

UNLOCK POSSIBILITIES



รายงานประจำปี 2560

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

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Chairman Message

2017 was challenging for Moong Pattana International Public Company Limited with Thailand's economy growing along with that of the World while the spending of the public sector being on the cautious side with its growth not growing as much despite the government's attempt to stimulate household spending through various approaches including tax benefits and promotion of domestic tourism along with the never-faded grief upon the passing of His Majesty King Bhumibol Adulyadej, the beloved Late King of Thai citizens.

Nevertheless, the Company's board of directors, executives, and employees wholeheartedly and persistently continued to grow the business and sustainable return to the equity holders and operate to meet the expectations of the customers, partners, and all stakeholders, contributing to the Company posting THB 795.4 million in revenue from sale of goods, a 13% increase over 2016, and THB 77.3 million in total comprehensive income, both of which were accounted for the Company's 9th consecutive year of growth since being listed in the MAI in 2009, reflecting the Company's commitment to sustainably operate and grow the business.

In addition to progressing the Company forward with continuous returns, the Company's board of directors focused on their governance enhancement to international standard and operating the business based on Sufficient Economy Philosophy, the guidance by His Majesty King Bhumibol Adulyadej. After the Securities and Exchange Commission of Thailand (SEC), announced Corporate Governance Code (CG Code) for Publicly Listed Companies being effective on the 17th of March, 2017, aiming for the companies to sustainably create value for their businesses, Moong Pattana International Public Co. Ltd. immediately adopted the CG Code into the organization and its corporate governance policy as the business operating principle since the 10th of August, 2017.

Engaging in mobilizing Thailand toward Value-Based Economy, in 2018 the Company will continually uphold to growing with innovation in accordance to Thailand 4.0 policy by strengthening and enhancing its competing capabilities through technology, creativity, and innovation, allowing the employees to evolve their potential, and optimizing the operating process proficient in matching with the changing behaviors and needs of the customers in the digital age.

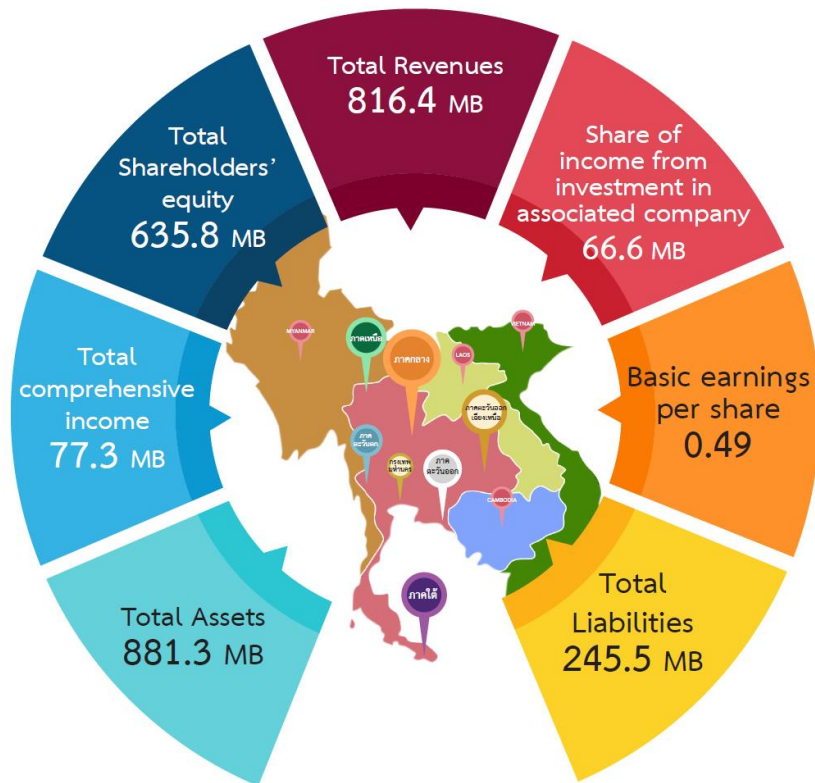
On behalf of Moong Pattana, I thank the Company's shareholders, partners, customers, and all stakeholders for the never-ending support and trust. I am firmly confident that the Company's board of directors, executives, and employees will continuously, sustainably create value through shared responsibilities with the society, communities, and environment while delivering exceptional operating results.



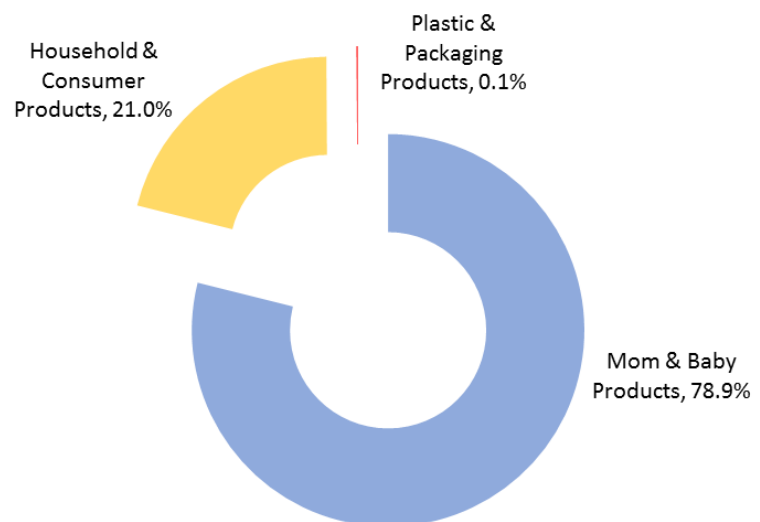
Mr. Sumeth Lersumitkul
Chairman of the Board of Directors



Financial Highlights (Equity Method)



Revenue Structure Year 2017



3 Years Financial Highlights

3 Years Financial Highlights					% Growth Rate	
Description	unit	2017	2016	2015	2017	2016
Statement of Comprehensive Income (Equity Method)	Baht Million					
Sales of goods		795.4	704.0	665.6	13.0	5.8
Total revenues		816.4	722.9	682.4	12.9	5.9
Gross profit		414.7	367.7	353.5	12.8	4.0
Profit before share of income from investment in associated company, finance cost and income tax		15.5	15.1	8.8	2.6	71.6
Finance cost		2.0	2.8	2.5	(28.6)	12.0
Profit before income tax expenses		13.5	12.3	6.3	9.8	95.2
Income tax expenses		1.5	1.6	0.3	(6.3)	433.3
Profit before share of income from investment in associated company		12.0	10.7	6.0	12.1	78.3
Share on income from the investment in associated company		66.6	67.1	68.7	(0.7)	(2.3)
Profit for the year		78.6	77.8	74.7	1.0	4.1
Total Comprehensive income for the year		77.3	77.8	73.1	(0.6)	6.4
Statements of Financial Position (Equity Method)	Baht Million					
Total assets		881.3	830.0	742.1	6.2	11.8
Total liabilities		245.5	253.6	235.0	(3.2)	7.9
Total shareholders' equity		635.8	576.4	507.1	10.3	13.7
Interest bearing debt		70.3	96.8	68.2	(27.4)	41.9

3 Years Financial Highlights					% Growth Rate	
Description		2017	2016	2015	2017	2016
Share Capital Data	Unit					
Registered share capital issued and fully paid up	'000 share	165,259	145,832	144,157	13.3	1.2
Book value per share	Baht	3.85	3.95	3.52	(2.5)	12.2
Par value per share	Baht	1.00	1.00	1.00	0.0	0.0
Earnings per share (Equity Method)	Baht	0.47	0.52	0.52	(9.6)	0.0
Earnings per share (Separate Method)	Baht	0.18	0.20	0.14	(10.0)	42.9
Dividend per share	Baht	0.18	0.15	0.30	20.0	(50.0)
Financial Ratios						
Gross profit margin	%	52.14	52.23	53.11	(0.2)	(1.7)
Net profit margin (Equity Method)	%	9.72	11.05	10.98	(12.1)	0.6
Dividend payout ratio (Equity Method)	%	36.3	29.5	62.4	22.7	(52.6)
Dividend payout ratio (Separate Method)	%	95.4	107.3	141.7	(11.1)	(24.3)
Return on total assets	%	8.9	9.4	10.1	(5.0)	(6.7)
Return on equity	%	12.2	13.5	14.4	(8.4)	(8.4)
Liquidity ratio	Times	1.21	1.10	1.10	9.8	0.8
Collection days	Days	80	74	78	8.1	(5.1)
Average number of days sales	Days	84	101	100	(16.8)	1.0
Debt to equity ratio	Times	0.4	0.4	0.5	(11.8)	(5.5)
Interest bearing debt to equity ratio	Times	0.1	0.2	0.1	(34.1)	24.9

Vision Mission

Vision

“Striving for excellence in products and service with business ethic and integrity of business operation, fulfilling customer and investor expectation whilst achieving utmost relationship with business partners.”

Mission

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

Value & Culture

O P E C

Operation Excellence			Partnership		Employee	Customer Centric	
Passion for Excellence	Commitment	Ready to Change	Entrepreneur	Transparent	Harmony	Creative	Professional

Board of Directors



- | | |
|------------------------------|--|
| 1. Mr. Sumeth Lersumitkul | Chairman of the Board |
| 2. Mrs. La-aid Vongvongepop | Independent Director / Chairman of Audit Committee /
Remuneration Committee |
| 3. Mr. Manit Jeeradit | Independent Director / Chairman of Remuneration
Sub-committee / Audit Committee |
| 4. Mr. Thaevan Uthaivath | Independent Director / Remuneration Committee / Audit
Committee |
| 5. Mrs. Sureeporn Anuvatudom | Director / Joint Chief Executive Officer |
| 6. Ms. Suwanna Chokdee-anand | Director / Chief Executive Officer |
| 7. Mr. Methin Lersumitkul | Director / Senior Business Development and Marketing
Director |

Mr. Sumeth Lersumitkul Chairman of the Board

Age 67

Education

Master Degree of Business Administration, Ramkhamhaeng University

Bachelor Degree of Economics, Ramkhamhaeng University

Training
Thai Listed Companies Association (TLCA)

Certification of Executive Development Program (EDP), 14/2014

Capital Market Academy (CMA)

Certification of Chief Executive Program, 15/2012

Thai Institute of Directors (IOD)

Role of the Chairman Program (RCP), 31/2013

Role of Compensation Committee (RCC), 16/2013

Role of Nomination & Governance Committee (RNG), 5/2013

Director Certification Program (DCP), 107/2008

Director Accreditation Program (DAP), 69/2008

No. of Share (%): 54.96%

Relationship among Directors Spouse of Mrs. Sureeporn Anuvatudom / Father of Mr. Methin Lersumitkul

Relationship with the Company

Be an executives, employee, staff or advisor who receives salary Yes

Be a professional service provider (such as auditor or a lawyer) No

Having material business relationship that may affect independence of judgment No

Work Experiences
Listed Companies

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.

Non-Listed Companies

2015 - Present Advisory Director, Yoshino Moong Pattana (Thailand) Co.,Ltd.

2015 - Present Advisory Director, Pigeon Industries (Thailand) Co.,Ltd.

1990 - Present Chairman, Thai Pigeon Co.,Ltd.

1981 - 2008 Chief Executive Officer, Moong Pattana Marketing Co.,Ltd

Positions in other competitor / related companies No

Meeting Attendance in 2017 Annual General Meeting 1/1

Board of Directors 4/4



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

Age 73



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

Thai Institute of Directors (IOD)

Advanced Audit Committee Program (AAP), 27/2017

Risk Management Program for Corporate Leaders (RCL), 5/2016

Anti-Corruption for Executive Program (ACEP), 15/2015

Audit Committee Program (ACP), 22/2008

Director Certification Program (DCP), 51/2004

Director Accreditation Program (DAP), 23/2004

Federation of Accounting Professions (FAP)

Integrated Report, 2/2017

No. of Share (%): 0.01%

Relationship among Directors No

Relationship with the Company

Be an executives, employee, staff or advisor who receives salary No

Be a professional service provider (such as auditor or a lawyer) No

Having material business relationship that may affect independence of judgment No

Work Experiences

Listed Companies

2015 - Present Remuneration Committee, Moong Pattana International Pcl.

2008 - Present Chairman of the Audit Committee / Independent Director, Moong Pattana International Pcl.

2005 – 2012 Chairman of Audit Committee / Central Plaza Hotel Pcl.

1998 – 2004 Deputy Managing Director, Thainox Stainless Steel Pcl.

Non-Listed Companies

2011 - Present Independent Director / Audit Committee, Erawan Sugar Co., Ltd. Pte.

2006 – Present Director, TPN Singapore Pte.

2006 – Present Executive Director, Thapanin Co., Ltd.

2009 – 2011 Chairman, Green R.V. Co., Ltd

Positions in other competitor / related companies No

Meeting Attendance in 2017	Annual General Meeting	1/1
	Board of Directors	4/4
	Audit Committee	5/5
	Remuneration Sub-committee	1/1

Mr. Manit Jeeradit **Chairman of Remuneration Sub-committee /
Audit Committee / Independent Director**

Age 69

Education

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



Training

Thai Institute of Directors (IOD)

Anti-Corruption for Executive Program (ACEP), 15/2015
Director Certification Program (DCP), 187/2014
Director Accreditation Program (DAP), 87/2011
Audit Committee Program (ACP), 36/2011

No. of Share (%): No

Relationship among Directors No

Relationship with the Company

Be an executives, employee, staff or advisor who receives salary	No
Be a professional service provider (such as auditor or a lawyer)	No
Having material business relationship that may affect independence of judgment	No

Work Experiences

Listed Companies

2015 – Present	Chairman of Remuneration Sub-committee, Moong Pattana International Pcl.
2012 – Present	Chairman of Audit Committee, Chularat Hospital Group
2011 – Present	Director and Audit Committee, Moong Pattana International Pcl.

Non-Listed Companies

2015 – Present	Director, License2Q Company Limited
2004-2009	Chairman, BT Asset Management Company Limited
1999-2008	Senior Executive Vice President, Bank Thai Public Company Limited

Positions in other competitor / related companies No

Meeting Attendance in 2017	Annual General Meeting	1/1
	Board of Directors	4/4
	Audit Committee	5/5
	Remuneration Sub-committee	1/1

Mr. Thaevan Uthaiwat
**Independent Director / Audit Committee /
Remuneration Committee**

Age 57

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
Thai Institute of Directors (IOD)

CG for Executives (CGE), 6/2016

Ethical Leadership Program (ELP), 3/2016

Anti-Corruption the Practical Guide (ACPG), 25/2016

Chartered Director Certification Program (CDC), 9/2015

Director Certification Program (DCP), 181/2013

Audit Committee Program (ACP), 43/2013

Director Accreditation Program (DAP), 72/2008

Office of the Judiciary

Executives Training on Justice Administration, National Justice Academy, 19/2015

Thailand Arbitration Center (THAC)

Mediation Training Class, 2016-2017

No. of Share (%):

No

Relationship among Directors

No

Relationship with the Company

Be an executives, employee, staff or advisor who receives salary

No

Be a professional service provider (such as auditor or a lawyer)

No

Having material business relationship that may affect independence of judgment

No

Work Experiences
Listed Companies

2015 – Present Remuneration Committee, Moong Pattana International Pcl.

2008 - Present Independent Director / Audit Committee, Moong Pattana International Pcl.

Non-Listed Companies

2014 – Present Director Saint Honore (Bangkok) Ltd.

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

Positions in other competitor / related companies

No

Meeting Attendance in 2017

Annual General Meeting

1/1

Board of Directors

6/6

Audit Committee

7/7

Remuneration Sub-committee

2/2



Mrs. Sureeporn Anuvatudom Director / Joint Chief Executive Officer

Age 67

Education

Master Degree of Business Administration Ramkhumhaeng University

Bachelor Degree of Economics, Ramkhumhaeng University

Training

Thai Institute of Directors (IOD)

Anti-Corruption for Executive Program (ACEP), 15/ 2015

Role of Nomination & Governance Committee (RNG), 5/2013

Director Certification Program (DCP), 181/2013

The Board's Role in Mergers & Acquisitions (M&A), 1/2011

Director Accreditation Program (DAP), 69/2008

No. of Share (%): 1.36%

Relationship among Directors Spouse of Mr.Sumeth Lersumitkul / Mother of Mr. Methin Lersumitkul

Relationship with the Company

Be an executives, employee, staff or advisor who receives salary	Yes
Be a professional service provider (such as auditor or a lawyer)	No
Having material business relationship that may affect independence of judgment	No

Work Experiences

Listed Companies

2014 – Present Director and Joint Chief Executive Officer, Moong Pattana International Pcl.

2008 – 2014 Director and Senior Vice President, Moong Pattana International Pcl.

Non-Listed Companies

2015 – Present Director, Yoshino Moong Pattana (Thailand) Company Limited

1983 - 2017 Director, Elegant Hardware Company Limited

1981-2008 Vice President-Finance, Moong Pattana Marketing Company Limited

Positions in other competitor / related companies No

<i>Meeting Attendance in 2017</i>	Annual General Meeting	1/1
	Board of Directors	4/4
	Executive Committee	12/12
	Risk Management Sub-committee	4/4



Ms. Suwanna Chokdee-anand Director / Chief Executive Officer

Age 48

Education

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

Training

Thai Institute of Directors (IOD)

Anti-Corruption for Executive Program (ACEP), 15/2015
How to Develop a Risk Management Plan (HRP), 3/2013
Director Accreditation Program (DAP), 96/2012
Successful Formulation & Execution Strategy SFE, 13/2011
The Board's Role in Mergers & Acquisitions (M&A), 1/2011

Narit & Associates Limited

Commercial Contracts Drafting, Risk Management and Tax Aspects, 2013

Thai Productivity Institute

Business Process and SOP, 2012

Thailand Management Association (TMA)

Conflict Resolutions Management (2017)

No. of Share (%): 0.25%

Relationship among Directors No

Relationship with the Company

Be an executives, employee, staff or advisor who receives salary	Yes
Be a professional service provider (such as auditor or a lawyer)	No
Having material business relationship that may affect independence of judgment	No

Work Experiences

Listed Companies

2015-present Director & Chief Executive Officer Moong Pattana International Pcl.
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.

Non-Listed Companies

2015-present	Director, Pigeon Industries (Thailand) Co.,Ltd.
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.

Positions in other competitor / related companies No

Meeting Attendance in 2017	Annual General Meeting	1/1
	Board of Directors	4/4
	Executive Committee	12/12
	Risk Management Sub-committee	4/4
	Creating Shared Value Sub-committee	4/4



Mr. Methin Lersumitkul Director

Age 41

Education

Master of International Business, Aston Business School, UK

Bachelor Degree of Economics, Chulalongkorn University

Training

Thai Institute of Directors (IOD)

How to Develop a Risk Management Plan (HRP), 3/2013

Director Accreditation Program (DAP), 122/2015

Thai Chamber of Commerce (NTCC)

Transforming Mindsets for Executive Leadership - Boost Accountability, Engagement and Collaboration in your team, Netherlands, 2014

Narit & Associates Limited

Commercial Contracts Drafting, Risk Management and Tax Aspects, 2013

Idea Forum Co.,Ltd.

Investment Laws in Myanmar, 2015

Thailand Management Association (TMA)

Conflict Resolutions Management (2017)

No. of Share (%): 4.70%

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

Relationship with the Company

Be an executives, employee, staff or advisor who receives salary Yes

Be a professional service provider (such as auditor or a lawyer) No

Having material business relationship that may affect independence of judgment No

Work Experiences

Listed Companies

2017 - Present	Senior Business Development and Marketing Director, Moong Pattana International Pcl.
2016 - 2017	Business Development and Marketing Director, Moong Pattana International Pcl.
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 Pcl.
2002 – 2008	Marketing Manager / Group Brand Manager / Brand Manager, Moong Pattana International Pcl.

Positions in other competitor / related companies No

<i>Meeting Attendance in 2016</i>	Annual General Meeting	1/1
	Board of Directors	6/6
	Executive Committee	12/12



Report of Board of Directors' Responsibilities for Financial Statement

Dear Shareholders,

Moong Pattana International Public Company Limited

The Company's Board of Directors place emphasis on the compliance of its role, duty, and responsibility upon its operations to good corporate governance policy by directing and auditing the Company's financial reports and information illustrated in the Annual Report, including disclosure of adequate information in Notes to Financial Statements enabling the statements to derive from account standard practices, selection of appropriate accounting policy and consistent practices, well-thought out discretion, justified forecasting, effective internal audit system, and practices in compliance to relevant regulations and laws. This Financial Statement was successfully audited by Certified Public Accountant (CPA) from EY Corporate Services Limited, the input was provided without conditions, and the Company's Audit Committee has informed the Company's Board of Directors of the audit results and reported relevant inputs in Audit Committee Report presented in this Annual Report.

The Board of Directors has the opinion that the Company's overall internal control systems are sufficient and appropriate and is able to obtain reasonable assurance that the Company's financial statement for the fiscal year ended December 31, 2017 has been shown accurately financial performance and cash flows in conformity with the generally accepted accounting principles as well as related laws and relevant regulations.

On behalf of the Board of Directors



Mr. Sumeth Lersumitkul

Chairman of the Board of Directors

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 Vongvongpop, as the Chairman of the Audit Committee, Mr. Manit Jeeradit, and Mr. Thaevan Uthavath, as the members of the Audit Committee.

In 2017, 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 Audit Committee recognizes the important of reviewing financial statements, internal control, corporate governance and compliance with security and exchange laws, including laws and regulations relevant to its company as well. The Audit Committee's report are sent to the Board of Directors by quarterly and/or requested. The summaries of the results are as follows:

1. Quarterly Statements of Financial Position and Annual Statements of Financial Position of 2017

The Audit Committee had considered the verification of the quarterly Statements of Financial Position and the annual Statements of Financial Position of 2017, 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 2017 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 opined 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 2018

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) Ms. Chonlaros Suntiasvaraporn C.P.A. Registration No.4523, or 2) Ms. Siraporn Ouannunkun C.P.A. Registration No. 3844, or 3) Mr. Supachai Phanyawattano C.P.A. Registration No. 3930 of EY Corporate Services Limited as the Company's Auditor for 2018 in another term with the Auditing fee at a total of Baht 924,000 (Nine Hundred Twenty-Four Thousand Baht)

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

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



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

Remuneration Sub-Committee Report

Dear Shareholders
Moong Pattana International Public Company Limited

The Remuneration Sub-committee of Moong Pattana International Public Company Limited is comprised of 3 independent directors, Mr. Manit Jeeradit as Chairman, Mrs. La-aid Vongvongepop and Mr. thaevan Uthavath as Directors. The Remuneration Sub-committee performed its duties as assigned by the Board of Directors as specified in the Good Corporate Governance Policy and the Charter of the Remuneration Sub-committee, and notified to the Board of Directors. The main duties are as follow:

- Consider the criteria for performance evaluating the Chief Executive Officer and the Joint-Chief Executive Officer
- Consider the salary and annual bonuses of the Chief Executive Officer and the Joint-Chief Executive Officer.
- Review the Remuneration Sub-Committee Charter

In 2017, the Remuneration Sub-committee held 1 meeting attended by all the Sub-Committee members. To fulfill its duties as assigned by the Board of Directors, the Remuneration Sub-committee had performed with prudence, carefulness transparency and took into account the utmost benefit of the Company and its shareholders.



