Amount	%	Amount	%	Amount	%
<b>Revenues</b>						
Sales of goods	665.6	97.5	693.7	97.1	699.2	95.4
Other income						
Rental income	3.2	0.5	2.0	0.3	3.1	0.4
Commission income	8.4	1.2	10.0	1.4	14.3	1.9
Dividend income from other companies	4.6	0.7	3.7	0.5	2.4	0.3
Others	0.6	0.1	4.7	0.7	13.8	1.9
<b>Total revenues</b>	<b>682.4</b>	<b>100.0</b>	<b>714.1</b>	<b>100.0</b>	<b>732.8</b>	<b>100.0</b>
<b>Expenses</b>						
Cost of sales	312.1	45.7	341.2	47.8	390.2	53.2
Selling expenses	211.5	31.0	205.0	28.7	171.7	23.4
Administrative expenses	150.0	22.0	153.4	21.5	163.0	22.2
<b>Total expenses</b>	<b>673.6</b>	<b>98.7</b>	<b>699.5</b>	<b>98.0</b>	<b>724.8</b>	<b>98.9</b>
<b>Profit before share of income from investment in associated company, finance cost and income tax expenses</b>	<b>8.8</b>	<b>1.3</b>	<b>14.6</b>	<b>2.0</b>	<b>7.9</b>	<b>1.1</b>
Share of income from investment in associated company	68.7	10.1	46.4	6.5	56.4	7.7
<b>Profit before financial cost and income tax expenses</b>	<b>77.5</b>	<b>11.4</b>	<b>61.0</b>	<b>8.5</b>	<b>64.3</b>	<b>8.8</b>
Finance cost	2.5	0.4	2.3	0.3	1.6	0.2
<b>Profit before income tax expenses</b>	<b>75.0</b>	<b>11.0</b>	<b>58.7</b>	<b>8.2</b>	<b>62.7</b>	<b>8.6</b>
income tax expenses	0.3	0.0	1.0	0.1	3.7	0.5
<b>Profit for the year</b>	<b>74.7</b>	<b>10.9</b>	<b>57.7</b>	<b>8.1</b>	<b>59.1</b>	<b>8.1</b>
<b>Total comprehensive income for the year</b>	<b>73.1</b>	<b>10.7</b>	<b>57.7</b>	<b>8.1</b>	<b>59.1</b>	<b>8.1</b>
<b>Basic earnings per share (baht/share)</b>	<b>0.56</b>		<b>0.48</b>		<b>0.49</b>	
<b>Diluted earnings per share (baht/share)</b>	<b>0.52</b>		<b>0.48</b>		<b>0.49</b>	



**Moong Pattana International Public Company Limited**  
**Statements of Cash Flows**  
**For the year ended 31 December 2013-2015**

(Unit: Million Baht)

	<b>Financial Statements (Equity Method)</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Cash flows from operating activities</b>			
Profit before tax	75.0	58.7	62.7
Adjustments to reconcile profit to net cash provided by (paid from) operating activities			
Depreciation and amortisation	11.8	13.6	11.0
Allowance for doubtful accounts (reversal)	(0.2)	(1.5)	2.0
Allowance for diminution in value of inventories (reversal)	(0.8)	(5.6)	12.5
Unrealised loss (gain) on exchange	0.1	(0.3)	(0.3)
Gain on sale of equipment	(0.3)	(3.2)	(0.6)
Provision for long-term employee benefits (reversal)	0.8	1.2	(0.5)
Realised actuarial gain on obligation	-	-	(3.8)
Dividend received from investment in other companies	(4.6)	(3.7)	(2.4)
Share of income from investment in associated company	(68.7)	(46.4)	(56.4)
Interest expenses	2.5	2.3	1.6
Profit from operating activities before changes in operating assets and liabilities	15.6	15.0	25.8
Operating assets decrease (increase)			
Trade and other receivables	10.8	82.2	(15.9)
Inventories	(25.7)	7.3	(10.0)
Other current assets	1.4	(2.1)	0.2
Other non-current assets	(0.0)	(0.2)	0.7
Operating liabilities increase (decrease)			
Trade and other payables	4.2	(93.6)	(8.9)
Other current liabilities	(0.1)	(1.2)	(0.6)
Long-term employee benefits paid	(5.6)	-	-
Cash flows from operating activities	0.6	7.5	(8.6)
Cash paid for interest expenses	(2.5)	(2.3)	(1.6)
Cash paid for corporate income tax	(0.5)	(1.4)	(2.7)
<b>Net cash flows from (used in) operating activities</b>	<b>(2.4)</b>	<b>3.7</b>	<b>(12.9)</b>

**Moong Pattana International Public Company Limited**  
**Statements of Cash Flows (Con't)**  
**For the year ended 31 December 2013-2015**

(Unit: Million Baht)

	<b>Financial Statements (Equity Method)</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Cash flows from investing activities</b>			
Decrease in restricted bank deposits	-	3.1	-
Dividend received from investment in associated company	14.1	14.1	14.1
Dividend received from investment in other companies	4.6	3.7	2.4
Proceeds on sales of equipment	1.2	4.1	0.7
Acquisitions of building and equipment	(6.9)	(1.5)	(4.4)
Increase in intangible assets	(0.5)	(4.1)	(21.0)
<b>Net cash flows from (used in) investing activities</b>	<b>12.5</b>	<b>19.4</b>	<b>(8.1)</b>
<b>Cash flows from financing activities</b>			
Increase in bank overdrafts and short-term loans from banks - net	3.0	8.5	27.0
Repayment of finance lease liabilities	(4.0)	(5.0)	(1.8)
Increase in share subscription	24.1	-	-
Increase in share subscription received in advance	0.1	-	-
Dividend payment	(36.0)	(24.0)	(24.0)
<b>Net cash flows from (used in) financing activities</b>	<b>(12.8)</b>	<b>(20.5)</b>	<b>1.2</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2.7)</b>	<b>2.6</b>	<b>(19.8)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>6.5</b>	<b>3.9</b>	<b>23.7</b>
<b>Cash and cash equivalents at end of year</b>	<b>3.8</b>	<b>6.5</b>	<b>3.9</b>

• **Financial's Ratio**

Financial Ratios	Unit	Financial Statements (Equity Method)		
		2015	2014	2013
LIQUIDITY RATIO				
Liquidity ratio	Times	1.1	1.1	1.0
Collection days	Days	78	80	85
Average number of days sales	Days	100	93	96
PROFITABILITY RATIO				
Gross profit margin	%	53.1	50.8	44.2
EBITDA	%	13.4	10.8	10.8
EBIT	%	11.6	8.8	9.2
Net profit margin	%	11.2	8.3	8.4
Return on equity	%	14.7	13.0	14.3
EFFICIENCY RATIO				
Return on total assets	%	10.1	8.5	8.2
Return on fixed assets	%	97.8	74.1	80.7
FINANCIAL POLICY RATIO				
Debt to Equity ratio	Times	0.5	0.5	0.8
Dividend Payment	%	48.2	41.6	40.6
Par Value (1 Baht)				
Book Value Per Share	Baht	3.52	3.72	3.43
Earnings Per Share	Baht	0.56	0.48	0.49
Dividends per share	Baht	0.30	0.20	0.20

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

### **Overall Business Operations**

The Company operates a business in the area of sales and the distribution of consumer products. The Company has products for mother care and baby accessories under the brand "Pigeon". These are the Company's major products. Certain products that are distributed by the Company were manufactured by the Thai Pigeon Company Limited (TP) which is a joint venture company between the Company and Pigeon Corporation Company Limited (Pigeon Corp.) from Japan. This includes nipples, baby bottles, drinking-training cups, etc. On top of that, some products such as skin wipes and breast pads were manufactured by Pigeon Industry (Thailand) Company Limited (PIT) which is another joint venture with Pigeon Corp. Some other products in the baby care category and breastfeeding equipment, etc., were imported by Pigeon Corp. which was manufactured by Pigeon in Japan. The Company also conducts business as a distributor for other products in addition to mother care and baby accessories such as sprayers under the brand name Foggy, and daily consumer products such as cottons, toothbrushes and skin wipes under the brand name V-care. The company was appointed to be the distributor of toothbrushes under the Jordan brand and other products such as Roong Chareon chili-paste and many other branded products. In addition to joint ventures with TP and PIT, the Company has a joint venture with Yoshino Moong Pattana (Thailand) Company Limited (YMP), which caused the Company to be the distributor of YMP products in Thailand.

According to the overall performance of 2015, the Company's total revenue was 751.1 million Baht which declined slightly by 1.2% from the previous year. Income from sales and other incomes decreased by 4.0% from the previous year because of decreased income from plastic and packaging sales which decreased from 33.2 million Baht in 2014 down to 1 million Baht in 2015. However, sales from mother care and baby accessories and other consumer products increased by 4.1 million Baht which was an increase of 0.6%. The Company was able to keep its level of sales from falling below the level of sales in 2014.