(Mr. Mani Jeeradit)

Chairman of the Remuneration Sub-committee

General Information

Name	Moong Pattana International Public Company Limited (MOONG)	
Registration No.	0107551000274	
Type of Business	distributor and a sale agent for consumer goods	
Capital Registered	170,254,253.00 Baht	
Year of Registered	2552	
In MAI		
Fiscal Year	1 January – 31 December	
Head Office Location	2/97 – 104 18 th – 19 th Floor, Thospol Land 4 Building, Soi Bangna-Trad 25, Bangna-Trad Road, Bangna, Bangna 10260	
Telephone	+662 020 8999	
Facsimile	+662 020 8990	
Warehouse Location	444/11 Moo 7 Bangpla, Bangplee, Samutprakarn, 10540	
Company Secretary Contact	e-mail	company.secretary@moongpattana.com
Investor Relation Contact	e-mail	ir@moongpattana.com
	Website	www.moongpattana.com , www.pigeonlittlemomentsclub.com and www.moong-shop.com

Registrar

Name	Thailand Securities Depository Company Limited
Location	93 the Stock Exchange of Thailand Building Ratchadaphisek Road, Dindaeng, Bangkok 10400
Telephone	+662 009 9000
Facsimile	+662 009 9991

Auditor

Name	EY Office Limited
Location	193 / 136 - 137 33 rd Floor, Lake Rajada Office Complex, Ratchakapisek Road, Klongtoey, Bangkok 10110
Telephone	+662 264 9090
Facsimile	+662 264 0789 – 90

Company's Shareholding Position in Other Companies

Name	Thai Pigeon Company Limited (TP)
Type of Business	Produce and distribute baby products under Pigeon Brand such as nipples, nursers and plastic parts for local and international markets.
Location	944 Moo 15 Theparak Industrial Estate, Bang Saotong, Samutprakan 10540
Share Information	573,400 shares, 47% of registered capital of 1,220,000 shares at Baht 100 per share

Name	Yoshino Moong Pattana (Thailand) Company Limited (YMP)
Type of Business	Produce plastic products and packaging such as spray pumps for liquid products, bottle packaging and coated plastic.
Location	103/1 Moo 5 Wellgrow Industrial Estate, Bangna-Trad Road, KM 36, Bangsamak, Bangpakong, Chachoengsao, 24180
Share Information	180,000 shares, 6% of registered capital of 3,000,000 shares at Baht 100 per share

Name	Pigeon Industries (Thailand) Company Limited (PIT)
Type of Business	Produce and distribute breast pads, baby wipes, and baby bottle and nipple liquid cleanser.
Location	700/103 Moo 1 Amata City Industrial Estate, Bangkok, Panthong, Chonburi, 20160
Share Information	360,000 shares, 2.5% of registered capital 14,400,000 shares at Baht 10 per share

Key Partners

Pigeon Corporation

At the Pigeon Group, our mission is to bring joy, happiness, and inspiration to babies and families around the world by providing them with products and services that embody our Corporate Philosophy of “Love.” For more than 50 years since our foundation in 1957, we have evolved in tandem with the babies we serve. Now, we are deepening our research related to suckling and other elements of a baby’s growth, as well as into the ageing mechanisms of the elderly. In the fields of pregnancy, childbirth, Childrearing, and elder care, we deliver products and services that resolve customers’ anxieties and enrich their lives. In these ways, we are working daily to raise corporate value in order to become the “Global Number One” manufacturer of baby and child care products.

Business Manufacture, sales, import and export of baby and child care products, maternity items, women’s care products, home healthcare products, nursing care products, etc.; operation of child-minding centers

Thai Pigeon Company Limited (TP)

With the official authorization from Pigeon Corporation, Japan, as the manufacturer of baby bottles, nipples, and plastic products, TP operates in manufacturing of “PIGEON” silicone nipples, baby bottles, baby plastic products with the first being manufactured and distributed in various sizes and models as required by Pigeon Corp; such as, Classic Silicone Nipples, Dome Silicone Nipples, Breastfeeding Nipples, and Mini Breastfeeding Nipples.

PP(Polypropylene) and PPSU (Polyphenylsulfone) are plastic baby bottle capable of being manufactured in all sizes with required Food-Grade determined materials being non-toxic to babies directly imported overseas, technology-advanced machines from abroad, sanitized and hygienic production, staff full with expertise in each of the dust-prevented production steps, quality outputs being validated and selected without defects, and the sizes, volumes, and durability being controlled by Pigeon Quality Standard (PQS) in detail throughout the process.

Pigeon nipples are certified by Thai Industrial Standards Institute (TISI) and Japanese Industrial Standard (JIS), the primary standard in Japan on baby bottles, nipples, and many other products.

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

- ISO 14001: Certification of Environmental Management by MASCI in 2008; being re-certified in 2015
- ISO 9001: Certification of Quality Management by MASCI in 2008; being re-certified in 2015
- GMP (Good Manufacturing Practices) by MASCI since 2010 and currently on-going
- TIS 18001/BS OHSAS Occupational Health and Safety Assessment Series since 2011 and currently on-going

- TLS 8001 - 2010 Thai Labor Standard from Department of Labor Protection and Welfare in 2013 and currently on-going
- Authorized Export Operator (AEO) by Thai Customs since 2013 and currently on-going
- ISO 50001 Energy Management System by MASCI since 2015 and currently on-going
- HALAL Requirement by the Islamic Committee of Samutprakarn since 2015 and currently on-going
- TP was awarded a Certificate of Board of Investment of Thailand on December 14th, 1999, and July 22nd, 2011, and granted ownership of the lands and exemption of import duties for raw materials.

In addition, TP also received the following prizes:

- CSR-DIW continuous and Green Industry Level 4 by Department of Industrial Work
- Thailand Quality Prize: Junior by Technology Promotion Association (Thailand-Japan, TPA)
- Zero Accident Campaign: Silver Level and National Outstanding Workplace in Safety by Department of Labor Protection and Welfare

Pigeon Industries (Thailand) Company Limited (PIT)

PIT is a joint venture between Pigeon Corp (Japan) and Moong Pattana International Public Co. Ltd. with the primary products being produced by PIT and classified in two categories:

- Baby Wipes: alcohol- and perfume-free cloths for cleaning facial skin, arms, and other body parts of babies and adults with the fabric being thick and extremely soft capable of being applied as frequently as needed and available in mosquito-preventing version and in conveniently compact packages.
- Disposable Breast Pads: made of materials which had been researched and tested by Pigeon Corp (Japan), the pads absorb excessive milk, are secured in every movement, and prevent side-leaking with two adhesive tapes for slip-prevention when in use.
- Bottles and Nipples Cleaning Solution: 99.99% bacteria-deterred formula mild to babies invented by Pigeon experts effectively accessible into all area unlike water or any other utensil cleaning solution incapable of completely ridding milk stain or protein off baby bottles

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

In addition, PIT has been awarded National Outstanding Workplace by Department of Labor Protection and Welfare for 16 consecutive years and Authorized Export Operator (AEO) Certification by Thai Customs as the exporter credibly in security protection all the way to destinations.

Yoshino Moong Pattana (Thailand) Company Limited (YMP)

Yoshino Moong Pattana (Thailand) Co. Ltd. (YMP) is the joint venture between Yoshino Kokusho (Japan), Nomura Jimusho Inc. (Japan), and the Company operating in manufacturing, locally and internationally, of plastic packages, parts, and plastic parts such as sprayers, pump valves, and shampoo bottles, etc.

To meet customer satisfaction and worldwide requirements, YMP leverages manufacturing machines and equipment with advanced technology and is comprised of departments in productions, assembly, quality controls, logistics, and customer service at professional level. In response to the growing demand from customers, YMP expanded its manufacturing plant in 2014 and invested in additional machines imported from Japan worth 144 million Yen in 2015 along with another 52 million Baht for installing machines and improving the plant area. Exclusively, the Company is the sole distributor of YMP products in Thailand.

Company History and Significant Developments

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 has been granted license to produce, use, and sell as well as apply the Pigeon Trademark from Pigeon Corporation (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 nersers, 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) 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 packing 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 aimed to produce and distribute breast pads and baby wipes. PIT first registered capital was THB 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.

2001

YMP increased the registered capital from THB 125 million to THB 300 million equaling to 3,000,000 shares for the purpose of expanding the factory. The Company had sold back 287,500 shares to Yoshino Japan and bought only handful new shares, resulting in the shareholding structure in YMP decreasing to only 6% of issued and paid-up capital.

2007

The Company acquired the Smile-V, Smart-V and V-Care trademarks from Misis Company limited (Misis) which sold daily consumer products and formerly distributed in provinces outside of Bangkok. However, Misis did not have any other relationship with the Company.

2008

The Company increased registered capital to THB 90 million. Then, the Company conversed to become a public company limited and changed the Company's name to Moong Pattana International Public Company Limited, splitting stock value from THB 100 per share to THB 1 per share and raising its capital from THB 90 million to THB 120 million by issuing 30 million share of common stock for initial public offering.

2009

The Company signed a distributorship agreement with P.I.P. International Company Limited to distribute Exfoliating Foot Pack under the brand Revival Care.

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.

2015

The Company increased its registered capital to THB 200 million, which was comprised of 200 million shares at a value of 1 Baht per share. The capital increased was described as follows:

1. Issued ordinary shares in the amount of 24 million shares in order to support the rights of warrants holders MOONG-W1. In 2015, the number of warrants converted to ordinary shares was 215,800 units.
2. Issued ordinary shares in the amount 5 million shares in order to support the rights of the ESOP Project warrants holders (MOONG-ESOP) to purchase ordinary shares.
3. Issued and offered ordinary shares in the amount of 24 million shares to existing shareholders in proportion to their respective shareholding (Right offering)
4. Issued and offered ordinary shares in the amount of 27 million shares under the Private Placement Person (This project has not yet begun.)
5. Debentures project for THB 500 million

The Company launched the project "Thailand Breastfeeding Day by Pigeon"

2016

The Company decreased its registered capital from THB 200,000,000 to THB 167,999,968, by cancelling 32,000,032 of the authorized but unissued ordinary shares at a par value THB 1 each (saved for the authorized but unissued ordinary shares amounting to 23,784,184 shares, which has been reserved for exercise of the holders of the Warrants to purchase the ordinary shares of the Company No.1 (MOONG-W1))




























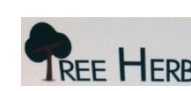










The Company increased its registered capital from THB 167,999,968 to THB 213,488,988 by issuing 45,489,020 new ordinary shares at a par value of THB 1 each. The Capital increased was described as follow:

1. Issued ordinary shares by specifying purpose in the amount of 2,224,285 shares in order to reserve for the rights of warrants holders of MOONG-ESOP in the amount of 2,000,000 shares as well as MOONG-W1 in the amount of 224,285 shares.
2. Issued ordinary shares for capital increase under General Mandate purpose in the amount of THB 43,264,735 to the existing shareholders in proportion to their respective shareholding (Right offering)

2017

- 1) The Company decreased its registered capital from THB 213,488,988 to THB 170,224,253, by cancelling 43,264,735 of the authorized but unissued ordinary shares at a par value THB 1 each.
- 2) Later, the Company increased its registered capital from THB 170,224,253 to THB 170,254,253 by issuing 30,000 new ordinary shares at a par value of THB 1 each, in order to reserve for the rights of warrants holders of MOONG-W1.
- 3) The Company has launched its online store at www.moong-shop.com and another distribution channel through Foodservice.
- 4) The Company has been granted license to distribute Pigeon products in Lao People's Democratic Republic.

Production and Distribution Milestones

Year	Own Brands	Distribution Brands
1988 - 2008	  	 
2009	 ***	 *
2010		 *  *  
2012		 *  * *Love your teeth
2013	  	 *
2014		 ** 
2015		 *  HERBALAND NATURALS INC.
		 
2016	 	  
2017		         

* Cancelled the distribution

** Distribute to Cambodia only

*** B-Care changed the name to V-Care

Overview of Business Operation

Moong Pattana Marketing Company Limited was established in 1981 and operated in importing and distributing quality kitchen wares. With its expertise in raising brand awareness and nationwide network of distribution channels, in 1988, the Company became the sole representative under the trademark “Pigeon,” the leading company in Japan in mothercare and baby products, with the authorization to manufacture, use, and distributes Pigeon products. Renowned for its experience and expertise in brand management and distribution channels with wide coverage throughout Thailand, Cambodia, Laos, Myanmar, and Vietnam, the Company expanded its distribution business and was appointed as the distributor of many other products aiming to penetrate into the market in Thailand, Cambodia, Laos, Myanmar, and Vietnam, resulting into the Companies possessing greater number of distributed products and constantly growing in business.

Currently, the Company operates in 3 main businesses as follows:

- 1) Own-Brand Business
- 2) Distributor Business, resulting from the Company’s expertise in marketing through managing brands or trademarks of which the Company is the distributor to raise market awareness and consistently maintain target groups’ loyalty in products and brands via marketing activities and distributing through channels nationwide to include Modern Trade, Traditional Trade, Cash Van, and others such as Food Service and E-Commerce, etc.
- 3) Joint-Venture Business. In addition to operating in distribution business and being the distributor of consumer products, the Company also engages in three joint-ventures - TP, PIT, and YMP - in which the Company holds the equities of 47%, 2.5%, and 6% respectively. As the result, the Company was authorized as the sole distributor in Thailand of the joint ventures’ products and has been receiving the returns through dividends.

The Company’s products are classified into 4 groups as follows:

1. Baby and Mom Group
 - 1.1. Pigeon - high quality mother and baby products, aged 0-3 years old from Japan with a wide range of products such as nipples, bottles, feeding products, breastfeeding accessories and wipes
 - 1.2. Splash About - swimwear and swimming aids for children and babies, UK products
2. Personal Care and Household Group)
 - 2.1. Jordan - Interdental products, toothbrushes and dental floss
 - 2.2. Elleair – tissue papers and wipes
 - 2.3. Midori – sanitary napkin
 - 2.4. Tree Herb - natural herbal extract toothpaste
 - 2.5. Forest products – fruit jam, UK products
 - 2.6. Hero – garbage bag, zippered bag and plastic bag
3. Food and Beverage Group
 - 3.1. Herband - vegan multi-vitamins and minerals
 - 3.2. Ayara – cough syrup
 - 3.3. Bigfoot – candy products
4. Senior Group
 - 4.1. MUMU - adult diapers and Incontinence

Business Strategies of the Company

Thailand's 2017 economy was projected to rise by 3.9%, an increase from 3.2% in 2016, with exports expanding exceptionally in almost every region, larger investment in productions, researches, and developments to create more value, and growing in tourism with the recovery of Chinese tourists. In contrast, trade sector was forecasted to expand only slightly with the recovery in domestic spending being sluggish and grass roots purchasing power being stalled. Despite the 2017 economic outlook encompassing only certain aspects, the economy presented positive impact to the Company's overall business, contributing to THB 883.0 million in total revenue, an 11.8% increase from the previous year.

Responsively adapting to the changing consumer needs, the Company, in 2017, pressed forth upon market strategies which included quality products, procuring of new distributed products, increasing distribution channels, efficiently manage inventories, hosting events, consistently pushing promotions, expanding customer database to consist of new target group, optimizing service model and technology, and enabling backward traceability throughout the entire process in order to display the Company's reliability for the product owners who trusted Moong Pattana as their distributor, the retailers, and the customers and consumers and raise their level of satisfaction.

Revenue Structure 2015-2017

Revenue Type	2017		2016		2015	
	MB	%	MB	%	MB	%
Baby & Mom Products	627.6	71.1	567.1	71.8	534.6	71.2
Household & Consumer Products	167.3	18.9	136.4	17.3	130	17.3
Plastic & Packaging Products	0.5	0.1	0.5	0.1	1	0.1
Share of Income from Investment in Associated Company ¹⁾	66.6	7.5	67.1	8.5	68.7	9.2
Dividend Income ²⁾	6.3	0.7	4.7	0.6	4.6	0.6
Others ³⁾	14.7	1.7	14.2	1.8	12.2	1.6
Total Revenues	883.0	100.0	790.0	100.0	751.1	100.0

Remark:

1. Share of Income from TP
2. Dividend Income from YMP and PIT
3. Others – Rental Income, Commission Income, Gain on Asset Disposals and Gain on Foreign Exchange.

The Company is the distributor of consumer products that can be divided in 4 core groups as follows:

Baby and Mom Product Group	Personal care & household Product Group
<ul style="list-style-type: none"> Pigeon – high quality mother and baby products, aged 0-3 years old from Japan Splash About - swimwear and swimming aids for children and babies from UK Ai-oon – baby hair serum and snow lotus balm 	<ul style="list-style-type: none"> V-Care – wipes, cotton pad, cotton buds and cotton balls Jordan - Interdental products, toothbrushes and dental floss Elleair - tissue papers and wipes Midori sanitary napkin Tree herb - natural herbal extract toothpaste Kingpac - garbage bag, zippered bag and plastic bag Mossi Guard – mosquito repellent patch and spray Mozz – soothing cream with natural extract Polar Spray – Eucalyptus air spray refreshener Plante – Shampoo for white hair (5 minutes) Foggy – Spraying bottles Smile-V – Spraying bottles Dr.Temp - Cool gel patch Barbasol – Shaving cream
Food and beverage Product Group	
<ul style="list-style-type: none"> Herbaland gummy – vegan multi-vitamins and minerals Iyara - Ma Weang cough syrup Big Foot – Sour plum candy and sour powder + lollipop for children Cal-Ups Choco - Calcium supplement chewable tablet, chocolate flavour Himalaya – Salt lemon candy and mint candy Vita-C – Multi-fruit Gummy with vitamin C Forest – Fruit Jam, UK Product 	
Senior Product Group	
<ul style="list-style-type: none"> Mumu - Adult Diapers & Incontinence 	

In 2017, the Company has been entrusted as authorized distributor of products as follows:

Mossi Guard	Natural mosquito repellent patch
Dr. Temp	Cool gel patch
Polar Spray	Air Refreshing
Cal-Ups Choco	Calcium supplement chewable tablet – chocolate flavour
Mozz Cream	Natural soothing non-steroid cream
Asnature	Strong vitamin C tablet (Vita-C)
Iyara	Natural cough syrup
Plante	Shampoo for white hair
Big Foot	Fruit candy
Barbasol	Shaving cream
Forest	Fruit Jam

Product under Company's Branded Business

V-Care: Personal-Care Products

The Company operates as the distributor of V-Care, personal-care product, with the following current V-Care product line as follows:



Cotton

Multiple-purpose cottons



Beauty cottons



Wipes

Multi-purpose wipes



Skin wipes



Toothbrush

Kids toothbrushes



Adult toothbrushes



Competitive Strategies

By developing various new products, aiming at new target segments, and concentrating on products distribution by adding adequate distribution channels through both traditional and modern trades, the Company focuses on developing and distributing quality products, presents full variety to match the target groups' diverse lifestyles and needs, and attentively raises V-Care brand awareness as the leader in cottons and on top of mind of consumers.

In 2017, the Company's policy drove V-Care cotton product line and planned toward being one of the leading brands consumers consider through intense marketing investment: product enhancement, innovated communication with the market, and packages redesign of the entire product line to enable them to appear more prominent and proper for the target groups who value modern lifestyle and provide themselves with the best possible products.



Behind The Scene Campaign by Nong Chat

Cotton pad - Extra Soft



Cosmetic Buds

UNLOCK
POSSIBILITIES
GREATER RESULTS



To attract modern-age, health-conscious consumers, the Company also redesigned and differentiated its Refreshing Wipes and engaged with retail shops in samples distribution and, during the past summer, activities which penetrated through the market nationwide.



Sales and Distribution Channels

With its complete distribution channel nationwide, the Company distributed its products throughout the country via modern and traditional trades, the latter which was composed of retails at every region of the country, and other growing channels enabling rapid response to consumers' changing needs in the present: direct sales, agent shops, specialty shops, hospitals, and beauty shops. Over the past year, the Company also initiated new channels which are exports and company-owned E-commerce, www.moong-shop.com, to provide quick, 24/7 accessibility to purchases and convenience to today's consumers.

Foggy and Smile-V Household Products

In regard to household products, the Company manufactures and distributes Foggy spray bottles and distributes Smile-V spray bottles, both of which are under the Company's trademark, and was remarked as Thailand's first company interested in producing spray bottle products. Foggy brand has been well conceded in quality for 30+ years, especially for durability and full variety of functions of its nozzle.

Competitive Strategies

Considering its spray bottle product line, the Company positioned Foggy as premium with various models appropriate for both industrial and general uses - Foggy Duty for the segment demanding high quality and highly durable products such as laundry businesses; Foggy Multi for restaurants and salons, etc. – distributed through specific channel other than general ones to reach industrial target groups and drove Smile V towards mass market who are price-sensitive with various designs.

Sales and Distribution Channels

The Company distributes its products via its network of retails throughout the country including the channel to many industries.

Pigeon...The #1 Brand that Never Stops Moving

The Company distributes Pigeon products, quality mother and baby care products trusted by mothers and families worldwide, a leading brand in Japan, China, and several others in Asia including Thailand, and hold the right as the sole distributor of the Pigeon products by Pigeon Corporation, Japan.

Meeting every expectation and improving quality of life for babies and every family member, inside Pigeon Central Laboratories in Ibaraki, Japan, Pigeon products are consistently, distinguishably researched, developed, and innovated by experts and consumers.

Though the society has presently facing a downward trend in birthrate, mother and baby care products has continued to grow due to modernized parents being more selective of products for their babies, processing quality and innovation in their decision, requiring more various products, and placing emphasis on the developments appropriate for their children, all of which drives Pigeon, with the understanding of consumer needs, to always search for innovation and become the critical factor in children's growth.

In terms of Thailand, for over 30 years the Company has been promoting and distributing Pigeon products, one of the leading brands on top of mind and trusted by mothers at the moment. Segmented-wise, the products being distributed under Pigeon brand in Thailand are categorized into 8 product lines as follows: Feeding Accessories, Baby Wipes, Mother Care & Accessories, Weaning & Accessories, Health Care & Hygiene Care, Toiletries & Skincare, Pacifier & Teether, Cleansing and Sterilizing Accessories, and Feeding Accessories.

Pigeon... Leading and Growing with Innovation

Feeding Accessories is the main product line comprised of baby bottles, peristaltic nipples, baby cups, and pacifiers with Pigeon occupying the top spot for years and continuously growing in sales driven by its impeccable innovation toward improving quality of life for babies and mothers such as SofTouch Peristaltic Plus bottles made of quality tea-like brown materials, PPSU akin to mother breasts, and being Plus model allowing mothers to switch on and off breast feeding without confusing the baby, along with the copyright of Mickey and Minnie Mouse and its design being added to SofTouch Peristaltic Plus bottles : PPSU, raising more awareness, all of which boosted the sales of bottles product.



Furthermore, new product Visual-Developing Designed Bottles was launched, making this model of baby bottles not only being colorful but also providing visual stimulation. These geometric bottles were satisfyingly accepted by retail shops and consumers as the bottles contain vibrant and clearly-contrast colors along with uncomplicated line patterns, supplementing learning and memorizing.

Another product being strongly researched and developed is Pigeon Breast Pumps, derived from the same R&D project of peristaltic nipples, initiated by the understanding of baby's breast-milk swallowing process and turning it into breast pumps with their pumping system imitating the natural break-milk swallowing of babies.



Furthermore, despite intense market competition, Pigeon Chamomile Baby Wipes were still continuously being improved upon their safety and quality, being thicker and softer, the price was adjusted, and during the final quarter of 2017 the new model was launched, all of which enabled to better compete with the intense competition.

Not only did Pigeon place emphasis on existing products, but, in order to achieve exponential growth in the future, it also entered the market of baby skin and shower with its freshly innovated Pigeon Sakura Milky Lotion and Foam Soap developed with gentle formula deeply researched by Japanese experts, increasing mother's level of confidence upon the baby's skin sensitivity and safety. The products were satisfyingly accepted after its launch, and the brand has been promoted in wide market through many channels: online, point of sales, and sample distributions.