In 2015, the Company's profit share from joint venture investments surged from 46.4 million Baht in 2014 to 68.7 million Baht in 2015 which was an increase of 48.1% due to the highly improved performances of joint venture companies in 2015.

The Company's gross profit margin was at 53.1%, adjusted from 50.8% in the previous year. According to the Company's operational expenses, the Company's costs of sales and administrative costs per sales revenue between 2013 and 2015 was 45.6%, 50.2% and 53.0% respectively. In 2015, the company sales expenses increased by 3.1% as a result of sales promotions, expansion of distribution channels, new product advertisements and the introduction of new products to make consumers aware of the them through marketing activities.

The Company's net profit based on the Equity Method increase to 74.7 million Baht which was equivalent to 10.9% of the total revenue compared with the previous year. In 2014, the Company's net profit was 57.7 Million Baht which was equal to 8.1% of the total revenue. In 2015, the company's net profit based on Equity Method increased 17.0 Million Baht, which was an improvement of 29.5% as a result of higher profit shares received from joint venture companies and a decrease of sales expenses. Net profit per share increased from 0.48 Baht per share in 2014 to 0.56 Baht per share in 2015 which was an improvement of 16.7% compared to the previous year.

Considering the Company's financial statement on December 31, 2015, the Company's total assets were 742.1 million Baht. The increase in assets at the end of 2015 was from an increased amount of inventory, reserved to be ready for delivery to customers after new year festival. The continued increase of investments in joint venture companies resulted from consistently higher profit share from investments. The Company's total liabilities at the end of 2015 were 235.0 million Baht which was similar to the total liabilities in 2014 which was 236.1 million Baht. The Company's major liabilities consisted of accounts payable and other creditors which included a slight increase in the amount of loans from financial institutions. The Company's shareholders' equity increased consistently. At the end of 2015 the Company's shareholders' equity was 507.1 million Baht which resulted from an increase in the Company's net profits and the tendency for the consistent growth of profit shares from investments in associated companies.

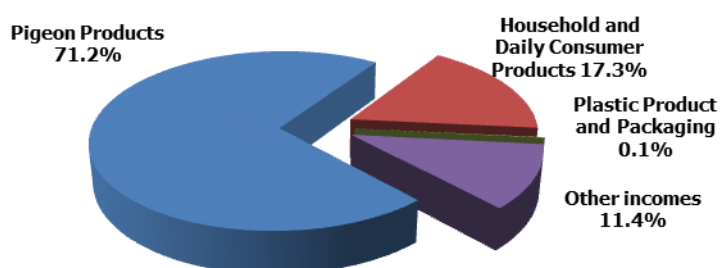
## Operating Results

### Revenues

The Company's total revenue was comprised of product sales, other incomes and profit shares from investments in associated companies. The Company's total revenue declined from 760.5 million Baht in 2014 down to 751.1 million Baht in 2015 which was a decline of 9.4 Million Baht equaling 1.2% of the total revenue in 2014. This was due to the decline of sales revenue from 693.7 million Baht in 2014 to 665.6 million Baht in 2015, a decline of 28.1 million Baht which was equivalent to 4.0%. Lower total revenues resulted from lower profits in plastic and packaging sales as mentioned before and from the slowdown of the world economy and the Thai economy in 2015. Even though the Company's sales revenue declined, profit shares from investments in associated companies in 2015 surged from 46.4 million Baht in 2014 to 68.7 million Baht in 2015 which was an increase of 22.3 million Baht equaling 48.1% due to the improvement of business performance of associated companies in 2015 which were greater than 2014.

Illustration No.1 shows revenue structure according to growth classified by product types in 2015. Most revenue came from selling Pigeon mother care and baby accessories which was equivalent to 71.2% of the total revenue. That was followed by revenue from other consumer products which were equivalent to 17.3%. Other revenue which was comprised of profit share from investments in associated companies, dividends from investments, broker income, and other income was equivalent to 11.4% of the total revenue. The remaining revenue was from plastic and packaging sales which was equivalent to 0.1% of the total revenue.

### **Illustration 1. Revenue Structure Year 2015**



When the growth of revenue was considered according to the Company's product types in 2015, the Company's growth of revenue was driven from a slight increase in the sale of mother care and baby accessories which was equivalent to 1.0%. Revenue from consumer product sales was similar to 2014

due to the slowdown of the economy in 2015 which directly affected the consumer's purchasing power. Revenue from plastic and packaging sales decreased drastically by 97.0% from 2014. This was due to the Company's policy implemented in 2014 to increase the proportion of sales of high profit products and decrease the proportion of plastic and packaging product sales which produced minimal profit when compared to other types of products.

Dividends received from investment in associated companies increased slightly from 3.7 million Baht in 2014 to 4.6 million Baht in 2015 which was an increase of 0.9 million Baht or the equivalent of 24.3 % compared to the previous year.

**Table 1. Structure of Total Revenue**

(unit : million baht)

Revenue	2015		2014		2013	
	Amount	%	Amount	%	Amount	%
Pigeon Products	534.6	71.2	529.8	69.6	500.3	63.4
Household and Daily Consumer Products	130.0	17.3	130.7	17.2	104.6	13.3
Plastic Product and Packaging	1.0	0.1	33.2	4.4	94.3	12.0
Share of income from investment in associated company	68.7	9.2	46.4	6.1	56.4	7.1
Dividend income	4.6	0.6	3.7	0.5	2.4	0.3
Other incomes	12.2	1.6	16.7	2.2	31.1	3.9
<b>Total Revenue</b>	<b>751.1</b>	<b>100.0</b>	<b>760.5</b>	<b>100.0</b>	<b>789.1</b>	<b>100.0</b>

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

### Dividends Received from Investments in Other Associated Companies

Based on the Company holding equity in YMP at 6.0% and PIT of 2.5%, the Company received recurring and increasing dividends from both associated companies. The dividends received between 2013 and 2015 were 2.4 million Baht, 3.7 million Baht, and 4.6 million Baht respectively.

### Profit Share from Investments Based on the Equity Method

The Company entered a joint-venture investment with Pigeon Corp. to establish TP as a production base for Pigeon mother care and baby accessories such as nipples, baby bottles, and drink-training cups, etc. The Company held 47.1% of the equity in TP. Over the past 3 years, by using the Equity Method, the Company's profit share from investments increased from 46.4 million Baht in 2014 to 68.7 million Baht in 2015. Therefore, TP's profits from operational performances in 2015 were higher than 2014 because its operating results in 2014 were lower than normal standards. In 2015, TP's operating results were at a normal level which enabled the Company to receive a higher profit share from investments. They were 21.8% higher than 2013.

### Cost of Sales

The Company's cost of sales for various types of products was correlated with sales volume. In 2014, the Company's cost of sales was 341.2 million Baht and in 2015, it was 312.1 Million Baht. The cost of sales declined in 2015 as a result of a decreased sales volume in products that had a high cost of sales such as plastic and packaging as mentioned earlier. The percentage of sales revenue in 2014 and 2015 declined respectively at 49.2% and 46.9%.



**Table 2. Cost of Sales and Gross Margin**

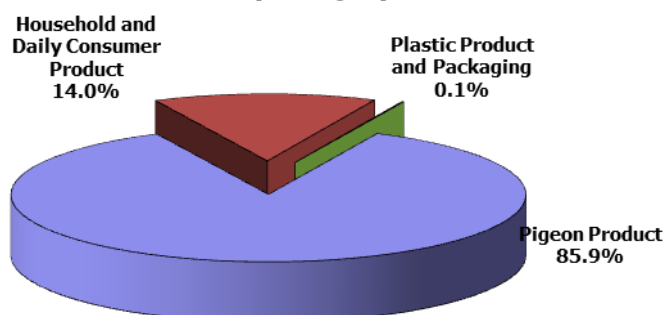
(unit: THB Million)

Product Group		2015		2014		2013	
		Amount	%	Amount	%	Amount	%
1. Pigeon Product	Sales	534.6	100.0	529.7	100.0	500.3	100.0
	Cost of sales	231.1	43.2	232.2	43.9	234.0	46.8
	Gross margin	303.5	56.8	297.4	56.1	266.3	53.2
2. Household and Daily Consumer Product	Sales	130.0	100.0	130.7	100.0	104.6	100.0
	Cost of sales	80.1	61.6	76.6	58.6	64.9	62.0
	Gross margin	49.9	38.4	54.2	41.4	39.7	38.0
3. Plastic Product and Packaging	Sales	1.0	100.0	33.2	100.0	94.3	100.0
	Cost of sales	0.9	95.9	32.3	97.2	91.3	96.8
	Gross margin	0.1	4.1	0.9	2.8	3.0	3.2
<b>Total Revenue from sales</b>		<b>665.6</b>	100.0	<b>693.7</b>	100.0	<b>699.2</b>	100.0
<b>Total Cost of sales</b>		<b>312.1</b>	46.9	<b>341.2</b>	49.2	<b>390.2</b>	55.8
<b>Total Gross margin</b>		<b>353.5</b>	53.1	<b>352.5</b>	50.8	<b>309.0</b>	44.2