Comprehensive, Connected Communication Driving Pigeon to Become the #1 Brand for Consumers

Over the past year, Pigeon brand went through a marketing campaign to raise the awareness of its peristaltic nipples akin to those of mothers, allowing mothers to switch on and off breast feeding without creating confusion. Contributing to the market-share increase of Pigeon peristaltic nipples, the campaign was highly successful in creating wide range of rapid awareness, being viral in the online territory, leading to endless questions regarding places of purchase.



Pigeon

“ความสุขที่เหมือนดูดนมแม่อย่างแท้จริง”
พี่เจ๊จัน จุกนม อม รัด กลืน รุ่นมินิ

อม รัด กลืน

3 สเต็ป เพื่อลูกไม่สับสนจุก
 *คิดค้นโดยผู้เชี่ยวชาญจากสถาบันวิจัยพี่เจ๊จัน ประเทศญี่ปุ่น เท่านั้น
 #สายตักเต้า #สายตักขวด

No.1
 Market Share
 In JAPAN

Promoting of Breastfeeding by Pigeon Little Moments Club

The third “Thailand Breastfeeding Day by Pigeon,” the biggest event in Thailand to promote breastfeeding was hosted; collectively empowering mothers to achieve new record in breastfeeding. The difference during this most recent event was allowing mothers to choose their channel of participation, whether to be part of the history at Rama Gardens Hotel or via Facebook Live, resulting into 1,298 of babies and mothers being empowered and the history being logged into Thailand Book of Record once again.



To achieve comprehensive communication and to connect with consumers, Pigeon brand closely communicated with its consumers through activities by Pigeon Little Moments Club through its complete online channel: Facebook, Instagram, Website, and Line@. Additionally, with effective customer relationship management system, the presented activities, information, and knowledge were just right and attracted the interest of each member. Mutual communication between the consumers and the brand was also encouraged via Facebook Inbox, Line@, and Call Center, contributing toward the utmost and consistent customer satisfaction.



In addition to complete online communication, Pigeon was consistently hosting events in the hospitals; such as, Mom Class knowledge-sharing event, workshops on breastfeeding and development appropriate to ages, building breastfeeding rooms as a learning center of the right breastfeeding process, and providing gift sets for newborns in the hospitals nationwide. All events hosted by Pigeon was out of the brand's love and care for its customers and out of the goal to be the advisor who enabled every family to smoothly raise their children with love, all of which were regarded as the differentiated value proposition posting Pigeon as the number one brand for households nationwide.



Sustainable Development Report

The Company has carried out business with concern for economics, social, community, environment and all involved parties. Creating Shared Value Sub-committee determined policies and procedures to creating shared value into day-to-day operations of the Company's as well as notified all employees, partners and the relevant companies.

Since 2014, the Company has continued making the Sustainable Development Report by separate it from the Annual Report. Later, the report has been started to implement in compliance with the Global Reporting Initiatives (GRI) in 2017.

Risk Factors

Adhering to enterprise risk management philosophy, the Company has determined practical scope of risk management which includes acceptable risk-encountered strategies and plans for all parties in short, mid, and long terms, leading to concrete risk controls, monitoring and quarterly reporting, at the minimum, to the executives and the board of directors in order to ensure that the Company is able to prevent and reduce risks and uncertainties that might possibly impact the Company's goals and business strategies and restore operations to normal condition under a short time period.

In 2017, the Company continued to place emphasis on the development of information system to provide responsive and convenient services; lower selling, general, and administrative expenses (SG&A); and enter the digital age to support foreseen business growth. As the result, the Company has developed risk management plan as follows:

1. Strategic Risks

1.1 Risks from Reduced Birthrate

Thailand has been experiencing an average of 3.8% annual decline in birthrate since 2013, from the population of 818,901 in 2012 to only 704,058 in 2016, and the downward trend is expected to continue, directly contributing to the decreased demand for mother and baby care products. Nonetheless, the need for higher-quality, innovative and safe products for both babies and new generation of mothers has risen, resulting into the Company consistently sourcing for new products to propel products variety to meet the needs of modernized mothers who place more emphasis on quality, safety, and their babies' health, enabling its revenue has continued to grow from mother and baby products for years and no effects on declining birthrate.

1.2 Risks from Business Competitions

The Company operates in distributing and as distribution agent of consumer products and is reputable in effective management. These products are personal care and food and beverage, which belong in competitive industry with potential and perpetual growth every year, resulting into intense competition in distribution services or operating as distribution agent. The Company foresees the need to constantly enhance its competitive edge by increasing distribution channels in response to the expanding market of target groups to drive revenues and concentrate on small and mid size businesses which are expanding into other regions domestically and internationally, specifically the CLMV.

Moreover, the Company has been developing and sourcing more new products under its own brand and subsidiary brand, raising the variety of distribution channels to support new products from the producers or the product owner, keeping bonding with and building loyal customer base, creating effective sales and operations plan and ensuring execution as arranged, developing survey on satisfaction toward the Company used for operations improvement to better meet the expectations of the product owner, raising awareness of network of CRM partners upon Moong Pattana, promoting the Company's image as

reputable and reliable distribution agent in the market, optimizing information system to better fit the Company's business, and setting inventory system suitable to the distribution agent business in both cost and performance.

1.3 Risks from Dependency upon Pigeon Corp, the Manufacturer and Pigeon brand owner

In addition to operating the business as the sole distribution agent in Thailand of "Pigeon" mother and baby care products since 1988, the Company also co-found Thai Pigeon Company Limited and Pigeon (Industry) Company Limited to manufacture "Pigeon" products for domestic distribution. Though in 2017 revenues from "Pigeon" products were accounted for 78.9% of total revenue, a reduction from 80% in the past, the Company still depended upon "Pigeon" brand. On another hand, having been retaining strong relationship for a long time and with "Pigeon" products constantly increasing in sales, the Company was trusted by Pigeon Corp as the sole distributor of "Pigeon" products in Lao People's Democratic Republic in 2016. Nevertheless, dependency upon Pigeon Corp can possibly impact business growth in the future, and the Company, as the result, has been operating in distribution and as distributor agent of more consumer products under other brands beside "Pigeon."

1.4 Risks from Product Distributing

The company operates in distributing and as distribution agent of consumer products by purchasing them from the product owner and selling them to distribution channels in Bangkok and other provinces; such as, shopping malls, department stores, convenience stores, or standalone retailers. Due to the Company's product distributing, the Company cooperates with the brand owner to create marketing plans and promotions as well as driving products into stores. In order to mitigate such risks and create a win-win situation, the Company places emphasis on closely cooperating with the brand owner, creating clear conditions in product distribution to include roles and duties for both parties.

2. Operational Risks

2.1 Risks from Delay in Acquiring Qualified New Hires

Thailand's economic has experienced a long drought of government and private investment, leading to production of human resources not matching to the needs in labor market. As the result, skilled, experienced, and qualified new hires having extremely-highly been in demand, and recruiting new hires as planned to fill the organization structure became challenging, has been taking time, and could possibly negatively sway business growth off schedule and plan. To mitigate the risk, the Company strategized for recruitment in advance, inquiring for potential hires in vast channels, keeping database of applicants to accelerate the selection process in both replacements of existing positions and new recruits for department expansion. Meanwhile, personal development has been in place for existing workforce to enable enhanced skills to the point of being capable of assignment coverage or sudden support during the lack of manpower, which includes in-house training to raise knowledge, comprehension, and expertise in the Company's products and services, constant evaluation process, search of business partners in training, developing of interns with the attempts of turning them into full-time.

2.2 Risks from Single Provider of Warehouse Services

Single provider of warehouse services became a double-edged sword of effective cost controls in storing and managing inventories and potential risk of ineffective warehouse-management performance by the provider negatively impacting product lead time and managing warehouse becoming overkill in expenses.

Therefore, the Company has been closely evaluating the performance of the warehouse provider, putting in place data monitoring system against losses of products and establishing and evaluating operational KPIs of the provider. Planning for another potential risk of the present provider not performing on par as established in the contract, the Company has concurrently been comparing the in-contract warehouse provider with others in the market in terms of cost and operational effectiveness and quality. Additionally, clear policy and strategy in regard to warehouse management in both short and long terms have been developed in order for warehouse provider to plan their operational management appropriate with the Company's policy and operating guidelines.

3. Financial Risks

3.1 Risks from Exchange-Rate Fluctuation

The cost of importing products from overseas for domestic distribution was in the Company's favor in 2017 as Thai Baht was being appreciated. However, the rise in Thai currency value also negatively impacted the shared profit generated from joint-ventures investment and dividends gained from investing in other companies as all these companies manufactured and distributed products both domestically and internationally. As the result, the Company has closely been monitoring relevant exchange rates along with establishing a policy preventive against exchange-rate fluctuation, engaging in forward exchange-rates agreement of purchase and selling upon the signal of Thai Baht being depreciated, and consistently communicating with joint-venture and other companies to ensure that they were putting preventive plans in place and being proactive in mitigating the potential risk.

3.2 Risks from Borrowing-Interest Fluctuation

The Company has attained short-term loans from financial institutes to leverage as working capital and, unfortunately, has encountered possible risk to the operational cost due to fluctuation of borrowing interests. Nevertheless, the Company has been matching appropriate sources of fund or borrowings from financial institutes with appropriate uses of the debt as well as coordinating with financial institutes to induce fresh financial products or services which could decrease the Company's operational and financial cost and accelerate the process.

Additionally, in 2017 the Company has received funds from registered capital increase through the exercise of warrants conversion by previous shareholders and, for a certain amount, from the exercise of common-share purchases by the employees or Employee Stock Ownership Plan (ESOP), both of which helped reduce borrowings from financial institutes and the risk from fluctuation of borrowing-interests.

4. Compliance Risks

4.1 Risks from Complicated Laws and Regulations

The nature of distributing and distribution agent businesses is import-export intensive and involves applying for license in selling foods and medicines and for industry-standard licenses. The Company views such business nature as imperative to comply with practices, rules, regulations, and laws established by both private and governmental organizations. Nevertheless, the Company is thorough in making decisions upon applying for the licenses to include interpreting different wordings relevant to different official agents, leading to distribution delay, increased cost, and challenges in determining specific operational timeframes.

Therefore, the Company has applied to the Company itself as well as its partner's business ethical standard regarding strict compliances to relevant practices, rules, regulations, and laws. In case of finding suspicious expenses transactions, the Company would seek professional advices such as Internal-Revenue-Service agents, custom-tariffs specialists, experts in foods and medicines standards, internal audits, and accounting auditors, etc., in order to ensure practices proper to procedures and complete, transparent, and audible tax paying and to regulate and oversee that the Company's executives and employees absolutely do not take any action related to any corruption with relevant to private and governmental officials.

Management's Discussion & Analysis

Overall Business Operations of the Company and Subsidiaries

Moong Pattana International, PCL. is a Professional Trading Company. We are flexible but passion for performance. Our professional teams have high commitment to the best results in field operation. With extensive experienced of our management team members, we believe principals will benefit on our value added distributor service and Moong Pattana have made a long-term commitment to ensure the results delivered.

The Company's products are classified into 4 groups; baby and mom, food and beverage, personal care and household and senior.

Performance

For the fiscal year ended December 31, 2017, the Company's net profit was THB 77.3 million decreased THB 0.5 million or 0.7% from last year. The lists of major changes were as follows:

Revenue

In 2017, the Company's total revenue from sales was THB 795.4 million, increasing by THB 91.4 million or 13.0% from the previous year. Mainly from the increase in mother and baby products and personal care and household THB 60.5 million and THB 30.8 million respectively.

The Company's other revenue in 2017 was THB 21.1 million, increase THB 2.1 million or 11.3% from last year mainly from the increase in commission income of THB 0.9 million and an increase in dividend income from other companies of THB 1.6 million, while the decrease in others income is THB 0.4 million.

Description	2017 (million baht)	2016 (million baht)	(+/-)
Commission Income	10.5	9.7	0.9
Dividend Income from Other Companies	6.3	4.7	1.6
Other incomes	4.2	4.5	(0.4)
Total Revenues	21.0	18.9	2.1

Gross profit margin reached 52.1% in 2017, a decrease from 52.2% of the previous year. The decrease was due to the mix of revenues from sales. The cost of consumer products is higher than mother and baby products. The cost of sales increase THB 44.4 million or 13.2% from the previous year.

Share of income from investments in associated company of 2017 was THB 66.6 million, slightly decrease by THB 0.5 million or 0.7% from the previous year due to the strengthen of Thai Baht currency throughout 2017. It causes the exchange rate loss from export sales.

Selling and Administration Expenses

In 2017, selling expenses was THB 241.3 million, representing 30.3% of sales. It increases of THB 35.1 million or 17.0% from 2016. These expenses were increased as part of higher number of employees to increase distribution coverage. Due to the increase in the number of new products in 2017, the promotion expense and the introducing new products to the market expenses is increased from the previous year.

While administration expenses in 2017, was THB 179.0 million, representing 22.50% of sales, it increases THB 13.7 million or 8.3% from the previous year. Major expense was an increase of the number of employees for business expansion as well as an increase in office rental and equipment depreciation according to office relocation since mid-2016.

In 2017, financial cost was THB 2.0 million, it decreases THB 0.7 million or 26.5% from 2016. This was due to the decrease of short-term loan from financial institution compared with the previous year. As a result of cash received from exercising the warrants of existing shareholders during the year 2016-2017. The short-term loans as of December 31, 2017 is THB 63.0 million compared with THB 90.0 million in the same period of the year earlier.

Income tax expenses was THB 1.5 million, it decreases THB 0.1 million from the same period of last year due to the decrease in operating profit before dividend income and share of income from investment in associated company.

Net profit

In 2017, the Company's operating profit before share of income from investment in associated company was THB 15.5 million which is 1.9% of sales or 1.9% of total revenue. It increases THB 0.4 million from the previous year. The net profit including share of income from investment in associated company was THB 78.5 million or 9.9% to sales or 9.6% to total revenue. It increases THB 0.7 million from the previous year.

The Company's share of actuarial gains and losses of associated company after income tax effect was THB 1.3 million, result in total comprehensive income for the year of THB 77.3 million.

Financial Status of the Company (Equity method)

Assets

As of December 31, 2017, the total asset was THB 881.3 million, increasing by THB 51.3 million or 6.2% from the same period of last year. It was due to the following reasons:

Current assets as of December 31, 2017, was THB 281.7 million, increased by THB 12.1 million from the previous year because of the increase of trade and other receivables. As of December 31, 2016 the trade and other receivable increase from THB 152.9 million to THB 187.8 million or increase THB 35.0 million due to higher sales revenue and number of shops during the year.

Inventories decreased by THB 2.3 million from THB 86.2 million as of December 31, 2016 to THB 83.9 million as of December 31, 2017. This was due to the lower in goods in transit of THB 3.7 million and packing materials of THB 0.5 million while higher in finished goods and work in process of THB 1.1 and THB 0.8 million respectively.

	2017 (MB)	2016 (MB)	(+/-)
Finished goods	60.8	59.7	1.1
Work in process	18.4	17.6	0.8
Packing materials	3.3	3.8	(0.5)
Goods in transit	1.4	5.1	(3.7)
Total	83.9	86.2	(2.3)

Cash and cash equivalents as of December 31, 2017 was THB 6.6 million, decreased by THB 22.6 million from THB 29.1 million as of December 31, 2017. This was due to the repayment of short-term loans with cash received from increase in share capital at the end of the year 2016. Furthermore, other current assets slightly increased by THB 0.2 million from THB 6.2 million as of December 31, 2016 to THB 6.4 million as of December 31, 2017.

Non-current assets increased by THB 39.3 million or 7.0% from THB 560.3 million as of December 31, 2016 to THB 599.6 million as of December 31, 2017. This was due to higher in share of income after dividend payment from associated company of THB 46.53 million compare with the previous year.

The Company's building and equipment as of December 31, 2017 was THB 37.7 million, a decrease of THB 3.1 million from the previous year. This was due to lower value from asset depreciation of THB 11.0 million and higher in purchasing motor vehicles for transportation of THB 7.1 million in 2017. In 2017, regarding to the property revaluation of investment property, the values increased by THB 0.4 million.

As of December 31, 2017, intangible assets were THB 16.90 million; it decreases THB 3.3 million from THB 20.2 million as of December 31, 2016. This was due to asset depreciation and amortization of THB 3.1 million.

Liabilities

Total liabilities as of December 31, 2017 was THB 245.5 million, it decreases THB 8.09 million or 3.2% from the previous year. The details are as follows;

Short-term loans from financial institutions as of December 31, 2017 was THB 63.0 million, it decreases THB 27.0 million from THB 90.0 million as of December 31, 2016. This was due to the repayment loans with cash received from exercising the warrant No. 1 (MOONG W1) and ESOP warrants of employees (MOONG-ESOP)

In 2017, Trade payables as of December 31, 2017 was THB 165.5 million, increased by THB 18.8 million or 12.9% from THB 146.7 million as of December 31, 2016 due to an increase of sales of this year.

Finance lease and hire purchase agreement of current portion as of December 31, 2017 was THB 7.4 million it increases due to the finance lease agreements for rental of motor vehicles of THB 4.62 million and installment payment during the year of THB 4.02 million.

Shareholders' Equity

Shareholder's equity as of December 31, 2017 was THB 635.8 million, it increases THB 59.4 million from the previous year, as a result of net profit of THB 77.3 million, the dividend payment of THB 28.2 million, and the increase of legal reserve.

Liquidity and Working Capital

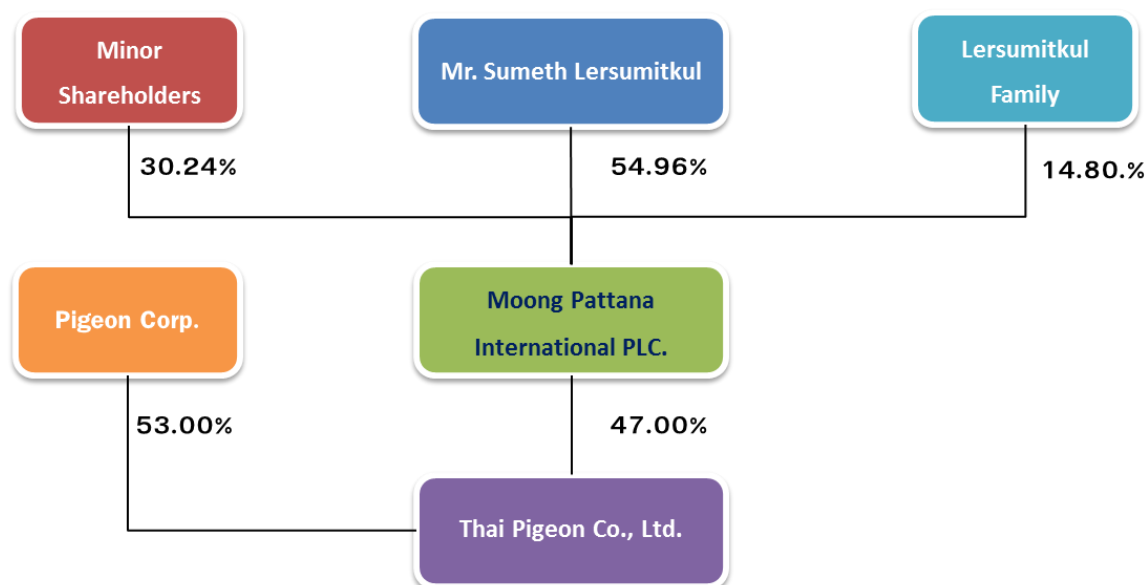
In 2017, liquidity or net cash from operating was quite well, the net cash flows from operating activities was THB 3.7 million, it decreases THB 4.3 million from the same period of last year as a result of increase in trade receivables from sales. The positive net cash flow from investing activities was THB 22.9 million results from dividend received from investment in associated and other companies about THB 25.1 million and acquisitions of assets about THB 2.5 million. The cash flow from financing activities was negative THB -49.1 million due to the repayment of short-term loans of THB 27.0 million, the repayment of finance lease liabilities of THB 4.0 million and the dividend payment of THB 28.2 million. While, an increase in net cash received from the exercising of warrants purchasing newly issued of MOONG-W1 and MOONG-ESOP of THB 10.1 million. The company's net cash flow as of December 31, 2017 was negative

22.6 million, including the cash on hand at beginning of the year of THB 29.1 million, the cash and cash equivalents as of December 31, 2017 was THB 6.5 million.

Shareholder Structure

Top 20 shareholders as of December 29, 2017 are as follows:

No.	Name	Number of Share	%
1	Mr. Sumeth Lersumitkul	90,826,744	54.96%
2	Mr. Methin Lersumitkul	7,767,062	4.70%
3	Mr. Suthee Lersumitkul	7,265,938	4.40%
4	Mr. Sorrapun Lersumitkul	7,165,938	4.34%
5	Ms. Juntarawan Jaroontum	2,495,000	1.51%
6	Mrs. Sureeporn Anuvatudom	2,241,939	1.36%
7	Ms. Hatairat SaeJong	2,003,600	1.21%
8	Thai NVDR Company Limited	1,889,800	1.14%
9	Mr. Pornchai Ngarmmanee	1,620,000	0.98%
10	Mr. Pornchai Thanuputrachai	1,386,236	0.84%
11	Mr. Paisit Thungwiwutwong	1,222,226	0.74%
12	Mr. Chalermchai Eiamsherangkoon	1,183,900	0.72%
13	Mr. Jitti Makaramanee	1,002,000	0.61%
14	Mrs. Khanthong Udommahantisuk	900,000	0.54%
15	Mr. Perajed Suwanapasri	867,900	0.53%
16	Mr. Teerawut Jernarongrit	850,000	0.51%
17	Mr. Thawatchai Sriram	757,100	0.46%
18	Mr. Konjanart Leelertpanya	620,000	0.38%
19	Ms. Maliwan Nopadonsatarn	617,826	0.37%
20	Ms. Tanaporn Preechatanachote	572,020	0.35%
Total number of top 20 shareholders		133,255,229	80.63%
Total		165,259,201	100.00%

Shareholdings Structure of the Company and Joint Ventures as of December 29, 2017

Shareholdings of the Board of Directors and Management

Name	2017		2016		Δ Shares
	Shares	%	Shares	%	
Mr. Sumeth Lersumitkul	90,826,744	54.96%	86,501,926	59.32%	4,324,818
Mrs. La-aid Vongvongpop	12,000	0.01%	12,000	0.01%	-
Mr. Manit Jeeradit	-	-	-	-	-
Mr. Thaevan Uthavath	-	-	-	-	-
Mr. Sureeporn Anuvatudom	2,241,939	1.36%	1,920,000	1.32%	321,939
Ms. Suwanna Chokdee-anand	420,000	0.25%	200,000	0.14%	220,000
Mr. Methin Lersumitkul	7,767,062	4.70%	6,780,000	4.65%	987,062
Ms. Pataya Thavaterarut	-	-	-	-	-
Mr. Thinarom Chewinwiwat	-	-	-	-	-
Mr. Anusart Sathongvian	-	-	-	-	-
Total	101,267,745	61.28%	95,413,926	65.43%	5,853,819

Dividend Policy

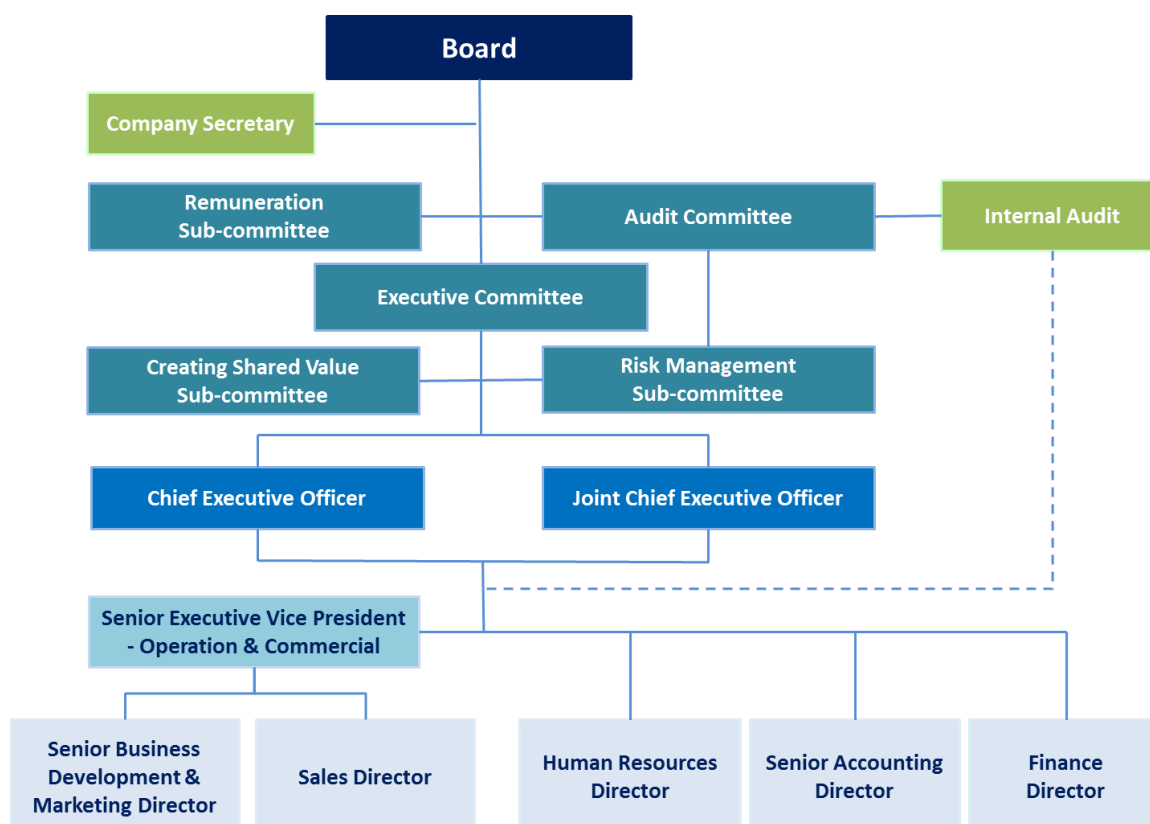
The Company has a dividend policy of minimum of 50% of the net profit after deduction of taxes and legal reserves. However, the dividend payment is subjected for changes of periodical changes depending on future operational plans, investments, liquidities, and necessities of the Company under the justifications of the Board of Directors, with the exception of when the policy is not complied, under the condition that the implement shall provide the utmost benefit to shareholders, its payment must be approved at a shareholders' meeting. The board of directors may occasionally pay interim dividends, in which case it will report to the shareholders at the next meeting.

Description	2017	2016	2015
Dividend per share	0.18	0.15	0.30
Dividend Yield (%)	3.22	3.09	5.10
Dividend Payout Ratio (Separate method)	0.95	1.07	1.42

Management Structure

1. Organization Structure

As of December 31, 2017, the Company's management structure was comprised of the Board of Directors, 5 Committees and Executives as below.



2. The Board

The Board of Directors consists of 7 directors including 3 independent directors, 1 non-executive director and 3 executive directors. The Committees are the Audit Committee, the Remuneration Sub-committee, the Executive Committee, the Risk Management Sub-committee and the Creating Shared Value Sub-committee.

	Name-Surname	Position	Type
1.	Mr. Sumeth Lersumitkul	Chairman	Non-executive Director
2.	Mrs. La-aid Vongvongpop	Chairman of Audit Committee / Remuneration Director	Independent Director
3.	Mr. Manit Jeeradit	Chairman of Remuneration Sub-committee / Audit Director	Independent Director
4.	Mr. Thaevan Uthavath	Audit Director / Remuneration Director	Independent Director
5.	Mrs. Sureeporn Anuvatudom	Director / Executive Director / Risk Management Director	Executive Director
6.	Ms. Suwanna Chokdee-anand	Director / Executive Director / Risk Management Director / CSV Director	Non-executive Director
7.	Mr. Methin Lersumitkul	Director / Executive Director / Risk Management Director / CSV Director	Non-executive Director

2017 Meeting Attendance of the Board of Directors and Sub-committees

The board members were notified of 2017 Board Calendar in the Board Meeting No. 4/2016 by the Company Secretary in order to the directors could allocate time to attend the meetings. In 2017, non-executive directors held 1 meeting without executives present.

Name-Surname	Board Meeting 4 times	Audit Committee Meeting 5 times	Executive Committee Meeting 12 times	Remuneration Sub-committee Meeting 1 time	Risk Management Sub-committee Meeting 4 times	Creating Shared Value Sub-committee Meeting 4 times
1. Mr. Sumeth Lersumitkul	4/4					-
2. Mrs. La-aid Vongvongepop	4/4	5/5		1/1		-
3. Mr. Manit Jeeradit	4/4	5/5		1/1		-
4. Mr. Thaevan Uthavath	4/4	5/5		1/1		-
5. Mrs. Sureeporn Anuvatudom	4/4		12/12		4/4	-
6. Ms. Suwanna Chokdee-anand	4/4		12/12		4/4	4/4
7. Mr. Methin Lersumitkul	4/4		12/12		4/4	4/4

3. Audit Committee

The Audit Committee consists of 3 independent directors and two of them have knowledge, understanding or experience in accounting or finance with the qualifications specified by the Securities and Exchange of Thailand Act. In 2017 the Committee's meeting was held 5 meetings.

As of December 29, 2017, the Audit Committee consisted of 3 independent directors as the following;

Name-Surname	Position	Skill
1. Mrs. La-aid Vongvongepop	Chairman	Accounting and Finance
2. Mr. Manit Jeeradit	Member	Accounting and Finance
3. Mr. Thaevan Uthavath	Member	Legal

4. Remuneration Sub-committee

Remuneration Sub-committee consists of 3 independent directors and in 2017 the Committee's meeting was held 1 meeting. As of December 29, 2017, the Remuneration Sub-committee consisted of 3 independent directors as the following;

Name-Surname	Position
1. Mr. Manit Jeeradit	Chairman
2. Mrs. La-aid Vongvongepop	Member
3. Mr. Thaevan Uthavath	Member

5. Executive Committee

Executive Committee consists of 2 directors and 4 executives and in 2017 the Committee's meeting was held 12 meetings. As of December 29, 2017, the Executive Committee consists of 6 members as the following;

	Name-Surname	Position
1.	Ms. Suwanna Chokdee-anand	Chairman
2.	Mrs. Sureeporn Anuvatudom	Member
3.	Ms. Pataya Tevatirarut	Member
4.	Mr. Methin Lersumitkul	Member
5.	Mr. Thinarom Chewinwiwat	Member
6.	Mr. Anusart Sathongvian	Member

6. Risk Management Sub-committee

Risk Management Sub-committee consists of 3 directors and 4 executives; in 2017 the Committee's meeting was held 4 meetings. As of December 29, 2017, the Risk Management Sub-committee consists of 7 members as the following;

	Name-Surname	Position
1.	Mrs. Sureeporn Anuvatudom	Chairman
2.	Ms. Suwanna Chokdee-anand	Member
3.	Ms. Pataya Tevatirarut	Member
4.	Mr. Methin Lersumitkul	Member
5.	Mr. Thinarom Chewinwiwat	Member
6.	Mr. Anusart Sathongvian	Member
7.	Mrs. Sasithon Lersumitkul	Member

7. Creating Shared Value Sub-committee

Creating Shared Value Sub-committee consists of 2 directors, 1 executive and 6 staffs; in 2017 the Committee's meeting was held 4 meetings. As of December 29, 2017, the Creating Shared Value Sub-committee consists of 9 members as the following;

	Name-Surname	Position
1.	Ms. Suwanna Chokdee-anand	Chairman
2.	Ms. Pataya Tevatirarut	Member
3.	Mr. Methin Lersumitkul	Member
4.	Mrs. Pornpimon Suwankajit	Member
5.	Mrs. Jittranart Buacharoen	Member
6.	Mr. Teerapong Songkrowh	Member

Name-Surname	Position
7. Mrs. Maliwan Thiamthan	Member
8. Ms. Sansinee Sudbuchasak	Member
9. Ms. Phenyalaq Chansuthep	Member

8. Executive Management

As of December 29, 2017, the Company's executives are consisted of the following 6 members;

Name-Surname	Position
1. Ms. Suwanna Chokdee-anand	Chief Executive Officer
2. Mrs. Sureeporn Anuvatudom	Joint Chief Executive Officer
3. Ms. Pataya Tevatirarut	Senior Accounting Director
4. Mr. Methin Lersumitkul	Senior Business Development and Marketing Director
8. Mr. Thinarom Chewinwiat	Finance Director
9. Mr. Anusart Sathongvian	Sales Director

9. The Chief Executive Officer

The Chief Executive Officer has authority and responsibilities regarding the Company as assigned by the resolutions of the Board of Directors, the Executive Committee and the shareholders' meeting. In addition, the Chief Executive Officer is responsible for developing and implementing the Vision, the Mission and the expected values of the Company.

Duties and Responsibilities of the Chief Executive Officer

1. Operate and/or manage the Company's daily tasks so that they are in accordance with the Company's vision, mission, expected value, goals and policies approved by the board of directors.
2. Follow-up operational results and advancement. This includes reporting the operational results, problems or obstacles that arise, and guidelines for improvement for the board of directors to acknowledge.
3. Consider the stipulations for anti-corruption policies and guidelines. This includes the promotion and support of the policies and guidelines and the regular review of the appropriateness of the systems and measures in order to align them with changes in business, acts and regulations of the law.
4. Consider setting up communication between Company personnel and relevant persons in order to acknowledge fraud and anti-corruption policies and guidelines.
5. Consider defining corporate structure and annual manpower ratios for the consideration of the executive committee.
6. Consider the approval of procurement, appointment, transfer, removals, and layoffs. Define wages, remuneration, bonuses and other benefits for the Company's executives and employees except for the position of Chief Executive Officer which will be considered and approved by the board of directors.
7. Consider the approval of budgets for production projects and/or new dealers and new distributors.

8. Consider the approval of permanent assets purchases within a budget that does not exceed 20,000,000 Baht and does not exceed 5,000,000 Baht for non-budgeted items.
9. Consider the approval of distribution, demolition and contribution of permanent assets and other assets that do not exceed 3,000,000 Baht.
10. Consider the approval of all administrative expenses that do not exceed 5,000,000 Baht or does not exceed 100,000 Baht for non-budgeted items.
11. Consider the approval of advertising and sales promotion expenses that have a value over 8,000,000 Baht.
12. Consider the approval of employee loans that have a value over 200,000 Baht.
13. Consider the approval of work-related overseas travelling expenses for executives and employees.
14. Consider the approval of regale allowance that have a value over 30,000 Baht per time.
15. Consider the approval of products given as tributes and samples that have a value over 10,000 Baht.
16. Operate in other areas assigned by the board of directors and/or the executive committee and operate according to the laws and regulations of government sectors.

10. Company Secretary

The board of directors appointed Company Secretary in accordance to the Securities Exchange Acts, to give advice on issues regarding laws and regulations of the Office of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). Ms. Pataya Tevatirarut was appointed as the Company Secretary on August 8, 2014.

Profile of the Company Secretary

Ms. Pataya tevatirarut

Age 55

Education

Master Degree of Commerce and Accountancy, Thammasat University

Bachelor Degree of Accounting (second-class honors), Chulalongkorn University

Traning

2016 Advances for Corporate Secretaries, Thai Listed Companies Association

2015 Smart Disclosure Program (SDP), Stock Exchange of Thailand

2015 CSR 360^o Supply Chain Sustainability, Stock Exchange of Thailand

Work Experiences

2014 – Present Company Secretary / Senior Accounting Director, Moong Pattana International Pcl.

2004 – 2013 Senior Executive Officer - Foreign Affair Center, Panasonic Manufacturing (Thailand) Co., Ltd.

1998 – 2003 Director, Vice President - Finance and Accounting, BHP Steel Building Products (Thailand) Co., Ltd.

Relationship among management No

11. Directors, Executives and Employees Compensation

Director Compensation Policy

The compensation for directors was specified; by taking into account each role and responsibility of the Board of Directors and the committees, and also retain and motivate qualified directors to perform their duties effectively and responsibly. The Board of Directors should propose the shareholders to approve the maximum aggregate amount of annual

compensation for the members of the Board of Directors. The 2017 Annual General Meeting approved the director compensation amount of Baht 2,500,000 for the Board of Directors, Audit Committee and Remuneration Sub-committee. The 2017 director remuneration by position as follow;

Position	Retainer Fee (Baht/Month)	Allowance (Baht/Time)	Bonus (Baht)	Other Benefits (Baht)
Board of Directors				
Chairman	-	85,000	-	-
Member	-	30,000	-	-
Audit Committee				
Chairman	-	40,000	-	-
Member	-	30,000	-	-
Remuneration Sub-committee				
Chairman	-	10,000	-	-
Member	-	7,500	-	-
Executive Committee	-	-	-	-
Risk Management Sub-committee	-	-	-	-
Creating Shared Value Sub-committee	-	-	-	-

In 2017, the Company Directors' were paid only allowance, by attending the meetings and did not receive bonus or other benefits.

2017 Total Director Compensation

Name	Director Compensation (Baht)	Committee Compensation (Baht)	Bonus (Baht)	Other Benefits (Baht)	Total (Baht)
1. Mr. Sumeth Lersumitkul	340,000	-	-	-	340,000
2. Mrs. La-aid Vongvongpop	120,000	207,500	-	-	327,500
3. Mr. Manit Jeeradit	120,000	160,000	-	-	280,000
4. Mr. Thaevan Uthavath	120,000	157,500	-	-	277,500
5. Mrs. Sureeporn Anuvatudom	120,000	-	-	-	120,000
6. Ms. Suwanna Chokdee-anand	120,000	-	-	-	120,000
7. Mr. Methin Lersumitkul	120,000	-	-	-	120,000
Total	1,060,000	525,000	-	-	1,585,000

Remuneration of Management

The Company has established remuneration of Management in short-term and long-term goals.

2017 Total Remuneration of Management

Type of Remuneration	2017 (Baht)	2016 (Baht)	2015 (Baht)
Total salaries	27,055,633	24,933,321	25,880,840
Bonus	2,051,303	2,916,966	3,536,784
Social Security Funds	51,000	53,250	54,750
Provident Funds	739,404	715,689	776,416
Advisor Fee	3,616,800	3,616,800	1,076,380
Long-term Employees' benefit	221,725	427,481	350,758
Net Total	33,735,865	32,663,507	31,675,928

12. Human Resource as of December 31, 2017

As of December 31, 2017, the Company's total number of employees was 161 people. In 2017 the Company's employees received remuneration that equaled 126.9 million Baht. This included salary, overtime pay, monetary rewards, incentives, Social Security contributions, and providence fund

Number of Employees and Remuneration in 2016

	Male	Female	Total
Executives	3	3	6
Operating and Supporting Employee	57	98	155
Net Total	60	101	161

The Issuance and Offering of Warrant Certificates to Purchase the Company's Ordinary Shares (MOONG-ESOP)

According to the resolution of the Meeting of Shareholder's for 2016, the Company proceeded to issue and offer warrant certificates to purchase the Company's ordinary shares (MOONG-ESOP) by allocating warrant certificates to purchase the Company's ordinary shares (ESOP Warrant) to directors, executives and employees for 2,000,000 units. The objective was to reward and encourage employees in their determination and dedication by playing an important role in the success and continued growth of the Company. The Company focused on opening opportunities to directors, executives and employees to own and have a part in the business. This will create motivation to work and push the Company to grow stably and sustainably.

13. Human Development Policy

In 2017 the Company continued to uphold in consistently promoting and improving its people's potential, and the executives were involved in considering and decision making upon more-efficient training programs. Looking back over the past several years, the Company planned substantial employee skill development programs; such as, in-house training, sending staff to participate in training programs of leading institutes, peer-to-peer knowledge sharing, and team building in order to promote applying of the learning from external environment onto internal assignments for better efficiency, strengthening the Company's processes and leading to on-plan completions.

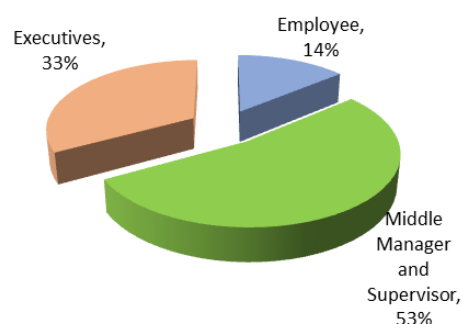


In addition to all aforementioned trainings, the Company believed in continuous improvement of its employee knowledge and skills, foresaw **"managing skill of leaders"** as the **"link"** to ensure that the employees would be able to effectively apply the learned knowledge, and also focused on building knowledge and understanding upon being a leader, developing positive mindset, leadership character, and systematic managing techniques in setting goals, processes, and effective team-managing skills.

As the result, in 2017 the Company placed emphasis upon developing leaders to ensure the bird-eyed view to connect team goals with those of the Company and translate them into individual employee developmental milestones in order to set their career path and succession plan properly in line with the business plan and direction which focused on becoming high-performing organization by developing the balance among business, employees, and society.

2017 Summary of Human Resource Development is as follows:

- Code of Conduct / Corporate of Governance / Anti – Corruption
- One Team One Goal One Billion
- 2017 – 2030 the Important of Human Capital and Human Resource Management
- KPI Alignment “The Strategic Direction”
- Pre-Leadership - Self Esteem / Self Leadership
- Pre-Leadership – Coaching & Feedback
- Pre-Leadership – One-on-One session
- Pre-Leadership – Management Principles
- MS. Excel – Intermediate & Advanced level
- Happy Money Happy Retirement



Competency	Course / Seminar	Hrs.	# of Employee
Core Competency	One Team One Goal One Billion	12	139
	Half Year Corporate Meeting	4	147
	KPI Alignment "The Strategic Direction"	8	22
Functional Competency	Talent Acquisition Recruitment & Competency Based Interview	16	1
	Financial Reporting Standards Changes and Tax Impacts	8	2
	Emeritis HR Seminar: The Future of HR is Digital HR - Rethinking the Business of HR	4	1
	HR Big Data & Analytics	4	1
	Personnel Management 2017 - PM 415	80	1
	SCP Straight Throng	4	1
	Customs for Accountants	8	1
	ASEAN Business and Investment Law	48	1
	Company Snapshot Program Training	8	2
	The New CG Code and Thai listed companies to move toward Thailand 4.0	4	1
	Deferred Taxes	12	1
	Preparing Import and Export documentation	3	18
	New E-Tax invoice Laws and Practices	6	1
	Assorted Problems of Tax Invoice, Prohibited Input Tax and the Resolutions	8	1
	Smart Disclosure Program	8	1

Competency	Course / Seminar	Hrs.	# of Employee
	Get Ready for IFRS Changes about Financial Tools	16	1
	Change Summary: The 2016-2017 Revision of TFRS	8	1
	Thailand HR Forum 2017: People and Organization Transformation in the digital Economy	16	1
	Financial Analysis for Strategic Planning	12	1
	The Important of Financial Reporting Standards and Understanding the Auditor's Report (1/2560)	6	1
	Business Capability Enhancement Program Batch #4	88	1
	Procurement KPIs and Evaluation	8	1
	S01: Strategic CSR Management	8	1
	S02: Supply Chain and Stakeholder	8	1
	S03: Sustainability Initiatives	8	1
	S04: Sustainability Risk and Materiality Analysis	8	1
	S05: CSR Evaluation and Data Management	8	1
	S06: Sustainability Reporting	8	1
	Strategic Recruiting and Interview Techniques	16	1
	2017 VAT	8	1
	Social Media for HR	16	2
	Conflict Resolutions Management	24	3
	Negotiate & Win	32	2
	MS Excel - Intermediate # 1 & 2	16	33
	MS Excel - Advanced # 1 & 2	16	39
	Statement of Cash Flow and Accounting for Income Tax	8	1
	Fundamental IT Governance based on COBIT 5	8	1
	Cyber Security for Auditor and Accountant 4.0	8	1
	Information security risk management implementation	8	1
	Happy Money Happy Retirement	3	26
Leadership Competency	Pre-Leadership - Self Esteem / Self Learning	16	25
	Pre-Leadership - Coaching & Feedback	8	20
	Pre-Leadership - Management Principle	8	27
	One-on-One Feed Back workshop	24	24

Corporate Governance

1. Corporate Governance Policy

As the Securities and Exchange Commission (SEC) launched the Corporate Governance Code for Listed Companies 2017 (CG Code) on March 17, 2017, the Board of Directors considered, it was proper to review and adapt the Company's Good Corporate Governance Policy to apply the CG Code to the Company's business. They have strived to build and ensure the confidence of shareholders, investors and other stakeholders. The Company shall operate its business to maintain continuous growth and achieve long-term sustainable value creation with responsibilities in accordance with laws, ethic and integrity. The Company's Good Corporate Governance Policy (amended 2017) was considered and approved the policy at 9 August 2017 by the Board of Directors' meeting and effective since August 10, 2017.

However, SEC has expected the board of directors to act as a leader to comply the 2017 CG Code with the Company's business on the "Apply or Explain" basis. The Board of Directors and Management notice and understand the CG Code quite well and will apply with the knowledge of "Creating Shared Value" for achieving long-term sustainability and training our staffs about that.

Furthermore, The Board of Directors had considered, the aspects are not applicable including reasons and substitute measures are as follows;

Topic not exercised	Reasons for not following / Substitute measures
1) The Board of Directors should determine the policy that directors and executive should notify the Board of Directors or delegated person, at least 1 day in advance before buying or selling the Company's share.	The Board of Directors determined that directors, executives and employees do not use inside information for their own benefit from the Company's share trading. In addition, they do not allow buying or selling the Company's share, up to 1 month before disclosing the Company's financial statement or significant information and should wait at least 24 hours after that. (2017 Code of Conduct)
2) The Board of Directors should determine that independent directors can continually assume director positions for not longer than 9 years.	The Board of Directors do not determine the length of time that directors and independent directors can assume the positions because the Company believes, the directors are knowledgeable, capable and responsible to govern its company and shall express their independent opinion for maximize benefit to the Company and fair treatment of all shareholders.
3) Does the Company have Compliance Unit?	Audit Committee assigned the Internal Audit Function to oversight business operation in compliance with relevant laws, rules and regulations to the Company.
4) Is the Chairman independent director?	The Chairman is not the same person as the Chief Executive Officer; the Board of Directors clearly segregate roles and responsibilities of the Board and Management Team. (Good Corporate Governance Policy.
5) Do the Company's policy determine minimum board quorum in order to take a vote; two-thirds of its total board members?	In a board meeting, an annual board meeting agenda should be notified to the Board of Directors by the Company Secretary in advance for the board members should attend the meeting at the date and time are set. If any director is inconvenience, the Company Secretary shall postpone the meeting to the date that they all can attend the meeting.

2. Shareholder Rights

The Board of Directors recognizes the shareholders' right and facilitates shareholders to exercise their rights and power to nominate directors to act on behalf of the shareholders for defining the Company's objectives.