The cost of sales for various types of products and the cost of sales to gross profit as shown in Table No. 2 indicate that the percentage of cost of sales to revenue from selling Pigeon's mother care and baby accessories decreased from 43.9% in 2014 to 43.2% in 2015. For consumer products, the percentage of cost of sales to sales revenue in 2014 and 2015 were 58.6% and 61.6% respectively. Changes in the cost of sales were correlated with the sales of consumer products that yielded a different gross profit. In 2015, the Company sold a greater amount of consumer products that had a high cost of sales than in 2014. The cost of sales to sales revenue percentage for plastic and packaging products is quite high at 97.2% and 90.0% in 2014 and 2015 respectively.

### Gross Profits

According to the Company's operating results over the past 3 years, the Company's gross profit increased constantly from 309.0 million Baht, 352.5 million Baht and 353.5 million Baht respectively between 2013 and 2015. The gross margin was 44.2%, 50.8% and 53.1% respectively over the same period. In 2015, the Company's gross profit increased because of an increased proportion of sales in products that yielded a high gross profit such as mother care and baby accessories and other consumer products. In addition to that, the Company decreased the proportion of sales in the areas of plastic and packaging due to the reasons mentioned before.

**Chart no. 2 Gross Profits by category of 2015**


In 2015, the majority of the Company's gross profit was from selling Pigeon's mother care and baby accessories in the amount of 303.5 million Baht which was equivalent to 85.9% of the total gross profit. Secondly, the gross profit from consumer product sales was in the amount of 49.9 million Baht

which was equivalent to 14.0% of the total gross profit. Table No.2 shows an increase in gross profit from Pigeon mother care and baby accessories product sales which increased from 56.1% in 2014 to 56.8% in 2015. Therefore, the Company's gross profit for consumer products declined from the previous year from 41.4% down to 38.4% which was the result of selling a higher proportion of low gross profit products in 2015. An overview of the Company's gross profit to sales in 2015 increased slightly from 352.5 million Baht in 2014 to 353.5 million Baht in 2015. The percentage of gross profit increased slightly from 50.8% in 2014 to 53.1% in 2015.

### **Sales and Administrative Expenses**

The Company had higher sales and administrative expenses which were in correlation with the higher revenue from the sales of the Company's various types of products. Between 2013 and 2015, the Company's sales and administrative expenses were 334.7 million Baht, 358.4 million Baht and 361.0 million Baht respectively which was comprised of sales expenses that were in the amount of 171.7 million Baht, 205.0 million Baht and 211.5 million Baht in 2013, 2014, and 2015 respectively. This included administrative expenses that were in the amount of 163.0 million Baht, 153.4 million Baht and 149.5 million Baht in 2013, 2014 and 2015 respectively.

The increase of sales expenses were driven by the Company's focus on engaging customers, sales driven activities such as sales promotions, price reductions to stimulate sales, new product launches, and marketing to promote new products from the V-Care brand. V-care cottons were heavily advertised in the middle of 2015 which enabled V-Care cottons to be well received by consumers and its sales performance grew more than other types of products.

Administrative costs decreased consistently as a result of strict controls in administrative spending and the promotion of a cost-conscious mentality in all employees. The Company successfully achieved more than 100% of the goal to lower Company expenses, even though the Company had higher expenses because of information technology improvements in order to make the systems more effective in supporting business expansion. These new information technology systems started to be used in January 2014. Overall administrative costs in 2015 consistently decreased from 2014 at 2.5%. The Company continued to instill a cost-conscience mentality in all its employees.

**Table 3. Selling and Administrative Expenses**

(Unit: THB Million)

Group of expenses	2015		2014		2013	
	Amount	%	Amount	%	Amount	%
Selling Expenses	211.5	58.6	205.0	57.2	171.7	51.3
Administration Expenses	149.5	41.4	153.4	42.8	163.0	48.7
- Personnel Expenses	89.7	24.8	94.4	26.3	107.2	32.0
- Depreciation Expenses	8.4	2.3	11.6	3.2	11.0	3.3
- Others	51.4	14.2	47.4	13.2	44.7	13.4
<b>Operating expenses</b>	<b>361.0</b>	<b>100.0</b>	<b>358.4</b>	<b>100.0</b>	<b>334.7</b>	<b>100.0</b>

### **Profit Before Finance Cost and Income Tax Expenses**

Between the years of 2013 to 2015, the Company had profit before finance costs and income tax expenses of 64.3 million Baht, 61.0 million Baht and 77.5 million Baht respectively. This accounted for 8.8%, 8.5% and 11.4% of the total revenue respectively, enabled the Company to receive higher profit share from investments with TP which was increased 22.3 million Baht, equaling 48%. This was due to the fact that TP excelled in business performances when compared to 2014.