The Right to Information

The Company reveals all material information of its company through SET Portal system of the Stock Exchange of Thailand and the Company's website (www.moongpattana.com). In addition, directors and executives should submit the report on the changes in MOONG's securities holding (Form 59-1 and 59-2) and report on acquisition or disposition of MOONG's securities holding (Form 246-2); all reports are shown in SEC website (www.sec.or.th). Furthermore, our shareholders and investors could contact Investor Relation directly at 0 2020 8902 or e-mail: ir@moongpattana.com or Company Secretary at 0 2020 8999 or company.secretary@moongpattana.com

As shareholder's treatment and responsibility policy, the Company has duty of disclosure its information with reasonable supporting information both positive and negative impacts of its business to shareholders, such information shall be simple, accurate, sufficient and a timely manner both Thai and English version. The Company ensures that all shareholders obtain and access the relevant and adequate its information. In 2017, the Board of Directors approved the Revision Securities and Insider Trading Policy that disclosure of material nonpublic information of the Company must be designated persons who are appointed by the Executive Committee, Ms. Suwanna Chokdee-anand, Chief Executive Officer and Mr. Thinarom Chewinwiwat, Finance Director to be the Company's spokespersons.

The Right to a Dividend

Shareholders have right to receive share in the profit of the Company. As the Company's Dividend Policy, the Company shall allocate no less than 50% of its net profit as dividends after deducting tax and legal reserve. The Company's board of directors has an authority to consider dividend payment it seeks approval from the shareholders' meeting. An exception is for interim dividend payment, for which the Board of Directors can approve such payment and report to the next shareholders' meeting.

The Right to Propose Agenda and Candidate's Name for Being the Directors

In 2017, the Company informed the shareholders to propose agenda and candidate's name for being the directors (both Thai and English version) in advance between the dates 15 November to 31 December 2017 through SET Portal, the electronic channel of the Stock Exchange of Thailand and posted on the Company's website at www.moongpattana.com. The Company's shareholders, who wish to propose the agenda and/or candidate's name to the Board of Directors, please download the forms at www.moongpattana.com.

The Company reserves the right to consider the completely information form (Form A), that specify objectives and supporting reasons. In addition, proposing candidate's name for being the directors, please submit the completely forms (Form B - The form of proposing candidates for the election of the Company's Directors and Form C - Letter of Consent Propose candidates for nomination as directors) as well as the nominated persons must not have any characteristics

prohibited by SET and SEC regulations. Whenever neither candidates nor agenda items were proposed.

The Right to attend Shareholders' Meeting

Attending shareholders' meeting, it is shareholders' opportunity to be notified the Company's performance last year and also its plan and future direction. Furthermore, the shareholders have right to vote in agendas related to the Company both normal sessions such as adopting the minutes of the last meeting, approval the annual financial statement and appoint members of the Board of Directors, and special sessions such as increasing of decreasing capital and approval for related parties transactions, merger and acquisition or disposal of assets.

Shareholders who have right to attend the meeting, must hold the Company's shares on the record date that means shareholders must buy or have the shares 1 day before the trading sign "XM" (Excluding Meeting). The Stock Exchange of Thailand will post the sign "XM" in advance on website www.set.or.th.

If shareholder could not attend the meeting, shall appoint a proxy to appoint representative or independent persons such as independent directors or audit member of the Company that provide to be a shareholder proxy. The shareholders can download the proxy forms the company's website that were attached with the invitation of AGM. For shareholders' benefit, the shareholders should use proxy form B which is entitled to cast the votes on each agendas.

In 2017, the Company held the shareholders' meeting on April 26, 2017 at 18th floor, Meeting Room, Thosapol Land Building 4, No.2/97-104, Bangna-Trad Soi 25, Bangna-Trad Road, Bangna, Bangkok (10260). There was no calling for an extraordinary general meeting. As Public Limited Company Act, The board of directors shall arrange for an annual ordinary meeting of shareholders within four (4) months from the last day of the fiscal year of the Company (31 December each year). All other shareholders' meeting except annual general meeting, are called extra ordinary general meeting.

To provide the shareholders sufficient time to consider the agenda and related documents, the Public Limited Company Act determined that company shall deliver invitation letter to shareholders at least 7 days in advance before the meeting date. While the Stock Exchange of Thailand determined that the listed companies shall send the invitation letter 14 days in advance. The Company published the invitation letter of 2017 Annual General Meeting that specified date, time, venue, meeting agenda with board's opinion and supporting documents such as minutes, proxy forms, independent auditor's report, annual report, sustainable development report and related documents, at least 21 days prior to the meeting both Thai and English version through the Company's website and SET Portal, electronic channel of the Stock Exchange of Thailand. The documents above were delivered to the shareholders whose name appeared in the register at the record date at least 21 days in advance and advertised in the newspaper 14 days in advance for 3 consecutive days for call the shareholders' meeting.

In order to facilitate shareholders' meeting procedures, the Company provided barcode system for registration and vote counting in every agenda. The registration to attend the meeting shall be started at least 2 hours prior the meeting time. All the board of Directors, executives and auditor of the Company convened the 2017 Annual General Meeting.

The Right to attend the shareholders' meeting

Prior to the meeting started, the chairman of the meeting informed the number of shareholders who attend the meeting in person and by proxies as well as the vote casting. Then the Meeting had considered the matters in accordance with the following agenda. Moreover, the order of the item and agenda was not changed, and there was no request to consider any other matter. In case of shareholders who attend the meeting during the agenda, the Company shall recount the number of shareholders and its shareholding. Whenever, those shareholders could cast their vote only unapproved agendas.

During the meeting, the chair of the meeting opened session for shareholders to ask questions, express opinions and suggestions as well as before voting in each agenda. In the agenda item of selection of directors, the Company provided opportunity for shareholders to vote on individual directors. After voting in each agenda, the chair of the meeting had announced the voting results as approval, disapproval or abstention.

The Company recorded a meeting. After the completion of the shareholders' meeting, the Company disclosed the result of the ballot in each agenda via SET Portal of the Stock Exchange of Thailand immediately, due to notify shareholders, investors and related stakeholders. The Company submitted the minutes of the meeting within 14 days after the meeting's date to the Stock Exchange of Thailand and the Securities and Exchange Commission as well as posted on the Company's website.

3. Equitable of Treatment of Shareholders

The Company operates business base on corporate governance and policy to maintain equitable treatment of shareholders including minor, institutional and foreign shareholders. With respecting the rights of shareholders to use their basic right according to the laws and regulations, the Board of Directors determined the best practice for shareholder in the Company's Good Corporate Governance Policy and Code of Conduct as well as builds shareholders' trust and confidence and invests in the Company.

To attend and vote at the shareholder's meeting is an opportunity for all shareholders to use the right for governing its business through agents or directors as well as asking questions, express opinions and suggestions. The shareholders, who cannot attend the meeting, shall appoint a proxy or independent director of the Company to be their proxies. Each shareholder has one vote for each share. Furthermore, the shareholders were invited to propose agenda and candidate's name for nomination through the Company's website prior to the shareholders' meeting.

The Company opened registration 2 hours before the meeting and arranged the officers for checking documents, barcode registration and prepared revenue stamp (appointment of proxy) including sound system and meeting's room. Except the shareholders' meeting, investors, shareholders and interested person can equitable access the Company's information through SET electronic channel and its website. If shareholders would like to express their opinion, whistleblower, complaints or suggestions, please directly contact independent directors at e-mail: ind.director@moongpattana.com.

The Board of Directors determined Insider Trading Policy to protect insider misuse of inside information for benefits to directors, executives, staffs and related person. The Securities and Exchange Act B.E. 2535 (and amendment) provided that directors and executives must report their holdings of the Company's shares to the Securities Exchange and Commission.

4. Role of Stakeholders

The Board of Directors has established the “Revising Code of Conduct (2017)” as guideline on best practices of each group for Directors, Executives and Staffs to perform their duties in accordance with its practices strictly. The Company’s policy on the treatment of stakeholders can be summarized as follows:

Business Operation

The Company strives for operating its business as a professional trading company and distributor under the code of conduct and responsible business operation framework for addressing the needs of customers, investors and builds good relationships with business partners and promoting mutual and long lasting growth. The Company set the code of conduct of directors, executives and employees to work on responsible decision making with cautiously, prudent and sufficient information as well as equitable treatment toward stakeholders to achieve utmost benefits and drive long term business value.

Shareholders

The Company has a policy to treat all shareholders equitably and conducts business in order to create utmost all shareholders’ interest with transparency not any parties involved. Then the Company shall disclose and report status of its performance correctly and completely with truth to the shareholders through various channels both Thai and English version at www.set.or.th, www.moongpattana.com or contact Investor Relations (Tel 0 2020 8999 or ir@moongpattana.com)

Customers and Consumers

The Company strives for deliver quality and safety products according to the standards at fair prices including describe information of products and services with truth and clearly written. For more product details, the Company provided officers to give an advice how to use the products at 0 2020 8990 or email to crm@moongpattana.com. In addition, the Company provided customer services process regarding to complaints, requiests and evaluated customer satisfaction which was used to improve and development the Company’s products and services.

Creditors

The Company has a policy to ensure that creditors are treated fairly and equally, as well as strict compliance to the terms and conditions of contract. In case of the Company is unable to carry out a contract, the Company would inform creditors in advance in order to find a way to solve the problem together.

Partners

The Company has a policy to treat business partners equally and fairly on the basis of fair return for both parties and to strictly comply with contract agreements or conditions that were agreed upon between the business partners. If the Company is unable to carry out the contract agreement, the Company would inform the business partners in advance. The Company did not request, take or give any benefits that were dishonest while negotiating business.

Employees

The Company has a policy to treat employees fairly, equally and impartially. These policies will be followed in the selection of employees, consideration for remuneration, appointments, transfers as well as capabilities and potential development along with their positions. The Company will provide its employees with relevant knowledge and build up their awareness of the cruciality of safety, occupational health and good working environment works.

Competitors

The Company adheres to fair business operations under the framework of the law and business ethics without seeking the confidential information of a competitor in a dishonest or inappropriate manner. The Company does not ruin the reputation of its competitor with malicious accusations without any truth. This includes any other acts that violate the intellectual property of a competitor.

Regulators

The Company has conducts business operations strictly in compliance with the laws and relevant regulations issued by the regulatory agencies. Furthermore, the Company continues to associate with agencies for enhancing the Company's corporate governance practices along with national standards.

Social and Community

The Company operates its business on community responsibility, society and environmental preservation. The Company is ready to strengthen and stabilize Thai society by supporting and holding activities that are always beneficial and creative for the community, society and the environment.

Suppliers

The Company has established the selection of products and suppliers policy in the "Purchasing Best Practices" of the Company along with standards including international and domestic laws. Furthermore, the Company set the Anti-corruption Practices to ensure that directors, executives, employees and workers shall not be engaged in any fraud and corruption activities.

5. Disclosure and Transparency

The Company provides full disclosure its information especially material information that affects to decision of shareholders and investors shall be accurate, sufficient and a timely manner including reliable financial and non-financial information through SET Portal system of the Stock Exchange of Thailand and the Company's website. In 2017, the Company held the investors' activities such as "Opportunity Day" dated on September 8, 2017 and November 13, 2017, at the Stock Exchange of Thailand and joined the MAI Forum 2017 dated on July 1, 2017, 11.00 a.m. – 7.00 p.m. at Floor 22nd, Bangkok Convention Center, Centara Grand at Central World.

The Company appointed investor relations team, in order to communicate and disclose its information to investors and analysts regularly. The Investor Relations is accountable for disclosure its information for investors' decision making. Contact details of Investor Relations: Mrs. Sasithon Lersumitkul at 0 2020 8902 or e-mail: ir@moongpattana.com and Company Secretary at 0 2020 8999 or company.secretary@moongpattana.com

6. The Board of Directors

The Company comprises 6 committees which include the Board of Directors, Audit Committee, Remuneration Sub-committee, Executive Committee, Risk Management Sub-committee and Creating Shared Value Sub-committee.

Composition of the Board

The Board of Directors consists of not less than 5 persons with is more than one-third of the total board seats is independent directors. At least 1 non-executive director has experience in core business. In order to create value and benefits to the Company, the composition of the Board of Directors should consist of directors with diverse qualifications, including age, gender, skills, knowledge and expertise useful for the Company.

Qualifications of the Board of Directors

The Board of Directors set qualifications of directors that should have knowledgeable, experience and expertise to benefit for operating a business. Moreover, the directors must be qualified not being prohibited by the Public Company Act, the Securities and Exchange legislations, including related regulations and the Article of Association and the Good Corporate Governance Policy of the Company.

Qualifications of Independent Directors

The board of directors determined the qualifications of independent directors to be more stringent than the minimum requirements of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. Independent directors must not hold more than 0.5% of the total voting shares of the Company.

Role and Responsibilities of the Board of Directors

- 1) Carry out business operation under the Company's article of association, laws, board of directors' and shareholders' resolutions (Duty of Obedience) with responsibilities, prudent and cautiously (Duty of Care), honest, trustworthy (Duty of Loyalty) and oversee the disclosure of financial and non-financial precisely in time (Duty of Disclosure).
- 2) Monitor and follow-up that management has operated to the best interest and fairly of majority and minority shareholders including other stakeholders such as customers, partners, creditors, competitors, employees, community, social and environment to protect their legal rights.
- 3) Define the Company's vision, mission, objectives and goals in steering business operations according to building sustainable value and review it's regularly, at least annually.
- 4) Consider and approve operation policies, allocation of resources and budget as provide by the Company's management. In addition, monitor and ensure policies and plans implementation efficiency and effectiveness as goal setting. The outcomes shall report to the Board of Directors and Executive Committee quarterly as well as problems and impediments that occur and adaptation plans.
- 5) Supporting, promoting and instill values, moral and ethics in all level of the Company under the Good Corporate Governance Policy, Code of Conducts and Anti-corruptions Practices.
- 6) Foster and support to create value-added to the Company with innovation and technology as well as using information technology to develop and improve the Company's business operations.
- 7) Appointing and defined role, duties and responsibilities of the Committees

- 8) Appointing directors or executives to be directors in the associate, subsidiary or affiliate of its company.
- 9) Set a written corporate governance policy and review it's regularly, at least annually.
- 10) Set a written Code of Conduct for directors, executives and employees to understand the business ethical standards of the Company's business besides employee's regulations that along with labor law. Monitor compliance to the Code of Conduct strictly.
- 11) Consider any conflict of interest thoroughly under clear guidelines for the best interest of the Company and all shareholders. Excluding any conflicted persons to participate in decision making. Monitor compliance with regulations relating to procedures transactions with conflict of interests.
- 12) Disclose a report on securities holding by each of them and related persons under the Securities and Exchange Act B.E. 2535 Section 59, and shall submit the report to company secretary for gathering and propose the report to the Board of Directors including disclose to the shareholders in annual report.
- 13) Ensure that an internal control system is in place. Assign internal control department, an independently unit to perform an internal control duties as above.
- 14) Establish a risk management policy to cover all activities of the Company. Assign management to implement the policy and report to the Board of Directors regularly, at least quarterly.

Role and Responsibilities of the Chairman

- 1) In concert with the Chief Executive Officer, to develop and set the agendas for meetings of the Board and oversee the process of sending out a notice and supporting documents accurately and completely in time.
- 2) Conducting meeting in accordance with the following agenda and comply with the Company's Article of Association and related laws.
- 3) Manage the time and maintain the scheduled meeting timings including encourage all directors to express their opinions freely.

Authorization of the Board of Directors

- 1) Consider and approve the annual and revised budget.
- 2) Consider and approve the purchase of fixed assets worth more than 80,000,000 Baht in accordance with the rules and regulations stipulated by the Stock Exchange of Thailand and the Securities Exchange Commission concerning the acquisition or disposal of assets.
- 3) Consider and approve investments in securities, bonds, equity instruments, and unit trusts. This includes acquisitions, joint ventures in projects/other activities in which the project/activity value is more than 80,000,000 Baht per transaction or the project/activity is in accordance with the rules and regulations stipulated by the Stock Exchange of Thailand and the Securities Exchange Commission concerning acquisition or disposal of assets.
- 4) Consider and approve the borrowing or issuance of debentures. This includes providing a guarantee, loan guarantee, pawns, and mortgages for any of the Company's loan requests worth more than 80,000,000 Baht per request.
- 5) Consider and approve the writing-off of bad debt in accordance with the principles, procedures, and conditions declared and determined by law worth more than 5,000,000 Baht.

6) Consider and approve transactions that connect the Company, subsidiaries, and associated companies with related associates on matters that do not require resolution from the shareholders' meeting.

7) Consider and approve the leasing of the Company's assets with a contract period of more than 3 three years.

8) Consider and approve other matters beyond the scope, authorization, and duties of the executive committee.

Authorized Person on behalf of the Company

The Company's authorized directors are Mr. Sumeth Lersumitkul or Mrs. Sureeporn Anuvatudom or Mr. Methin Lersumitkul, together with Mrs. Suwanna Chokdee-anand. Two directors sign together along with affixing the Company's seal. In the case of filing tax returns or submitting financial statements to government agencies or any other agencies, any one of the authorized directors above shall sign and affix the Company's seal.

Term of Office of the Directors

One-third of the total number of directors must leave their position during every annual general meeting. In case that one-third of the number of directors results in a number that is not whole, the number of directors that leave will be rounded to the nearest number. Directors who had left may be re-elected.

The Meeting

1) The board of directors schedules the meeting at least 4 times a year and conducts its meeting along with the Company's Article of Association, laws and related regulations.

2) The quorum of the board of directors requires at least half the total number of directors to be in attendance. The Chairman acts as the chair of the meeting and opens session for directors to free express their views and opinions as well as promoting discretion, allocate sufficient time for management to present the issues and results of the Company's operations.

3) The meeting notice and supporting documents shall be issue to directors in advance at least 5 working days before the meeting date. However the bord of directors can ask more information from executive director or board's secretary or call executives to join the board's meeting for explanation and answer questions.

4) The Company records a meeting and takes accurate and completely minutes of the meeting. All directors had attended all meeting of the board, except in the case of conflict of interest.

7. Audit Committee

Audit Committee consists of 3 independent directors and at least 1 member possesses knowledge and .experience in accounting and/or finance. The audit member needs to have sufficient knowledge and experience for the credibility review of the financial statements. Furthermore, the Audit Committee is accountable for review operation process of the Company to ensure that according to policies and regulations as well as laws and related regulations and also promote development of financial report and accounting along with accounting standards including review internal control system, internal audit system and risk management system that are concisely, sufficient and efficiency.

As the Board of Directors' assignment, the Audit Committee can express opinion freely. In order that, internal audit will be delegated and directly report to the Audit Committee. At least annually, the Audit Committee should meet the external auditors, without management, to discuss matters relating to its remit and any issues arising from the audit as the Company's expense.

Role and Responsibilities of Audit Committee

- 1) Ensure the Company's financial statements are accurate and sufficient by reviewing its proper and effectiveness of internal control, management control and internal audit
- 2) Reviewing the Company comply with the laws related securities and exchange as well as the SET regulations and law related to the Company's business
- 3) Report on internal control system and its sufficient in the annual report
- 4) Perform any other duties as the assignment of the Board of Directors in the Charter of the Audit Committee that concurred the Audit Committee and under related legislations.

Audit Committee Meeting

The audit committee convenes a meeting at least 4 times a year to review financial reports, internal control, risk management and compliance with SET regulations, Sec laws and Public Company Limited Act. The meeting shall be call by sending invitation in written to audit members at least 5 days prior to the meeting. A quorum is at least one-half of the members. The decisions of the committee's meeting shall be passed by a majority vote of the members who attended the meeting.

All audit committee members must attend at least three-fourths of the total number of meetings held during the year. The meeting held specifically with management, internal auditors or account auditors must be held regularly at least once a year

Term of Office of Audit Committee

The Audit Committee members hold the term of office as determined in the Audit Committee Charter.

8. Remuneration Sub-committee

Remuneration Sub-committee consists of at least 3 members, at least one of whom is an independent director. The Chairman of the Remuneration Sub-committee should be an independent director.

Role and Responsibilities of the Remuneration Committee

- 1) Consider the guidelines for determining the remuneration of directors at a fair and appropriate level in relation to the duties and responsibilities of the committee. The remuneration should be enough to motivate and retain a quality committee. The committee proposes remuneration for the approval of the board of directors and the shareholders' meeting.
- 2) Perform other Board-assigned tasks.

Remuneration Sub-committee Meeting

- 1) The Remuneration Sub-committee call a meeting as it deems appropriate or at least once a year. The committee may invite management, related staff or appropriate people to attend the meeting, provide comments or send relevant/necessary documents/information.

- 2) A quorum at least two-thirds of the total remuneration members
- 3) If any director has interests in any matter on which the meeting shall pass resolution, he/she shall not be entitled to vote on such matter, except to vote on director remuneration.
- 4) The Committee decides by an absolute majority of its member present. In the event of a tie of votes, the Chairman of the Remuneration Sub-committee shall have a casting vote.

Term of Office of the Remuneration Sub-committee

The Remuneration Sub-committee members hold the office for 3 years. Retiring Directors are eligible for re-appointment by appointing by the Board of Directors.

9. Executive Committee

Executive Committee consists of at least 3 directors and Executives. They have roles and responsibilities as management team within the scope that authorized by the board of directors. This includes filtering matters that are presented to the directors for approval. The board of directors appoints the Chief Executive Officer as the chairman of the executive committee.

Role Duties and Responsibilities of the Remuneration Committee

Executive Committee is accountable for supervision of the operations along with objectives, policies, the Company's article of association, resolution of the Board of Directors' and shareholders' meeting as well as associate with the the Board of Directors to set and review policies, objectives, strategies, annual plan including allocation resources and annual budget.

Executive Committee Meeting

Executive Committee Meeting schedules monthly meeting. The Committee decides by an absolute majority of its member present, excluding any conflicted members.

10. Risk Management Sub-committee

The risk management subcommittee consists of executives from various departments and will not be less than 5 persons. Members are appointed by the Board of Directors. The Committee is accountable for oversee the risk management of the company by issuing the risk management policies, strategies, and resources to makes certain the effectiveness and efficiency of the Company's Enterprise risk management. This includes assessing risk and reporting it to the audit committee for the audit committee to consider and be proposed to the board of directors at least once a quarter.

Duties and Responsibilities of the Risk Management Sub-committee

Risk Management Sub-committee is accountable for analyze the Company's business risks, evaluate and ranking risks including establishes risk management that impacts its business operations in order to mitigate risks impacts and damages. Besides, risk management has been monitored in line with the policy and framework concisely as well as prevents and avoids those risks in the future.

Furthermore, the Committee has notified the risk management policy to employees throughout the organization and discloses the risks and report on that review in the annual report.

Risk Management Sub-committee Meeting

Risk Management Sub-committee Meeting schedules quarterly meeting. The Committee decides by an absolute majority of its member present, excluding any conflicted members.

11. Creating Shared Value Sub-committee

Creating shared value Sub-committee consists of executives and employees from various divisions. The board of directors appointed the Chief Executive Officer to chair the creating shared value subcommittee to jointly create social values that drive the creation of the shared value in the society tangentially.

Duties and Responsibilities of the Creating Shared Value Subcommittee

- 1) Establish the direction and approach of the Company in creating shared value (CSV) in society.
- 2) Execute communications to all employees, business partners, and related parties to ensure awareness, understanding, and realization of CSV.
- 3) Budget, follow-up, and evaluate the progress and results. The includes the reporting of CSV by different divisions, and reviewing plans and budgets to ensure consistent effectiveness.
- 4) Operate in accordance with the approved plans and budgets. This may include appointing personnel, divisions or establishing assignments for external experts.
- 5) Promote the constant exchange of knowledge, success, and experiences in CSV among internal and external divisions.
- 6) The creating shared value subcommittee shall meet and have consistent reporting of the operations of CSV to the Chief Executive Officer.