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**Net Profits**

The Company's net profits between 2013 and 2015 were 59.1 million Baht, 57.7 million Baht and 74.7 million Baht respectively. The reason profit share increased by 22.3 million Baht or 48.0% from the previous year was from investment in associated companies. The Company's net profit increased 17.0 Million Baht which was equivalent to 29.5%. According to separate financial statements, the Company's net profit decreased from 25.4 million Baht in 2014 to 20.2 million Baht, a decrease of 5.2 million Baht or 20.5%. This resulted from a decline in sales revenue in 2015 which decreased 4.0% when compared to 2014. Even though the Company's gross profit increased and the Company controlled administrative expenses effectively, sales expenses still increased by 3.2% in 2015 when compared to 2014.

Primary Earnings per Share between 2013 and 2015 was 0.49 Baht, 0.48 Baht and 0.56 Baht per share respectively. Dividend payments for shareholders are described in detail as follows. From 2013 to 2015, the Company's recurring dividend payments in the second quarter of each year was in the amount of 24.0 million Baht, 24.0 million Baht and 36.0 million Baht between 2013 and 2015 respectively. This was equivalent to 0.2, 0.2 and 0.3 Baht per share from the previous revenues.

**The Financial Status of the Company****Assets**

As of December 31, 2015, the Company had total assets worth 742.1 million Baht which was an increase of 8.8% from the end of 2014. The assets were mainly comprised of accounts receivable, inventories, investments in associated companies, other long term investments such as land, buildings and equipment, real estate investments and other products. In 2015, the Company's assets increased due to an increase in inventories worth 26.5 million Baht which was equivalent to 39.0% compared to 2014. This was the result of products reserved for the New Year but customers postponed the delivery of products which caused the total sales revenue in 2015 to fall short of the set up goal. However, these products were temporary inventories and delivery of products improved in number at the beginning of 2016. The investment funds in associated companies increased as a result of increased profit from 285.3 million Baht to 338.2 million Baht in 2014 and 2015 respectively. This was an increase of 52.9 Million Baht or 18.5%.

**Accounts Receivable**

As of December 31, 2015, the Company had accounts receivable in the amount of 127.5 million Baht which decreased from 2014 by 11.9 million Baht equaling 8.5%. This decline was due in part to a decline in sales revenues and effectively managed accounts receivable.

The majority of accounts receivable were from unrelated businesses, mostly modern trades or hyper-market stores such as Lotus, Big C, and department stores such as Central Department Store which have a credit period ranging from 60-75 days depending on the customer's credit score. Nonetheless, the accounts receivable also included general wholesalers and retailers, and stores in other provinces that the Company granted a credit period of 30-60 days. Moreover, most of the accounts receivable or 70.6% of the net accounts receivable, were from those whose payment period was not yet due. In regards to policies for doubtful accounts, provisions are in effect which are based on collecting experiences and other accounts receivable analysis such as purchase record and payment history which are used to determine the business and the financial status of the account receivable. In addition to that, the Company performed an annual credit review of each customer, completed appropriate credit changes, and also established measures for overdue payment in order to prevent possible impacts to the

Company's liquidity, in which full provision would be in effect for those whose payments were still overdue after 90 days. As of December 31, 2015, the Company set aside 1.6 million Baht for doubtful accounts compared to 1.8 million Baht in 2014. This was a reduction of 11.1% which highlighted the Company's higher efficiency in managing accounts receivable compared to the previous year.

**Table 4. Age of Account Receivable**

(Unit : THB Million)

Account receivables aging	Financial statements (equity method)		
	As of 31 Dec. 2015	As of 31 Dec. 2014	As of 31 Dec. 2013
Account receivable –unrelated parties			
Not yet due	89.6	99.3	106.2
Past due not over 3 months	37.5	39.6	46.7
Past due 3-6 months	0.7	0.7	0.4
Past due 6-12 months	0.3	0.3	0.7
Over than 12 months	1.0	1.3	2.6
Account receivable –related parties			
Not yet due	0.0	0.0	69.8
Total account receivable	129.1	141.2	226.4
<b>Less</b> Allowance for doubtful accounts	1.6	1.8	4.0
<b>Trade account receivable</b>	<b>127.5</b>	<b>139.4</b>	<b>222.4</b>