Creating Shared Value Sub-committee Meeting

Creating Shared Value Sub-committee Meeting schedules quarterly meeting. The Committee decides by an absolute majority of its member present, excluding any conflicted members.

12. The Board of Directors Evaluation

The Board of Directors provides regularly assessment of the board of directors and the subcommittees at least once a year. In 2017, the Company used the evaluation form of the Stock Exchange of Thailand for self-assessment of the Board of Directors and subcommittees that consists of 6 main topics: 1) Structure and qualifications of the board of directors 2) Duties, roles, and responsibilities 3) Board meetings 4) Operations of the board of directors 5) Relationships with management and 6) Self-development of directors and executives. Then the company secretary collected the results of the assessment and prepared the summary of the evaluations for further consideration to the board of directors. The board of directors will consider the evaluation results, analyze and find a conclusion to determine any measures that will improve the performance of the board further.

13. Chief Executive Officer Evaluation

In order to oversee and monitor the management, the Board of Directors defined that the management shall monthly present business operating results and comparison of the objectives, plan and actual performance to Executive Committee and report to the Board of Directors at least quarterly.

14. Separation of Responsibility between the Board of Directors and the Management

The Company has clearly defined the roles and responsibilities of the Board of Directors and the Management. The Board of Directors shall be responsible for formulating policies and supervising the Management, while the Management's responsible is in line with the policies. Furthermore, in

order to clearly separate the roles and duties, the Chairman of the Board and the Chief Executive Officer are different persons, including separate role of governance and management as well.

Role of the Board of Directors	Role of the Management
<ul style="list-style-type: none"> Set the company's vision, mission and goal to operate business along with creating sustainable business values. Consider and approve policies, allocation resources and annual budget that proposed by the Management. Oversee the Management's implementation of those policies and plan. 	<ul style="list-style-type: none"> Operate business in accordance with the vision, mission, goal and expected value which have been approved by the Board of Directors, Executive Committee and the resolution of shareholders' meeting.

15. Directors and Executives Development

The Board of Directors provides and orientation session for new directors, that includes all aspects of business operations. Furthermore, the Company encourages directors, executives and company secretary to join seminar to useful for their duties such as DAP (Director Accreditation Program), DCP (Director Certification Program) and Anti-Corruption: The Practical Guide (ACPG) that organised by the Thai Institute of Directors Association (IOD)

Besides, the Board of Directors fosters and facilitates directors, audit members, executives, company secretary and internal auditor to get training to improve their performances continuously.

2017, the following directors and executives underwent training and seminars.

Name	Course / Seminar
Mrs. La-aid Vongvongepop	
Thai Institute of Directors Association	Legal Update: Criminal Liabilities of Directors
	Board of directors and their roles in driving Thailand forward
	Advanced Audit Committee Program (AACP)
	The Audit Committee's Role in Compliance and Ethical Culture Oversight
EY Office Limited	Business in the age of uncertainty
Federation of Accounting Professions	Integrated Reporting
	AC Hot Update: Preparing for the new age of CG and step forward sustainable
Stock Exchange of Thailand	The New CG Code and Thai listed companies to move toward Thailand 4.0
Mr. Manit Jeeradit	
EY Office Limited	Business in the age of uncertainty
Mr. Thaevan Uthavath	
National Institute Development Administration	Master Degree of Social Development (Honors)
PricewaterhouseCoopers : Forensics summit	International perspective: Fighting economic crime in the financial services sector / Protecting your organisation with Anti-Money Laundering (AML) and Counter Terrorism Financing (CFT) measures
Thai Institute of Directors Association	Legal Update: Criminal Liabilities of Directors
	Board of directors and their roles in driving Thailand forward
	Bright Spots : Lighting the way to a corruption free society
	Steering governance in a changing world

Name	Course / Seminar
	Story Telling as a leadership
EY Office Limited	Business in the age of uncertainty
Law and Development Research Center Faculty of Law, Chulalongkorn University	ASEAN Business and Investment Law
Ms. Suwanna Chokdee-anand	
Thailand Management Association	Conflict Resolutions Management
Mr. Methin Lersumitkul	
Mr. Sochat Ngarmnuraks	Pre-Leadership Program
Mr. Suwatchai Kaewsabsak	
Thailand Management Association	Conflict Resolutions Management
Executrain of Bangkok	Microsoft Excel – Intermediate #2
Ms. Pataya Tevatirarut	
EY Office Limited	Financial Reporting Standards Changes and Tax Impacts
Federation of Accounting Professions	Thai Financial Reporting Standards No.9 (TFRS 9) (Draft) Thai Accounting Standards No.12 (Revised 2017): Income Taxes
	(Draft) International Financial Reporting Standards No. 16: Leases
Thailand Management Association	The Fin Tech Revolution
Stock Exchange of Thailand	Preparing for the upcoming financial reporting standards and financial tools.
	Learning and development KAM to the real benefit of capital markets
Mr. Thinarom Chewinwiwat	
Thailand Management Association	The Fin Tech Revolution

16. Company Secretary

The board of directors appoints the company secretary who qualified to perform duties as required by laws, including various functions in compliance with good corporate governance as follows:

- 1) Provide and organize shareholders' meeting, board's meeting and committee's meeting, that are appointed by the board of directors, relevant to the laws, company's regulation and charter of each committees.
- 2) Prepare and keep director registration, notices and minutes of the board of directors, notices and minutes of shareholders' meeting, including annual reports and the Company's important documents.
- 3) Prepare and keep conflict of interest report of directors and executives and notify to the board of directors and related agencies within the specified time.
- 4) Give primary advice and suggestion to the board of directors and committees that are appointed by the board of directors, related to the laws, regulations and governance practices.
- 5) Ensuring that information disclosure and reports to comply with relevant laws, regulations and the information disclosure policy of the Company.
- 6) Contact and communicate with shareholders to disclose the Company's information and the rights of its shareholders.
- 7) Liaise with Human Resource Department to provide director orientation for new director.
- 8) Other duties and responsibilities as assigned by the board of directors.

Besides, the Company Secretary duties are to notify the Board of Directors with laws and regulations advice that they need to know and comply with as well as handling the Board of Directors activities and monitoring subsequent actions in accordance with resolutions of those meetings. The Company Secretary should attend a course at least that organized by the Thai Institute of Directors Association.

17. Audit Fee

In 2017, the Board concurred with the Audit Committee recommendation to propose to the Annual General Meeting of Shareholders to appoint the EY Office Limited as its auditor for year 2017; the aforementioned Auditors are qualified approval by the Securities and Exchange Commission including independent and have no conflict of interest with the Company, its executives, major shareholders or any related persons with the aforementioned persons that affects to the Company. With proper term and conditions for audit services and fee, the shareholders' meeting appointed the auditor and auditing fee as proposed.

Audit Fee of the Comapany 2014-2017

	2017	2016	2015	2014
Audit Fee	880,000	770,000	770,000	770,000
(+/-)	(20%)	-	-	-
Other Service Fees	-	-	-	-

18. Securities and Insider Trading Policy

In 2017, the Company's Securities and Insider Trading Policy was adopted and determined that directors, executives and employees to do not use inside information in the interests of theirs own as well as related persons. As the Securities and Exchange Act B.E. 2535 (and amendments) section 59, directors and executives will acknowledge the duty to report changes in holdings of the Company's share to the Office of the Securities and Exchange Commission. The Company has the duty of disclosure corporate's information with prudent, accurate, sufficient both Thai and English version timely through the SET electronic system and the Company's website. Disclosure of material nonpublic information of the Company must be the person who is designated only.

19. Conflict of Interest Policy

The Company determined that directors, executives and related persons should report on their interest or a related person's interest for consideration by which conflict of interest may arise and use an opportunity or inside information to benefit them or operate any business competing with the Company or do something apart from their duty including trading of the Company's share. Moreover, prohibit holding shares of competing business or any business that may cause any conflict of interests between employees or member of their families with the Company, should be diclose to the Company Secretary.

20. Anti-corruption Policy

The Company has policy that directors, executives, employees and workers shall not be engaged in any fraud and corruption activities for benefits to themselves, families, friends and related persons both in direct and indirect actions covering any types of bribery; a receiving, offering and giving with the government sectors or private sectors that do business together of contact with. All Employees shall comply with the Code of Conduct and Anti-corruption Practices strictly.

Guideline on Giving / Accepting Gifts

The Company has set guidelines for giving and receiving gifts or other benefits for directors, executives and employees to be put into practice by prohibiting the directors, executives and employees at all levels, including their family, to receive or give gifts or other benefits from customers, suppliers, contractors, subcontractors or those who are involved with the Company's business, unless it is a traditional gift to maintain good relationship between individuals only. If the gifts or other benefits are worth more than 3,000 Baht, they must be reported to the supervisor and a "Report on Giving or Receiving Gifts or Other Benefits" must be prepared and the gift delivered to the Human Resource Department.

Hospitality Guideline

Reception must be based on tradition and comply with the "Sufficient Economy" philosophy. It must be moderate, infrequent, and appropriate for opportunity. It must not conflict with the legal regulations and be in accordance with good corporate governance policies and the Company's codes of conduct strictly.

Charity Guideline

Donations must be for public charities or with the clear purpose of benefiting society, without any hidden agenda or receive incorrect business benefits or indirect bribery. Therefore, the Company requires that donations be approved by an authorized person in accordance with the Company's approval manual and under the framework of good corporate governance policies and codes of conduct strictly.

Financial Contribution Guideline

The Company requires an internal control process and internal audit to ensure the reasonable and transparent use of funding. The approval process and the use of funds are in accordance with internal control procedures and approval is according to the Company's approval manual. In this regard, funding requires an internal record identifying clear objectives, responsibilities, evaluations, and monitoring and reporting to the supervisor.

Reporting on Anti-corruption Performance

The board of directors requires the preparation of a report on compliance with anti-corruption practices to be reported to the executive board on a monthly basis and to be proposed to the board of directors. It covers the communication of the anti-corruption policies, both inside and outside the organization, corruption-risk management, the giving and receiving of gifts, entertainment, charitable donations, funding, whistle-blowing and complaints.

Political Contribution Practices

This is to say, directors, executives, and employees have the right to engage in or support political activities personally, outside of office hours, and not on behalf of the Company. The Company does not provide any support to carry out political activities of any political party. The Company is neutral, not aligning with any parties or political groups.

21. Whistleblowing, Complaints, Concerns and Protection Measures

The Board of Directors assigned the Audit Committee to be notified complaints, tip-offs or suggestions about possible corrupt actions. In addition, the whistleblowers should specify information relating to those concerns, complaints or any suggestions as well as name, address and telephone number.

Subjects to be notified:

- Finding non-compliance to rules or dishonest business operations
- Finding fraud related to the Company, directly or indirectly, such as bribes to government officers or private agencies
- Finding misconducts against the Company's regulations or misconducts that impact the Company's internal control systems causing suspicion that it may be a channel for corruption.
- Finding actions that make the Company lose benefits and affects the Company's reputation.
- Finding actions that are illegal, unethical, or breach business ethics.
- Feedback/asking for suggestions.

Channels for Accepting Notification

- 1) Chairman of Audit Committee e-mail: ind.director@moongpattana.com
address to Chairman of Audit Committee
Moong Pattana International Public Company Limited
 - 2) Chief Executive Officer e-mail: suwanna@moongpattana.com
address to Chief Executive Officer
Moong Pattana International Public Company Limited
 - 3) Company Secretary e-mail: company.secretary@moongpattana.com
address to Company Secretary
Moong Pattana International Public Company Limited
- In case of whistle-blowers or complainants, the Chief Executive Officer or the executive committee would like you to send the complaint directly to the chairman of the audit committee.
- In cases where there is an urgent complaint or matter regarding corruption, the related persons shall immediately report to the hierarchy and present it to the senior supervisor to command without delay.

Practices on Protection and Confidentiality Measures

People who blow the whistle or complain about corruption are all Company stakeholders. This includes shareholders, customers, competitors, creditors, governments, communities, society, executives, and employees. No matter how the Company is notified, the Company will not disclose the name of the whistle-blower and will keep the information of the related persons confidential. This is limited to those who are responsible for the investigation of the complaints and have access to this information.

During the investigation on the facts, the Chief Executive Officer and/or the executive committee and/or the audit committee shall, as the case may be, will take reasonable steps to ensure that the reporter is not harmed or treated unfairly as a result of blowing the whistle, complaining, witnessing, or giving information. The person receiving information from performance of duties related to the complaint shall have a duty to keep the information, complaints and evidence of the complainants and informants confidential and not disclose any information to anyone who is not involved, except disclosing by a statutory duty.

Practices on Investigation and Penalties

When accepted whistle-blowing complaint, the Chief Executive Officer, executive committee and/or the audit Committee will investigate the facts. During the investigation, the Chief Executive Officer, the executive committee and the audit committee may delegate a representative (executive committee) to periodically inform the whistle-blower or complainant of the progress.

If the investigation finds that the information or evidence is reasonable and that the accused person actually committed corruption, the Company will grant the accused the right to be informed of the allegations and grant the accused the right to prove himself by finding additional evidence or evidence showing that he was not involved in the alleged corruption. If the accused actually committed the act of corruption, such corruption shall be deemed as an offense against the anti-corruption practices and business ethics of the Company and then the accused must be investigated and disciplined according to the Company's working regulations. If the act of corruption was illegal, the offender may also be subject to legal penalties as well.

22. Policy on Supervisory of Subsidiaries and Associate Companies

For joint venture policy, the company may joint ownership with a company that may have strong potential for growth and profitable. If any investment in subsidiary, the Company would control or set a management policy including send representatives in the said company according to shareholding percentage and join the meeting as shareholders as well as cast vote along with directions that would be set by the Board of Directors. To supervise associate Company, the Board of Directors will appoint a representative of the Company as director or executive according to associate agreement to oversee the management and operating results that should be efficiency and effectively along with its business policy. The Board of Directors determined that operating results of subsidiaries and associate Companies should be report to the Company monthly.

Internal Control and Risk Management

The Assessment of the Company's Internal Control Systems is as follows

The Company greatly emphasizes the importance of the internal control system. The Company's internal audit department reviews the Company's working systems to ensure that there is sufficient internal controls and it is suitable for business operations, able to prevent damages to the Company by evaluating different aspects of the internal control systems such as corporate internal controls, risk assessment, control activities, information and communication systems and monitoring and evaluation systems.

The Audit Committee reviewed the internal control systems, followed up with the results of the assessment and the adequacy of the internal control systems according to the Securities and Exchange Commission (SEC) form and reported the evaluation results of the Company's internal control system. Management is required to report directly to the audit committee on a consistent, regular basis. Regarding the results of the annual audit in 2017, there was no identification of any significant issues or defects. Besides this, the Company also paid attention to any suggestions or comments in order to develop internal control systems for maximum efficiency.

The essence of the Company's internal controls and internal audit systems are as follows.

Part 1: Corporate Internal Controls

- 1) The board of directors and management set out guidelines and practices regarding principles of integrity and maintain work ethics that cover the daily duty's task, decision making and the treatment of business partners, customers and unrelated parties.
- 2) The board of directors supervises the establishment of clear and measurable business goals to be used as practice guidelines for employees. They were prepared by the executive committee and proposed to the board of directors.
- 3) Provide a thorough review of performance goals. This includes the possibility of achieving goals, not setting goals that motivate or reward unreasonably or may lead to fraud and misconduct. Set out goals that significantly consider the business environment.
- 4) Organize a corporate structure that enables management to operate effectively by regularly reviewing its appropriateness.
- 5) Prepare ethics and regulations in written form in order to prohibit management and employees from acting in a manner that could lead to a conflict of interest with the business and includes the prohibition of corruption that damages the organization.
- 6) The board of directors established good corporate governance policies, business ethics, and ethics for business partners and anti-corruption practice guidelines for the directors, executives and the Company's employees to adhere to. The policies were communicated and broadcast to the executives and all Company employees via the Company's website. A regular training program for these policies was also organized.

Part 2: Risk Assessment

- 1) Regularly evaluate risk assessment, both internally and externally. The risk management subcommittee consists of executives from different divisions presenting risk management to the audit committee on a quarterly basis.
- 2) Set up measures that monitor events that cause risk factors and set up measures to lower those risks.
- 3) Inform all employees regarding risk management measures so that they acknowledge and carry out these set measures and be able to follow up on the results of the implementation of these measures.
- 4) The Company complies with generally accepted accounting standards and is appropriate with the nature of its business.

Part 3: Control Activities

- 1) The Company wrote measures regarding internal controls which appropriately cover different procedures and review to comply with compliance plans, regulations and Standard Operation Procedure. For example,
 - Prepared written policies and procedures regarding financial transactions. Have a concise procurement and general management that is able to prevent corruption.
 - Clearly define the scope of powers, responsibilities and the approval of financial limits for each level of management in writing.
- 2) Clearly divide duties and responsibilities in three areas, the responsibility to approve, the responsibility to record accounts and information technology, and the responsibility to manage the storage of property in order to review the performance of one another.
- 3) Set clear and accurate measures. In the case that the Company made transactions with major shareholders, directors, executives or any related person, there should be follow up on implementation of the transaction measure in order to comply with the set up approval procedures.
- 4) The person who has the responsibility to approve shall not be a stakeholder that makes transactions with major shareholders, executive directors or any related person and they must consider the utmost benefit of the Company and think as if the transaction was made with an outsider.
- 5) In the case that there were transactions with major shareholders, directors, executives or related persons which have long-term binding effects, the monitoring process must be implemented to follow up the compliance with the agreed upon conditions.
- 6) Regularly monitor the performance of subsidiaries and associated companies. This includes setting the direction for appointed directors and executives to practice accordingly.
- 7) Set up measures that prevent the Company's operations from violating any relevant laws in order to reduce business operation risk and maintain the reputation of the Company.

Part 4: Information Technology and Communication Systems

- 1) Present sufficient important information for the board of directors to use in the decision-making process.
- 2) The Company receives meeting notifications or meeting documents that provide the necessary information 7 days prior to the meeting.

- 3) Minutes of the meeting should have sufficient details for shareholders to review the performance of the directors appropriately.
- 4) Keep complete accounting documents of accounting records and others accounts in different categories.
- 5) Conducting information security control by setting authorization permission and assigning access data levels in the system according to Segregation of Duties and Responsibilities Principle.
- 6) Provide effective communication channels within an organization such as e-mail, public relations activities and town hall presentation therefore build coordination and achieve goal setting.
- 7) The Company set up channels for complaint notification. The Company clearly defined procedures for complaint management to ensure that the complaint will be considered transparently and fairly.

Part 5: Monitoring and Evaluation Systems

- 1) The Company provides a process for monitoring compliance with business ethics and regulations prohibiting management and employees from behaving in a manner that may cause a conflict of interest.
- 2) An internal auditor is required to review and evaluate the results of the activities of internal controls in accordance with the audit plan that was approved by the audit committee. Suggestions are given to enhance the effectiveness of internal controls. Communication is done for the acknowledgement of the executives and in order to proceed with corrective action plans. The audit results are reported directly to the audit committee in order to enable internal auditors to freely perform their duties freely and reports are given straightforward every quarterly.
- 3) When any material defect is detected, it shall be reported to the board of directors/audit committee in order to consider a corrective action plan within an appropriate time.
- 4) Regularly report the progress of the corrective action plans to the board of directors/the board of audit committee.
- 5) There are policies that require management to immediately report to the board of directors in such cases as an act of corruption or suspicion of corruption occurs, a practice violates the law and another offense occurs that could significantly affect the Company's reputation or financial position.

The audit committee and the board of director are of the same opinion that the internal control systems adhere to the set out policies.

The Company appointed Mrs. Pawadee Udomsritanakorn to be the internal audit manager. The audit committee considered the approval of appointments, removals, transfers and terminations which included an evaluation of the performance to internal audit manager.

In 2017, the audit committee reviewed the internal control systems which were evaluated by the executives and internal auditors. There was no indication of any issues or defects in all material respects which was in line with the opinions of the Company's auditor.

Transactions between Related Parties

In 2017, the Company had a connected transaction with an associated company and a person who may reasonably be in conflict with the Company, with the audit committee and be responsible for auditing and commenting on the necessity, reasonableness and suitability of the price of the connected transactions. This included conditions to conform to normal trading, including the comparison of prices with an outsider. The related transactions had to comply with the measures and procedures for approval of connected transactions (February 27, 2013) which requires control of connected transactions of the Company or its associated companies with a person who may have a conflict of interest or a conflict in the future.

In addition to this, the Company imposed measures that the authorized persons cannot approve their own disbursements even within the limit of their authority. And in the case of transactions with connected persons or persons with potential conflicts of interest or interests, such persons are not allowed to approve the transactions and shall follow the procedures regarding approval authority when there is a connected transaction. In the case that there is a transaction, acquisition or disposition of assets, the approval authority on disclosures and the practice of acquiring or disposing of assets must be followed.

Detail of the Transactions

Thai Pigeon Company Limited (TP)

<u>Type of Business</u>	Production and Distribution of Baby Products under Pigeon Brand such as nipples, nursers, baby bottles, and plastic parts for local and international markets.
<u>Relationship</u>	A joint venture between Pigeon Corporation (Japan) and the Company, in which the Company holds 47% of issued and paid-up capital, with mutual executive board

Yoshino Moong Pattana (Thailand) Company Limited (YMP)

<u>Type of Business</u>	Production plastic products and packaging such as spray pumps for liquid products, bottle packaging and coated plastic for distribution in local and international markets.
<u>Relationship</u>	A joint venture between Yoshino Kokusho (Japan), Nomura Jimusho Inc. (Japan), and the Company, in which the Company holds 6.0% of issued and paid-up capital, with mutual director.

Pigeon Industries (Thailand) Company Limited (PIT)

<u>Type of Business</u>	Production and distribution of breast pads, baby wipes, and baby bottle and nipple liquid cleanser.
<u>Relationship</u>	A joint venture between Pigeon Corporation and the Company, in which the Company holds 2.5% of issued and paid-up capital, which mutual director.