**Table 5. Allowance for Provision against Doubtful Accounts**

Account receivable aging	% of Provision
Overdue 3-4 Months	40
Overdue 4-5 Months	50
Overdue 5-6 Months	60
Overdue 6 Months - 1 Year	80
Overdue over 1 Year	100

## Inventory

As of December 31, 2015, the Company had net inventory worth 94.5 million Baht which accounted for 12.7% of the total assets and was a 39.0% increase from 2014. Because the Company had an increase of inventory at the end of 2015 along with goods still being packaged (Product in progress) and imported products from overseas that were to be sold at the beginning of 2015, the Company had more inventory than the previous year.

Based on the table below, the Company's inventory was classified as finished goods, goods still being packaged (Product in progress) and goods in transit. The majority of the Company's inventory was finished goods which accounted for 68.4% of the total inventory as of December 31, 2015. That was followed by goods still being packaged (product in progress) which accounted for 24.4 % of the total inventory as of December 31, 2015.

**Table 6. Inventory**

(Unit: THB Million)

Inventories	Financial statements (equity method)		
	As of 31 Dec. 2015	As of 31 Dec. 2014	As of 31 Dec. 2013
Finished goods	64.6	48.8	54.4
Work in process	23.1	14.5	20.8
Packaging materials	5.5	4.0	3.7
Goods in transit	4.8	5.0	0.7
<b>Total Inventory</b>	<b>98.0</b>	<b>72.3</b>	<b>79.6</b>
<u>Less Allowance for diminution in value of inventory</u>	<u>3.5</u>	<u>4.3</u>	<u>9.9</u>
<b>Inventories - net</b>	<b>94.5</b>	<b>68.0</b>	<b>69.7</b>

The Company had inventory policies that recorded finished goods and goods still being packaged (product in progress) by using either the weighted average cost or the expected net value of products depending on which one was lower. The cost of finished goods consisted of the purchased price, packaging film, packaging containers which included import taxes and marine insurance for imported products. The expected net value was accounted by deducting the cost of goods manufactured and cost of product sales from the expected selling price. The Company efficiently managed the warehouse by using the First in First Out Method (FIFO) lay out in inventory management, receiving and shipping documentation, scheduled product quality control inspections by the Quality Control Division, monthly reports that showed slow moving inventory for the marketing department who worked closely with the inventory management division and the purchasing and distributing division. Provisions for obsolete and damaged products would be considered by product types and inventory that was older than 9 months. At the end of 2015, the Company had set provisions for the allowance of diminution in value of inventory at 3.5 million Baht, which decreased by 0.8 million Baht from 2014 which was equal to 18.6%. This highlighted the Company's higher efficiency in managing inventory.

**Table 7. Age of Inventory**

(Unit: THB Million)

Inventory aging	Financial statements (equity method)		
	As of 31 Dec. 2015	As of 31 Dec. 2014	As of 31 Dec. 2013
1 – 90 days	65.3	47.0	51.2
91 – 180 days	0.0	0.0	8.9
181 – 270 days	21.0	11.2	2.6
271 – 365 days	0.7	3.2	4.0
Over than 1 year	6.2	5.9	12.2
Good in transit	4.8	5.0	0.7
<b>Total inventory</b>	<b>98.0</b>	<b>72.3</b>	<b>79.6</b>
<u>Less Allowance for diminution in value of inventory</u>	<u>3.5</u>	<u>4.3</u>	<u>4.3</u>
<b>Inventories - net</b>	<b>94.5</b>	<b>68.0</b>	<b>75.3</b>

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

Inventory Aging	Product Group	% of Obsolescence
9 month - 1 year	Pigeon and others	50
	Knife	10
	Food	50
1 year over	Pigeon and others	70
	Knife	20
	Food	100
3 year over	Pigeon and others	100
	Knife	30
	Food	100

### Investments in Associated Companies

Based on the Equity Method, the company held 47% equity of TP as of December 31, 2015. This was worth 338.2 Million Baht and was equivalent to 45.6% of the total assets. This was an increase of 52.9 Million Baht or 18.5% from 2014. Based on the Equity Method, the Company acknowledged profit share from the associated companies operating results.

### Other Long Term Investments

The Company invested in YMP and PIT, holding 6.0% and 2.5% respectively of the company's shareholder's equity. This investment was recorded as a long term investment using the cost method and was steadily worth 24.9 million Baht.

### Net Land Value, Building, Equipment and Investment Properties

The Company's land, buildings, equipment and investment properties were mainly comprised of land, buildings, renovated buildings, vehicles and investment properties. As of December 31, 2015, the Company had fixed assets worth 99.3 million Baht which accounted for 13.4 % of the total assets.

### Liquidity and Fund Sources of the Company

#### Cash Flow

**Table 9. Cash Flow**

(unit : million baht)

Detail	2015	2014	2013
Cash flows from (used in) operating activities	(2.4)	3.7	(12.9)
Cash flows from (used in) investing activities	12.5	19.4	(8.1)
Cash flows from (used in) financing activities	(12.8)	(20.5)	1.2
Net increase (decrease) in cash and cash equivalents	(2.7)	2.6	(19.8)



According to the cash flow from all operating activities from 2013 to 2015, the Company's net cash flow from operating results was -12.9 million Baht, 3.7 million Baht and -2.4 million Baht respectively. In 2015, the Company's inventory increased by 25.7 million Baht which caused the cash flow to have the negative result of -2.4 million Baht. This resulted in a decline of cash flow and cash equivalents from 6.5 million Baht as of December 31, 2014 to 3.8 million Baht as of December 31, 2015.

### Liquidity Ratio

From 2013 to 2015, the Company had liquidity ratios of 1.0, 1.1 and 1.1 respectively. The average collection period between 2013 and 2015 was 85 days, 80 days and 78 days respectively. The company enforced strict collection procedures from accounts receivable which resulted in a continuing decrease in the average collection period.

The average period of sales was 96 days, 93 days and 100 days for the years between 2013 and 2015 respectively. Even though the Company had effective inventory management which was seen from a decreased allowances for diminution in value of inventory from the previous year, the inventory increased from 68 million Baht at the end of 2014 to 94.5 million Baht at the end of 2015 because of lowered revenue from sales accompanied by an increase in goods in production and imported products at the end of the year that were ready to be sold at the beginning of 2016.

### Liabilities

As of December 31, 2015, the Company had total liabilities of 235.0 million Baht. This consisted primarily of accounts payable and creditors. Related business trade accounts payable were worth 72.4 Million Baht. Non-related business trade accounts payable and other creditors were worth 38.6 million Baht and 48.2 million Baht of accrued expenses.

Apart from trade accounts payable and creditors, other liabilities consisted of provisions for long-term employee benefits which totaled 5.3 million Baht. This was established for the first time as required by the Accounting Standard No. 19 Employee Benefits and became effective this year.

In 2015, the Company had liabilities from interest as of December 31, 2015 equaling 60.0 million Baht. Details are shown below in Table No.10.

**Table 10. Liability**

(Unit : THB Million)

Liabilities	Financial Statement (Equity Method)		
	As of 31 Dec. 2015	As of 31 Dec. 2014	As of 31 Dec. 2013
Financial Liabilities			
- Overdraft and short-term loans from banks	60.0	57.0	48.5
- Current portion of long-term loans	-	-	-
- Long-term loans from banks	-	-	-
Total Financial Liabilities	60.0	57.0	48.5

### Shareholders' Equity

From December 31, 2013 to December 31, 2015, the Company's total shareholders' equity was worth 412.1 million Baht, 445.8 million Baht and 507.1 million Baht respectively. The increase in shareholders' equity resulted from the annual net profit and deductions from dividend payments and provisions for long term employee benefits which were made up for the reserves in accordance with the Accounting Standard No. 19.

In 2015, the shareholders' equity increased to 507.1 million Baht which resulted from the 2015 annual net profit of 73.1 million Baht and dividend payment deductions of 36.0 Million Baht.

### **Suitability of Capital Structure**

The debt to equity ratio at the end of years 2013, 2014 and 2015 were 0.8, 0.5 and 0.5 respectively. This represented the Company's extremely strong capital structure.

### **Auditing fee**

**Table 11. Auditing fee and other expenses**

(Unit : THB Million)

	<b>Financial Statement (Equity Method)</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
Audit fee	0.77	0.77	0.70
Other expenses	0.01	0.13	0.11
Total remuneration of the auditor	0.78	0.90	0.81

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**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 71.6, 76.4 and 80.3 percent of the net sales revenue in 2013 – 2015 respectively and 86.2, 84.4 and 85.9 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. As the result of our performance, the Company was appointed by Pigeon Corp to distribute exclusively Pigeon product in Laos territory in 2016.

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 2015 or the sales of household and consumer products increased from 18.8 percent in 2014 to 19.5 percent in 2015.