Sumethaporn Company Limited

<u>Type of Business</u>	Consulting Firm
<u>Relationship</u>	Mr. Sumeth Lersumitkul and Mrs. Sureeporn Anuvatudom hold 75% and 25% respectively, 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 54.96%
Mrs. Sureeporn Anuvatudom	Holds the position of Joint Chief Executive Officer, and is the shareholder of the Company at 1.36%
Mr. Methin Lersumitkul	Holds the position of Business Development and Marketing Director and is the shareholder of the Company at 4.70%

Connected Transactions as of December 31, 2017

The transactions detail between the Company, associated company, and related parties for the fiscal year 2015 – 2017 Financial Statements, as the following:

Transactions of Products and Services

Seller of products/ provider of services	Buyer of products/ recipient of services	Transaction detail / Key condition	Transaction value (million baht)			Reason and Necessity / Opinion of Audit Committee
			2017	2016	2015	
The Company	YMP	The Company sources production-required raw materials and equipments for YMP and, for this service, receives 1.5% of the prices of the material / services and, in accordance to the distributor service agreement with the Company, YMP will absorb the commission fees at rate 0.3% of the net selling prices of the products that YMP sells to their customers. (revised January 1, 2014)	7.5	6.6	5.8	The Company provides raw materials and equipments for YMP at prices and conditions are in line with normal business practice. <u>Opinion of Audit Committee:</u> The transactions are in line with normal business practice at general market prices and standardized with revenue collection from general customers.
TP	The Company	The Company buys Pigeon products from TP such as nipples, baby bottles and others.	128.3	102.5	111.4	The Company is sole distributor of TP's products in Thailand. <u>Opinion of Audit Committee:</u> The transactions are in line with normal business practice at general market prices and standardized with revenue collection from general customers.
PIT		The Company buys Pigeon products such as breast pads, baby wipes, and baby bottles and nipples liquid cleanser from PIT.	96.8	101.1	85.4	The Company is sole distributor of PIT's products in Thailand. <u>Opinion of Audit Committee:</u> The transactions are in line with normal business practice at general market prices and standardized with revenue collection from general customers.
YMP		The Company buys plastic products from YMP such as plastic boxes and lids, powder cassette, hair dye comb, pump and sprayer for plastic bottles.	5.3	4.7	5.5	The Company buys products from YMP at prices and conditions are in line with normal business practice. <u>Opinion of Audit Committee:</u> The transactions are in line with normal business practice at general market prices and standardized with revenue collection from general customers.
Mr.Sumeth Lersumitkul	The Company	The Company hires him to be a Company Advisory Director	-	-	1.1	Related to retirement of the founder of the Company's, Mr. Sumeth Lersumitkul who have experienced and knowledge in business of the Company quite well, benefits the organization. <u>Opinion of Audit Committee:</u> The advisor fees are at underlying rate. The transactions are reasonable.
		The Company rents office space on 18 th floor (partly) and 19 th floor, Thosapol Land Building 4.	4.0	4.0	0.3	Because the original Company's office space was small and could not meet the needs of business expansion. The Company submitted a request to rent office space of Mr. Sumeth Lersumitkul at standard rate and general commercial agreements for improving it to be the new head office. <u>Opinion of Audit Committee:</u> The rentals are at market price. The transactions are reasonable.
Sumethaporn Company Limited	The Company	The Company hires for management consulting services.*	-	-	1.2	Due to changing hiring an individual person to the company that Mr. Sumeth Lersumitkul is an authorized person of the company. <u>Opinion of Audit Committee:</u> The advisor fees are at underlying rate. The transactions are reasonable.
		The Company hires a Company Advisory Director for business consulting services.	3.6	3.6	-	

Transactions of Dividends Received from Related Parties

Dividend provider	Transaction detail	Transaction value (million baht)		
		2017	2016	2015
TP		18.8	18.8	14.1
PIT	The Company received dividend income	3.1	2.5	2.5
YMP		3.2	2.2	2.1

Transactions of Total Outstanding between Related Parties and the Company

Outstanding between related parties and the Company			Total outstanding value (million baht)		
Company	Individual / Juristic persons with total outstanding transaction	Transaction type	2017	2016	2015
Company	TP	Other receivables	3.0	-	1.7
		Trade payables	44.4	30.1	47.3
	PIT	Other receivables	1.2	-	-
		Trade payables	33.0	31.9	24.1
	YMP	Other receivables	1.8	1.6	1.6
		Trade payables	0.8	0.9	1.0

Transaction of Collateral

None

Policies or Prospects for Future Connected Transactions

In the future, the Company expects that there will be ongoing connected transactions with associated companies in conducting general business with normal conditions of business. This can be referenced to business conditions of the same type that the Company deals with outsiders, such as the purchase and sale of raw materials and finished goods, lease of office buildings, etc. The connected transactions are for necessity for business operations within the group, with price policies clearly defined. The audit committee will strictly consider and audit all connected transactions in accordance with rules and regulations on disclosure, connected transactions, acquisition or disposition of assets and the accounting standards set by the Federation of Accounting Profession.

Independent Auditor's Report

To the Shareholders of Moong Pattana International Public Company Limited

Opinion

I have audited the accompanying statements of financial position in which the equity method is applied of Moong Pattana International Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2017, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and have also audited the separate financial statements of Moong Pattana International Public Company Limited for the same period.

In my opinion, the financial statements in which equity method is applied and the separate financial statement present fairly, in all material respects, the financial position of Moong Pattana International Public Company Limited as at 31 December 2017, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the *Code of Ethics for Professional Accountants* as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

The key audit matters and how audit procedures respond for each matter are described below.

a) Revenue recognition

Revenue from sales is considered to be a significant account because the amounts recorded directly impact the Company's annual profit and loss. Moreover, the Company has numerous customers in various industries which have different commercial terms. I therefore focused on the Company's recognition of sales revenue.

I assessed the Company's revenue recognition by obtaining the understanding and evaluating the effectiveness of the Company's internal controls related to the sales cycle. In addition, I randomly selected sales transactions occurring during the year and near the period end for testing and reviewed credit notes issued to customers after the reporting period. Lastly, I performed analytical reviews of the sales accounts whether there were any unusual sales transactions.

b) Litigation

As disclosed in note to the financial statements No. 28.5 b), the Company has litigation regarding a distributorship agreement. The Court of First Instance and the Appeal Court have ordered the Company to pay the plaintiff damages together with interest. The Company has filed a petition with the Supreme Court. Currently, the case is in the consideration process of the Supreme Court.

Since the cases are not yet finalised, the management has to exercise judgment in determining the outcome of the litigation brought against the Company, taking into account the facts and the related legal provisions, in order to estimate the contingent liabilities resulting from the losses to be incurred. The actual results when the cases are finalised could differ from the management's estimates. Therefore, there is a risk with respect to the recognition of provision of contingent liabilities from being sued for such damage.

I inquired with the Company's management and the Company's external legal advisor regarding the progress of the pending litigation and the method applied by the management in estimating the Company's liabilities from the litigation. I discussed with the Company's management regarding the judgment exercised by management in estimating the liabilities. I reviewed the correspondence between the Company and its external legal advisor and related documentation. In addition, I sent requests for confirmation to the Company's external legal advisor to obtain a written report on the details and status of the cases and the legal advisor's opinion on the likely impact of the cases on the Company. Lastly, I reviewed the disclosures made in relation to the litigation in the note to financials statements.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon. The annual report of the Company is expected to be made available to me after the date of this auditor's report.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Company, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its associated (the Group) to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

I am responsible for the audit resulting in this independent auditor's report.

Chonlaros Suntiasvaraporn

Certified Public Accountant (Thailand) No. 4523

EY Office Limited

Bangkok: 28 February 2018

Financial Statements

Moong Pattana International Public Company Limited
Statement of Financial Position
As at 31 December 2015-2017

Unit: Million Baht

	Financial Statement (Equity Method)					
	31/12/2017		31/12/2016		31/12/2015	
	Amount	%	Amount	%	Amount	%
Assets						
Current assets						
Cash and cash equivalents	6.5	0.7	29.1	3.5	3.8	0.5
Short-term Investment	0.00	0.0	0.00	0.0	0.00	0.0
Trade and other receivables	187.8	21.3	152.9	18.4	137.2	18.5
Related parties	0.0	0.0	0.0	0.0	0.0	0.0
Unrelated parties	181.5	20.6	145.0	17.5	129.1	17.4
Less: Allowance for doubtful accounts	(0.9)	(0.1)	(1.1)	(0.1)	(1.6)	(0.2)
Total trade accounts receivable - net	180.6	20.6	143.9	17.3	127.5	17.2
Other accounts receivable	7.2	0.8	9.0	1.1	9.7	1.3
Inventories	81.0	9.2	81.4	9.8	94.5	12.7
Other current assets	6.4	0.7	6.3	0.8	10.1	1.4
Total current assets	281.7	32.0	269.7	32.5	245.6	33.1
Non-current assets						
Investment in associated company	432.9	49.1	386.4	46.6	338.2	45.6
Other long-term investments	24.9	2.8	24.9	3.0	24.9	3.4
Property, plant and equipment	37.7	4.3	40.9	4.9	76.4	10.3
Investment properties	77.7	8.8	77.3	9.3	22.9	3.0
Intangible assets	17.0	1.9	20.2	2.4	23.1	3.1
Deferred tax assets	3.6	0.4	4.0	0.5	3.7	0.5
Other non-current assets						
Leasehold rights to buildings	5.1	0.6	5.9	0.7	6.7	0.9
Others	0.7	0.1	0.7	0.1	0.7	0.1
Total non-current assets	599.6	68.0	560.3	67.5	496.6	66.9
Total assets	881.3	100.0	830.0	100.0	742.2	100.0

Moong Pattana International Public Company Limited
Statement of Financial Position (Con't)
As at 31 December 2015-2017

Unit: Million Baht

	Financial Statement (Equity Method)					
	31/12/2017		31/12/2016		31/12/2015	
	Amount	%	Amount	%	Amount	%
Liabilities and shareholders' equity						
Current liabilities						
Bank overdrafts and short-term loans from financial institutions	63.0	7.1	90.0	10.9	60.0	8.1
Trade and other payables	165.5	18.8	146.7	17.7	159.2	21.4
Related parties	78.2	8.9	62.5	7.5	72.4	9.8
Unrelated parties	16.4	1.9	26.5	3.2	27.8	3.7
Accrued expenses	49.3	5.6	44.8	5.4	48.2	6.5
Accounts payable - others	21.6	2.5	12.9	1.6	10.8	1.5
Current portion of long-term loans						
Short-term loans						
Current portion of finance lease liabilities	2.2	0.3	3.4	0.4	2.7	0.4
Accrued corporate income tax	-	-	-	-	-	-
Other current liabilities	1.7	0.2	2.7	0.3	2.3	0.3
Total current liabilities	232.4	26.4	242.8	29.3	224.2	30.2
Non-current liabilities						
Finance lease liabilities-net of current portion	5.2	0.6	3.4	0.4	5.5	0.7
Deferred tax liability	0.0	0.0	0.0	0.0	-	-
Provision for long-term employee benefits	6.4	0.7	5.9	0.7	5.3	0.7
Other non-current Liability	1.5	0.2	1.5	0.2	-	-
Total non-current liabilities	13.1	1.5	10.8	1.3	10.8	1.5
Total liabilities	245.5	27.9	253.6	30.6	235.0	31.7
Shareholders' equity						
Registered share capital	170.3	19.3	213.5	25.7	200.0	26.9
Registered share capital issued and fully paid up	165.3	18.8	145.8	17.5	144.2	19.4
Share subscription received in advance	0.8	0.1	10.9	1.3	0.1	0.0
Share premium	36.0	4.1	35.3	4.3	34.8	4.7
Capital reserve for shares-base payment	0.4	0.0	0.1	0.0	0.00	0.00
Retained earnings						
Appropriated - statutory reserve	17.0	1.9	15.7	1.9	13.0	1.7
Unappropriated	416.3	47.2	368.6	44.4	315.1	42.5
Total shareholders' equity	635.8	72.1	576.4	69.4	507.2	68.3
Total liabilities and shareholders' equity	881.3	100.0	830.0	100.0	742.2	100.0

Moong Pattana International Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2015-2017

Unit: Million Baht

	Financial statements (Equity Method)					
	2017		2016		2015	
	Amount	%	Amount	%	Amount	%
Revenues						
Sales of goods	795.4	97.4	704.0	97.4	665.6	97.1
Other income						
Rental income	3.5	0.4	3.3	0.5	3.2	0.3
Commission income	10.5	1.3	9.7	1.3	8.4	1.4
Dividend income from other companies	6.3	0.8	4.7	0.6	4.6	0.5
Others	0.7	0.1	1.2	0.2	0.6	0.7
Total revenues	816.4	100.0	722.9	100.0	682.4	100.0
Expenses						
Cost of sales	380.7	46.6	336.3	46.5	312.1	47.8
Selling expenses	241.3	29.6	206.3	28.5	211.5	28.7
Administrative expenses	179.0	21.9	165.2	22.9	150.0	21.5
Total expenses	801.0	98.1	707.8	97.9	673.6	98.0
Profit before share of income from investment in associated company, finance cost and income tax expenses	15.5	1.9	15.1	2.1	8.8	2.0
Share of income from investment in associated company	66.6	8.2	67.1	9.3	68.7	6.5
Profit before financial cost and income tax expenses	82.1	10.1	82.2	11.4	77.5	8.5
Finance cost	2.0	0.2	2.8	0.4	2.5	0.3
Profit before income tax expenses	80.1	9.8	79.4	11.0	75.0	8.2
income tax expenses	1.5	0.2	1.6	0.2	0.3	0.1
Profit for the year	78.6	9.6	77.8	10.8	74.7	8.1
Total comprehensive income for the year	77.3	9.5	77.8	10.8	73.1	8.1
Basic earnings per share (baht/share)	0.49		0.56		0.56	
Diluted earnings per share (baht/share)	0.47		0.52		0.52	

Moong Pattana International Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2015-2017

Unit: Million Baht

	Financial Statements (Equity Method)		
	2017	2016	2015
Cash flows from operating activities			
Profit before tax	80.1	79.4	75.0
Adjustments to reconcile profit to net cash provided by (paid from) operating activities			
Depreciation and amortisation	14.0	12.6	11.8
Allowance for doubtful accounts (reversal)	(0.2)	(0.4)	(0.2)
Allowance for diminution in value of inventories (reversal)	(1.9)	1.4	(0.8)
Unrealised loss (gain) on exchange	(0.1)	0.1	0.1
Gain on sale of equipment	0.00	(0.6)	(0.3)
Provision for long-term employee benefits (reversal)	(0.4)	(1.2)	0.00
Impairment of investment property (reversal)	0.6	0.6	0.8
Realised actuarial gain on obligation	0.3	0.1	0.00
Dividend received from investment in other companies	(6.3)	(4.7)	(4.6)
Share of income from investment in associated company	(66.6)	(67.1)	(68.7)
Interest expenses	2.0	2.8	2.5
Profit from operating activities before changes in operating assets and liabilities	21.5	23.0	15.6
Operating assets decrease (increase)			
Trade and other receivables	(34.8)	(14.1)	10.8
Inventories	2.4	11.7	(25.7)
Other current assets	(0.2)	3.9	1.4
Other non-current assets	0.1	0.00	0.00
Operating liabilities increase (decrease)			
Trade and other payables	18.9	(13.9)	4.2
Other current liabilities	(0.2)	0.7	(0.1)
Long-term employee benefits paid	0.00	0.00	(5.6)
Cash flows from operating activities	7.7	11.3	0.6
Cash paid for interest expenses	(2.0)	(2.6)	(2.5)
Cash paid for corporate income tax	(2.0)	(0.7)	(0.5)
Net cash flows from (used in) operating activities	3.7	8.0	(2.4)

Moong Pattana International Public Company Limited
Statement of Cash Flows (Con't)
For the year ended 31 December 2015-2017

Unit: Million Baht

	Financial Statements (Equity Method)		
	2017	2016	2015
Cash flows from investing activities			
Decrease in restricted bank deposits		-	-
Dividend received from investment in associated company	18.8	18.8	14.1
Dividend received from investment in other companies	6.3	4.7	4.6
Proceeds on sales of equipment	0.0	0.8	1.2
Acquisitions of building and equipment	(2.5)	(25.0)	(6.9)
Short term investment	0.0	0.00	0.0
Increase in intangible assets	0.3	(0.1)	(0.5)
Net cash flows from (used in) investing activities	22.9	(0.8)	12.5
Cash flows from financing activities			
Increase in bank overdrafts and short-term loans from banks - net	(27.0)	30.0	3.0
Repayment of finance lease liabilities	(4.0)	(3.3)	(4.0)
Increase in share subscription	8.5	1.6	24.1
Increase in share subscription received in advance	1.5	11.4	0.1
Dividend payment	(28.2)	(21.6)	(36.0)
Net cash flows from (used in) financing activities	(49.2)	18.1	(12.8)
Net increase (decrease) in cash and cash equivalents	(22.6)	25.3	(2.7)
Cash and cash equivalents at beginning of year	29.1	3.8	6.5
Cash and cash equivalents at end of year	6.5	29.1	3.8

Notes to Financial Statements

For the year ended 31 December 2017

1. General information

Moong Pattana International Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the distribution of baby and infant products, and other products, and its registered address is No. 2/97-104, 18th - 19th Floor, Thosapol Land Building 4, Soi Bangna-Trad 25, Bangna-Trad Road, Bangna, Bangkok and a branch is located at No. 444/11, Moo 7, Bangpha, Bangplee, Samutprakarn.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

- 2.2 The separate financial statements present investments in associated company under the cost method.

3. New financial reporting standards

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

During the year, the Company has adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company believes that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Commission income

Commission income are recognised when services have been rendered taking into account the stage of completion.

Dividends

Dividends are recognised when the rights to receive the dividends is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at bank, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

4.4 Inventories

Finished goods and work in process are valued at the lower of cost (under the weighted average method) and net realisable value and includes all inventory costs, labor costs and attributable factory overheads. Packing materials are valued at the lower of weighted average cost and net realisable value and are charged to costs of finished goods whenever consumed.

4.5 Investments

- a) Investment in associated company is accounted for in the financial statements, in which equity method is applied, using the equity method.
- b) Investment in associated company is accounted for in the separate financial statements using the cost method.
- c) Investments in non-marketable equity securities, which the Company classifies as other long-term investments, are stated at cost net of allowance for impairment loss (if any).

4.6 Building and equipment/ Depreciation

Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

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

Buildings and building improvement	3 - 20 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on assets under construction and installation.

An item of building and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

4.7 Investment properties

The Company presented its land and building not used in operation as investment properties. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties, which are buildings is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is included in determining income.

No depreciation is provided for investment property which is land.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.8 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged in profit or loss.

A summary of the intangible assets with finite useful lives are as follows.

	Useful lives
Computer software	5 and 10 years

4.9 Leasehold rights and amortisation

Leasehold rights are stated at cost less accumulated amortisation. Amortisation is calculated by reference to their costs on a straight-line basis over the period of the lease which is 30 years.

The amortisation is included in determining income.

4.10 Related party transactions

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

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

4.11 Long-term leases

Leases of motor vehicles which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The asset acquired under finance leases is depreciated over the shorter of the useful life of the leased asset and the lease period.

Leases of building and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

4.12 Impairment of assets

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

An impairment loss is recognised in profit or loss.

4.13 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

4.14 Share-based payment

Issues and offerings of equity instruments of the Company to various parties (including employees) are recognised as share-based payment transactions, unless the issuance is clearly for a purpose other than payment for goods or services supplied to the Company.

The Company records the excess of the fair value of the shares at the transfer date over the transfer price as an expense in profit or loss, and as surplus on for share-based payment transactions in shareholder's equity.

4.15 Provisions

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

4.16 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

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

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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

4.17 Foreign currencies

The financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currency are translated into Baht at the exchange rates ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3- Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Use of accounting estimates

The preparation of financial statements in conformity financial reporting standards requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

Significant judgements and estimates are as follows:

Allowance for doubtful accounts

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

Inventories

The management uses judgement to estimate the allowance for net realisable value of inventories taking into consideration the fluctuations of price or cost directly relating to events occurring after the reporting date.

The management uses judgement to estimate the allowance for obsolete inventories by considering obsolete or deteriorated inventories.

Investment properties, building and equipment/Depreciation

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

In addition, the management is required to review investment properties, building and equipment for impairment on a periodical basis and to record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Post-employment benefits under defined benefit plans

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

Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

6. Related party transactions

During the years, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those companies.

	2017	2016	(Unit: Million Baht) Pricing policy
<u>Transactions with associated company</u>			
Purchases of goods	128	102	Cost plus margin
<u>Transactions with related companies</u>			
Purchase of raw material	102	106	Cost plus margin
Commission income	8	7	0.3 percent of net selling price of product sold and 1.5 percent of costs of service rendered
Advisory fee	4	4	Agreed rate
<u>Transactions with related person</u>			
Rental expenses	4	4	Agreed rate

The balances of the accounts as at 31 December 2017 and 2016 between the Company and those related companies are as follows:

	(Unit: Thousand Baht) 2017	2016
Other receivables - related parties (Note 8)		
Associated company	3,021	-
Related companies (related by common directors)	3,051	4,332
Total other receivables - related parties	6,072	4,332
Trade and other payables - related parties (Note 16)		
Associated company	44,408	30,088
Related companies (related by common directors)	33,796	32,442
Total trade and other payables - related parties	78,204	62,530

Directors and management's remuneration

During the years ended 31 December 2017 and 2016, the employee benefit expenses payable to the Company's directors and management are as follows:

	(Unit: Thousand Baht) 2017	2016
Short-term employee benefits	31,264	30,859
Post-employment benefits	443	427
Total	31,707	31,286

Retirement remuneration of Chief Executive Officer

On 9 August 2017, the Board of Director's meeting approved the payment of a retirement compensation to grant the former Chief Executive Office one used vehicle which has a market value of Baht 1.1 million.

7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	2017	2016
Cash	65	55
Cash at banks - current accounts	382	6,350
Cash at banks - savings accounts	6,104	22,715
Total	6,551	29,120

As at 31 December 2017, bank deposits in savings accounts carried interests between 0.09 and 0.38 percent per annum (2016: between 0.05 and 0.38 percent per annum).

8. Trade and other receivables

The balances of trade and other receivables as at 31 December 2017 and 2016, aged on the basis of due dates, are as follows:

	(Unit: Thousand Baht)	
	2017	2016
Trade receivables - unrelated parties		
Net yet due	122,836	113,604
Past due		
Not over 3 months	57,451	29,924
3 - 6 months	527	600
6 - 12 months	13	92
Over 12 months	699	795
Total	181,526	145,015
Less: Allowance for doubtful accounts	(948)	(1,115)
Total trade receivables - net	180,578	143,900
Other receivables		
Other receivables - related party (Note 6)	6,072	4,332
Others	1,419	4,881
Total	7,491	9,213
Less: Allowance for doubtful accounts	(242)	(242)
Total other receivables, net	7,249	8,971
Total trade and other receivables - net	187,827	152,871

9. Inventories

	(Unit: Thousand Baht)					
	Cost		Reduce cost to net realisable value		Inventory - net	
	2017	2016	2017	2016	2017	2016
Finished goods	60,854	59,733	(2,732)	(3,587)	58,122	56,146
Work in process	18,400	17,592	(99)	(734)	18,301	16,858
Packing materials	3,271	3,764	(110)	(503)	3,161	3,261
Goods in transit	1,372	5,151	-	-	1,372	5,151
Total	83,897	86,240	(2,941)	(4,824)	80,956	81,416

During the current year, the Company has reversed the write-down of cost of inventories by Baht 2 million (2016: reduced the cost of inventories by Baht 1 million), which were included in selling and administrative expenses.

10. Investments in an associate

10.1 Details of an associate:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Financial statements in which the equity method is applied					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2017	2016	2017	2016	2017	2016
			(%)	(%)				
Thai Pigeon Company Limited	The manufacture and distribution of baby and infant products	Thai	47	47	58,174	58,174	432,949	386,419

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements							
			Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
			2017	2016	2017	2016	2017	2016	2017	2016
			(%)	(%)						
Thai Pigeon Company Limited	The manufacture and distribution of baby and infant products	Thai	47	47	58,174	58,174	-	-	58,174	58,174

10.2 Share of comprehensive income and dividend received

During the years, the Company has recognised its share of profit/loss from investments in associate company in the financial statements in which the equity method is applied and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Financial statements in which the equity method is applied				Separate financial statements	
	Share of profit from investments in associate during the year		Share of other comprehensive income from investments in associate during the year		Dividend received during the year	
	2017	2016	2017	2016	2017	2016
Thai Pigeon Company Limited	66,601	67,057	(1,263)	-	18,808	18,808

10.3 Summarised financial information about material associate

Summarised information about financial position as at 31 December 2017 and 2016.

(Unit: Million Baht)

	2017	2016
Current assets	853	719
Non-current assets	194	228
Current liabilities	98	101
Non-current liabilities	22	20
Net assets	927	826
Shareholding percentage (%)	47%	47%
Share of net assets	436	388
Elimination entries	(3)	(2)
Carrying amounts of associate based on equity method	433	386

Summarised information about comprehensive income for the years ended 31 December 2017 and 2016.

	(Unit: Million Baht)	
	2017	2016
Revenue	867	904
Profit	140	140
Other comprehensive income	(3)	-
Total comprehensive income	137	140

11. Other long-term investments

		(Unit: Thousand Baht)							
Company's name	Nature of business	Paid up share capital		Percentage of Shareholding		Other long-term investments under cost method		Dividend received	
		2017	2016	2017 (%)	2016 (%)	2017	2016	2017	2016
Yoshino Moong Pattana (Thailand) Company Limited	The manufacture of plastic and plastic coated products	300,000	300,000	6	6	21,332	21,332	3,078	2,201
Pigeon Industries (Thailand) Company Limited	The manufacture and distribution of breast pad and baby wipes products	144,000	144,000	2.5	2.5	3,600	3,600	3,250	2,500
Total						24,932	24,932	6,328	4,701

12. Building and equipment

		(Unit: Thousand Baht)						
		Land	Building and building improvement	Machinery and equipment	Furniture, fixtures, and office equipment	Motor vehicles	Assets under construction and installation	Total
Cost								
31 December 2015		53,242	79,707	4,538	26,448	25,897	4,788	194,620
Additions		-	14,870	-	9,479	2,369	-	26,718
Transfer assets		-	4,788	-	-	-	(4,788)	-
Reclassifies to investment properties (Note 13)		(53,242)	(78,662)	-	-	-	-	(131,904)
Disposals		-	(1,057)	(4,187)	(4,087)	(1,668)	-	(10,999)
31 December 2016		-	19,646	351	31,840	26,598	-	78,435
Additions		-	-	-	1,197	5,946	-	7,143
Disposals		-	-	-	(1,897)	(4,162)	-	(6,059)
31 December 2017		-	19,646	351	31,140	28,382	-	79,519
Accumulated depreciation								
31 December 2015		-	79,705	4,354	20,442	13,734	-	118,235
Depreciation for the year		-	1,020	43	3,410	4,350	-	8,823
Reclassifies to investment properties (Note 13)		-	(78,662)	-	-	-	-	(78,662)
Depreciation on disposals		-	(1,046)	(4,140)	(3,932)	(1,668)	-	(10,786)
31 December 2016		-	1,017	257	19,920	16,416	-	37,610
Depreciation for the year		-	1,755	39	3,862	4,544	-	10,200
Depreciation on disposals		-	-	-	(1,855)	(4,162)	-	(6,017)
31 December 2017		-	2,772	296	21,927	16,798	-	41,793
Net book value								
31 December 2016		-	18,629	94	11,920	10,182	-	40,825
31 December 2017		-	16,874	55	9,213	11,584	-	37,726
Depreciation for the year								
2016 (Baht 0.04 million included in cost of sales, and the balance in selling and administrative expenses)								8,823
2017 (Baht 0.04 million included in cost of sales, and the balance in selling and administrative expenses)								10,200

As at 31 December 2017, certain equipment and motor vehicles items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 20 million (2016: Baht 19 million).

13. Investment properties

Investment properties represent land and building not used in operations. The Company stated investment properties at cost less allowance for loss on impairment.

As at 31 December 2017 and 2016, the balances of investment properties are as follows:

	(Unit: Thousand Baht)
As at 31 December 2017:	
Cost	84,592
Less: Allowance for loss on impairment	(6,882)
Net book value	<u>77,710</u>
As at 31 December 2016:	
Cost	31,350
Transfer of assets from property, plant and equipment	53,242
Less: Allowance for loss on impairment	(7,282)
Net book value	<u>77,310</u>

A reconciliation of the net book value of investment properties for the years is presented below.

	(Unit: Thousand Baht)	
	2017	2016
Net book value at the beginning of year	77,310	22,900
Transfer of assets from property, plant and equipment	-	53,242
Reversal allowance for loss on impairment	400	1,168
Net book value at the end of year	<u>77,710</u>	<u>77,310</u>

In December 2016, the Company reclassified land and building not used in operations in 2016 to investment properties. The net book value is Baht 53 million.

In 2016, the Company engaged an independent professional valuer to appraise the fair value of the land and building not used in operations by using the market approach. Based on the results the fair market value of the land and building was Baht 152 million.

14. Intangible assets

Details of intangible assets which is computer software are as follows.

	(Unit: Thousand Baht)
As at 31 December 2017:	
Cost	30,487
Less: Accumulated amortisation	(13,591)
Net book value	<u>16,896</u>
As at 31 December 2016:	
Cost	32,664
Less: Accumulated amortisation	(12,448)
Net book value	<u>20,216</u>

A reconciliation of the net book value of intangible assets for the years 2017 and 2016 is presented below.

	(Unit: Thousand Baht)	
	2017	2016
Net book value at the beginning of year	20,216	23,150
Acquisition of computer software	-	119
Write-off of computer software	(269)	(5)
Amortisation for the year	(3,051)	(3,048)
Net book value at the end of year	<u>16,896</u>	<u>20,216</u>

15. Short-term loans from financial institutions

	Interest (percent per annum)	2017	(Unit: Thousand Baht) 2016
Promissory notes	2.50 - 2.60	62,980	90,000
Total		<u>62,980</u>	<u>90,000</u>

As at 31 December 2017, the short-term credit facilities of the Company from financial institutions which have not yet been drawn down amounting to Baht 143 million (2016: Baht 181 million).

16. Trade and other payables

	2017	(Unit: Thousand Baht) 2016
Trade payables - related parties (Note 6)	78,204	62,530
Trade payables - unrelated parties	16,406	26,455
Other payables	21,641	12,886
Accrued expenses	49,292	44,802
Total trade and other payables	<u>165,543</u>	<u>146,673</u>

17. Finance lease liabilities

	2017	(Unit: Thousand Baht) 2016
Liabilities under finance lease agreements	7,990	7,310
Less: Deferred interest expenses	(628)	(543)
Total	<u>7,362</u>	<u>6,767</u>
Less: Portion due within one year	<u>(2,206)</u>	<u>(3,401)</u>
Liabilities under finance lease agreements - net of current portion	<u>5,156</u>	<u>3,366</u>

The Company has entered into the finance lease agreements for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 and 5 years.

Future minimum lease payments required under the non-cancellable finance lease agreements are as follows:

	(Unit: Thousand Baht) As at 31 December 2017		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	2,556	5,434	7,990
Deferred interest expenses	(350)	(278)	(628)
Present value of future minimum lease payments	<u>2,206</u>	<u>5,156</u>	<u>7,362</u>

	(Unit: Thousand Baht) As at 31 December 2016		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	3,734	3,576	7,310
Deferred interest expenses	(333)	(210)	(543)
Present value of future minimum lease payments	<u>3,401</u>	<u>3,366</u>	<u>6,767</u>

18. Provision for long-term employee benefits

As at 31 December 2017 and 2016, provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)	
	2017	2016
Provision for long-term employee benefits at beginning of year	5,816	5,260
<i>Included in profit or loss:</i>		
Current service cost	357	344
Interest cost	233	212
Provision for long-term employee benefits at end of year	<u>6,406</u>	<u>5,816</u>

Line items in profit or loss, under which long-term employee benefit expenses are recognised for the years ended 31 December 2017 and 2016, are as follows:

	(Unit: Thousand Baht)	
	2017	2016
Selling and administrative expenses	590	556
Total expenses recognised in profit or loss	<u>590</u>	<u>556</u>

The Company does not expect to pay any long-term employee benefits during the next year.

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 23 years (2016: 23 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)	
	2017	2016
Discount rate	3.78	3.78
Salary increase rate	6.18	6.18
Turnover rate	0 - 27	0 - 27

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 are summarised below:

	(Unit: Thousand Baht)	
	Increase 1%	Decrease 1%
Discount rate	(264)	284
Salary increase rate	39	(38)
Turnover rate	(204)	234

19. Registered capital

On 26 April 2017, the Annual General Meeting of the Company's shareholders has approved the following matters:

- A decrease in the Company's registered share capital from Baht 213.49 million (213.49 million ordinary shares of Baht 1 each) to Baht 170.22 million (170.22 million ordinary shares of Baht 1 each) by cancelling 43.27 million ordinary shares registered but unissued shares with the par value of Baht 1 per share which were reserved for the capital increase under a general mandate.
- An increase in the Company's registered share capital from Baht 170.22 million (170.22 million ordinary shares of Baht 1 each) to Baht 170.25 million (170.25 million ordinary shares of Baht 1 each) by issuing 0.03 million new ordinary shares at a par value of Baht 1 each in order to support the adjustment for the Warrant No.1 (Note 27.1).

The Company registered such registered capital decrease and increase with the Ministry of Commerce on 4 May 2017 and 5 May 2017, respectively.

In June 2017, the warrant holders exercised the Warrant No. 1 totaling Baht 8.54 million and the Company issued 8.54 million ordinary shares at Baht 1 per share to those warrant holders. The Company registered the subscription of the newly issued and fully paid up shares with the Ministry of Commerce on 6 July 2017.

In December 2017, the warrant holders exercised the Warrant No. 1 totaling Baht 0.58 million and the Company issued 0.58 million ordinary shares with the value of Baht 1 each to those warrant holders. In addition, the warrant holders exercised the ESOP warrants totaling 0.25 million shares with the value of Baht 3.80 each and the Company issued 0.25 million ordinary share with the value of Baht 1 each to those warrant holders. The Company recorded cash receipts as

share subscription received in advance as at 31 December 2017. Subsequently, the Company registered the subscription of the newly issued and fully paid up shares with the Ministry of Commerce on 5 January 2018.

20. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered share capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

21. Dividend

On 25 April 2016, the Annual General Meeting of the Company's shareholders has approved the payment of a dividend of Baht 0.15 per share, totaling Baht 22 million, to the shareholders from the 2015 operating results. The dividend was paid on 24 May 2016.

On 26 April 2017, the Annual General Meeting of the Company's shareholders has approved the payment of a dividend of Baht 0.18 per share, totaling Baht 28 million, to the shareholders from the 2016 operating results. The dividend was paid on 23 May 2017.

22. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

	Financial statements in which the equity method is applied		(Unit: Thousand Baht) Separate financial statements	
	2017	2016	2017	2016
Current income tax:				
Current income tax charge	1,136	1,920	1,136	1,920
Adjust corporate income tax expense from prior year	(29)	-	(29)	-
Deferred tax:				
Relating to origination and reversal of temporary differences	417	(304)	417	(304)
Income tax expense reported in the statement of comprehensive income	1,524	1,616	1,524	1,616

The reconciliation between accounting profit and income tax expense is shown below.

	Financial statements in which the equity method is applied		(Unit: Thousand Baht) Separate financial statements	
	2017	2016	2017	2016
Accounting profit before tax	80,067	79,425	32,274	31,175
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	16,013	15,885	6,455	6,235
Effects of:				
Exemption of income	(1,265)	(940)	(5,027)	(4,701)
Share of gain from investment in associate	(13,320)	(13,411)	-	-
Non-deductible expenses	875	1,127	875	1,127
Additional expense deductions allowed	(575)	(430)	(575)	(430)
Others	(204)	(615)	(204)	(615)
Total	(14,489)	(14,269)	(4,931)	(4,619)
Income tax expenses reported in the statement of comprehensive income	1,524	1,616	1,524	1,616

The components of deferred tax assets and deferred tax liability are as follows:

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied / separate financial statements	
	2017	2016
Deferred tax assets		
Allowance for doubtful accounts	194	196
Allowance for diminution in value of inventories	588	965
Allowance for impairment loss on investment properties	1,376	1,456
Provision for long-term employee benefits	1,299	1,181
Others	134	210
Total	3,591	4,008
Deferred tax liability		
Actuarial gains	18	18
Total	18	18

23. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)	
	2017	2016
Salaries, wages, and other employee benefits	149,929	128,037
Sales promotion expenses	117,203	94,149
Depreciation and amortisation expenses	13,995	12,621
Transportation expenses	24,247	21,205
Inventories and consumables used	188,705	182,410
Changes in finished goods and work in process	1,930	(10,388)
Warehouse management expenses	7,718	10,226

24. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued.

	Financial statements in which equity method is applied					
	Profit for the years ended 31 December		Weighted average number of ordinary shares		Earnings per share	
	2017 (Thousand Baht)	2016 (Thousand Baht)	2017 (Thousand shares)	2016 (Thousand shares)	2017 (Baht)	2016 (Baht)
Basic earnings per share						
Profit for the year	78,543	77,809	161,128	139,873	0.49	0.56
Effect of dilutive potential ordinary shares						
Warrant No.1	-	-	6,300	9,312		
ESOP	-	-	645	913		
Diluted earnings per share						
Profit attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	78,543	77,809	168,073	150,098	0.47	0.52

	Separate financial statements					
	Profit for the years ended 31 December		Weighted average number of ordinary shares		Earnings per share	
	2017	2016	2017	2016	2017	2016
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Profit for the year	30,750	29,560	161,128	139,873	0.19	0.21
Effect of dilutive potential ordinary shares						
Warrant No.1	-	-	6,300	9,312		
ESOP	-	-	645	913		
Diluted earnings per share						
Profit attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	30,750	29,560	168,073	150,098	0.18	0.20

25. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company is organised into business units based on its product categories and has the following two reportable segments:

1. Distribution of baby and infant products
2. Distribution of other products

The following tables present revenue and profit and total assets/total liabilities information regarding the Company's operating segments for the years ended 31 December 2017 and 2016 are as follow:

	(Unit: Million Baht)					
	Financial statements in which the equity method is applied					
	Distribution of baby and infant products		Distribution of other products		Total	
	2017	2016	2017	2016	2017	2016
Revenue						
Revenue from external customers	628	567	167	137	795	704
Total revenues	<u>628</u>	<u>567</u>	<u>167</u>	<u>137</u>	<u>795</u>	<u>704</u>
Segment profit	<u>137</u>	<u>130</u>	<u>36</u>	<u>31</u>	<u>173</u>	<u>161</u>
Unallocated income and expenses:						
Commission income					11	10
Dividend income from other companies					6	5
Other income					4	4
Administrative expenses					(179)	(165)
Finance cost					(2)	(3)
Share of income from investment in associated company					67	67
Profit before income tax expenses					<u>80</u>	<u>79</u>
Income tax expenses					<u>(1)</u>	<u>(1)</u>
Profit for the year					<u>79</u>	<u>78</u>

(Unit: Million Baht)

Financial statements in which the equity method is applied

	Distribution of baby and infant products		Distribution of other products		Total	
	2017	2016	2017	2016	2017	2016
Trade and other receivables	137	108	51	45	188	153
Inventories	55	63	26	18	81	81
Investment in associate					433	386
Building and equipment					38	41
Others assets					141	169
Segment total assets					881	830
Segment total liabilities					245	254

Geographic information

The Company operates exclusively in the single geographic area of Thailand. As a result, most of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

Major customers information

In 2017, the Company had revenue from two major customers, one in amount of Baht 142 million (2016: Baht 145 million) and the other in amount of Baht 89 million (2016: Baht 75 million), and mainly arising from sales of baby and infant products.

26. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the Company and employees contribute to the fund monthly at the rate of 3 percent of basic salary. The fund, which is managed by BBL Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2017, amounting to Baht 3 million (2016: Baht 2 million) were recognised as expenses.

27. Warrants to purchase new ordinary shares of the Company

27.1 Warrants to purchase new ordinary shares to existing shareholders

On 30 April 2015, the Annual General Meeting of the shareholders approved to issue and offer 24 million units of the Company's ordinary share warrants, (Warrant No.1) free of charge to the existing shareholders in proportion to their existing shareholding (rights offering), at rate of 1 warrant for every 5 existing ordinary shares (with fractional shares to be rounded down). The exercise price is set at Baht 1 per ordinary share (unless it is adjusted) and the exercise period is 3 years from the date the warrants are issued and offered. The warrants can be exercised on the last business day of June and December of each calendar year.

On 25 April 2016, the Annual General Meeting of the Company's shareholders approved the issuance of ESOP warrants (Note 27.2) and dividend payment (Note 21). As a result of these resolutions, the Company is required to adjust the rights of Warrant No.1 as follows:

Effect from	Existing exercise rights		Adjusted exercise rights		Increase in ordinary shares for revision (Shares)	Effective date
	Exercise ratio (Ordinary shares per warrant)	Exercise price (Baht per ordinary share)	Exercise ratio (Ordinary shares per warrant)	Exercise price (Baht per ordinary share)		
Dividend payment	1.00000	1.000	1.00606	1.000	141,547	28 April 2016
Issuance of ESOP warrants	1.00000	1.000	1.00606	1.000	82,738	31 October 2016

On 26 April 2017, the Annual General Meeting of the Company's shareholders approved the dividend payment (Note 21). As a result of this resolution, the Company is required to adjust the rights of Warrant No.1 as follows:

Effect from	Existing exercise rights		Adjusted exercise rights		Increase in ordinary shares for revision (Shares)	Effective date
	Exercise ratio (Ordinary shares per warrant)	Exercise price (Baht per ordinary share)	Exercise ratio (Ordinary shares per warrant)	Exercise price (Baht per ordinary share)		
Dividend payer	1.00606	1.000	1.00750	1.000	30,000	4 May 2017

The adjustment revision is made to protect and maintain the rights and benefits of existing warrant holders (Warrant No. 1).

Presented below is a summary of movement in the number of warrants.

	Unit
Number of warrants issued	23,999,988
Outstanding as at 31 December 2015	23,784,184
Exercised during the year 2016	(12,305,529)
Outstanding as at 31 December 2016	11,478,655
Exercised during the year 2017	(9,054,964)
Outstanding as at 31 December 2017	2,423,691

27.2 Warrants to purchase new ordinary shares of the Company issued to the executive directors and/or employees of the Company (ESOP)

On 25 April 2016, the Annual General Meeting of the Company's shareholders approved to issue and offer 2 million warrants to purchase the Company's ordinary shares to the Company's Board of Directors, management, and employees (ESOP warrants) at no cost. Details of the warrants are summarised below.

Date of grant	5 September 2016
Number granted (Units)	2,000,000
Contractual lives	5 years from the date of issuance
Exercisable	The first 4 exercise dates on the last business day of December of each calendar year and the final exercise date on the maturity date of the warrants
Exercise price per 1 ordinary share	3.80 Baht (Unless it is adjusted in accordance with the conditions of any right adjustment)
Exercise ratio (warrant to ordinary shares)	1:1

The average estimated fair value of each warrant granted is Baht 1.0211. This was calculated by applying the Black-Scholes-Merton formula. The model inputs were the share price at price determination date of Baht 4.86, exercise price of Baht 3.80, expected volatility of 0.0144%, expected dividend yield of 3.09%, contractual life of five years, and a risk-free interest rate of 1.496 - 1.847%.

The number of warrants outstanding unexercised warrants is summarised below:

	Unit
Number of warrants issued	1,250,000
Exercised during the year 2016	(124,000)
Outstanding as at 31 December 2016	1,126,000
Exercised during the year 2017	(250,000)
Outstanding as at 31 December 2017	876,000

As at 31 December 2017, the Company has the unissued warrants of ESOP totaling 750,000 units.

28. Commitments and contingent liabilities

28.1 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of building, the lease of equipment and relating services. The terms of the agreements are generally between 1 and 8 years.

As at 31 December 2017 and 2016, future minimum lease payments under these non-cancellable operating leases agreements were as follows.

	(Unit: Million Baht)	
	2017	2016
Payable:		
less than 1 year	8	9
1 to 5 years	8	12
over 5 year	2	4

28.2 Hire a specialist commitment

The Company has entered into an agreement to hire a specialist with a local related company (related by shareholders and directors).

As at 31 December 2017, the Company has future commitments to pay an advisory fee under this agreement totaling of Baht 2 million (2016: Baht 2 million).

28.3 Marketing research service commitment

The Company has entered into agreements with two local companies in respect of marketing research of the Company's products.

The future minimum service fee payable under these agreements as at 31 December 2017 is approximately Baht 4 million (2016: Baht 4 million).

28.4 Long-term service commitment

The Company entered into an agreement with an overseas company (which is the major shareholder of the associate company) regarding using the trademark of that company. Under this agreement, the Company is to pay this company royalty fee determined at 3 percent of the sales of that goods.

28.5 Litigation

- a) In July 2011, a former employee sued the Company through the Central Labor Court for breach of an employment contract, seeking compensation totaling Baht 8 million. However, the Company countersued the employee for damages totaling Baht 25 million. Subsequently, on 20 March 2013, the Central Labor Court dismissed the lawsuit brought by the employee and dismissed the Company's countersuit. On 30 May 2013, the employee appealed the case to the Supreme Court. However, the Supreme Court has dismissed the lawsuit in June 2017. Therefore, the Company has no contingent liability from such lawsuit.
- b) In April 2012, an unconnected company filed a lawsuit against the Company, alleging that the Company had failed to comply with a distributorship agreement, and demanding compensatory damages of Baht 87 million. The Company countersued that company, seeking compensatory damages of Baht 196 million.

On 14 May 2014, the Court of First Instance ordered the Company pay the plaintiff company damages of Baht 6 million, together with interest of 7.5% per annum from 4 August 2011 until the debt is fully paid.

On 8 September 2014, the Company appealed the case to the Appeal Court, and on 28 June 2016 and the Appeal Court upheld the judgment of the Court of First Instance. The Appeal Court ordered the Company to pay the plaintiff company damages of Baht 6 million, together with interest of 7.5% per annum from 4 August 2011 until the debt is fully paid.

On 18 November 2016, the Company has filed a petition to the Supreme Court to sue that the plaintiff had failed to comply with a distributorship agreement and had to pay compensatory damages to the Company of Baht 196 million. Currently, the case is in the consideration process of the Supreme Court. The management and the Company's external legal advisor believe that the Company has high chance to win the case because the Appeal Court did not bring the useful important critical issues which were raised in the Company's appeal for the consideration of the appeal judgement. This judgement consideration of the Appeal Court was not compiled with the Civil Procedure Code. Therefore, the management and the Company's external legal advisor are confident that the Supreme Court will bring those important critical issues for consideration which are in favour of the Company

and order the plaintiff to pay the damage to the Company according to the Company's countersue complaint. Therefore, no provision has been made for the contingent liability in the financial statements.

29. Fair value hierarchy

As at 31 December 2017, the Company had certain assets that were disclosed at fair value using different level inputs (as mentioned in Note 4.18 to the financial statements) as follows:

	(Unit: Million Baht)			
	Financial statements in which equity method is applied /			
	Separate financial statements			
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investment properties	-	152	-	152

30. Financial instruments

30.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, investments, short-term loans, trade and other payables, and finance lease liability. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to trade accounts receivable. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivable as stated in the statement of financial position.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks and short-term loans. However, since most of the Company's financial assets and liabilities bear floating interest rates which are close to the market rate, the interest rate risk is expected to be minimal. The details of cash at banks and short-term loans are set out in Note 7 and Note 15 to the financial statements.

Foreign currency risk

The Company has low risk exposure to foreign currency since the outstanding balance of the Company's financial liabilities denominated in foreign currency in the statement of financial position at the end of reporting period was immaterial amount.

30.2 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature or carrying interest rates closed to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

31. Capital management

The primary objectives of the Company's capital are to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

As at 31 December 2017, the debt to equity ratio in the financial statements in which equity method is applied was 0.39:1 (2016: 0.44:1) and 0.94:1 (2016: 1.02:1) in the separate financial statements.

32. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2018.

