



**MOONG
PATTANA**

THE PROFESSIONAL
TRADING COMPANY

ANNUAL REPORT 2013

รายงานประจำปี 2556

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

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Message from the Chairman

Since 2009, or the past four years since Moong Pattana International Public Company Limited were enlisted in the MAI, our operating results have always showcased our business' growth progress in distribution of mothercare and baby accessories and consumer products, in which the Company's revenue had surged for 93 percent from 2008 to 2013 and, specifically, 13 percent from 2012 to 2013, the year in which the Company gained the highest EPS record since we were enlisted at THB 0.49 with 8.16 percent ROA and 14.36 percent ROE, leading to the Board of Directors' dividend resolution of THB 0.20 per share.



In regard to the Corporate Governance Report (CGR), based on the evaluations of 526 companies in 2013, the Company scored above the average on all criteria, especially on the Disclosure of Information and the Company's Transparency in which we scored "Outstanding," and the Rights of Shareholders and the Equitable Treatment of Shareholders registered at "Very Good," all of which fully lived to the Board of Directors' satisfaction.

Moreover, on business expansion, the Company has been focusing on thoroughly broadening the coverage of mothercare and baby accessories and consumer products throughout the country while maintaining the existed customer base and its consistently growing revenue. In 2013, we had expanded our market into the Lao People's Democratic Public and Cambodia, our northeastern and eastern neighbors, through sales of consumer products, which, as a starter, has shown satisfying and signifying results of high growth potential.

Regarding the results of the joint-ventures with the oversea companies, Thai Pigeon Company Limited (Thailand)'s 2013 operating results were magnificent, making marks of records in both sales revenue and net profit since the opening of the manufacturing plant in 2000; Pigeon Industry Thailand and Yoshino Moong Pattana Company Limited (Thailand) had also maintained their momentum of constantly growing annual sales revenue and net profit over the past years.

Moreover and nevertheless, the Company had strengthened in personnel with quality executives and remarkably-capable employees of new generations to support our business expansion.

Critically in 2013, the Company had invested in the ERP system, which was the key driver of operations, promptly-processing and precise information, by leveraging the service of SAP system to increase the operating competency, in which these invested systems have been in operations effectively since January 2nd, 2014, while the capabilities of the Company's warehouse management system had also been improved, enabling our high standard and accurate distribution of products to customers.

To gain incremental businesses, the Company had continued to pursue new partners and value them genuinely; we would work closely in developing businesses together in order to further support our consumers for better quality of lives.

Conclusively, on behalf of the Company, I am firmly confident that the Company's strengths in personnel who adheres to morality and good corporate governance and sufficient venture capital from shareholders will support the Company to prosperity and long-term sustainable growth to achieve the vision and mission that I had initially set in order to serve and return the highest satisfactions to our consumers, investors, and partners.



(Mr. Sumeth Lersumitkul)
Chairman

The Board of Directors' Responsibility for Financial Reporting

Dear Shareholders of Moong Pattana International Public Company Limited,

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

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

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

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

The Board of Directors believes that the Company's overall management structure and internal control system are satisfactory. Objective and unconditional audit results by the Company's auditor are able to bring about reasonable confidence that the Company's financial statement for the year ended 31 December 2013 has shown accurate financial performance and cash flows in conformity with generally accepted accounting principles as well as related laws and regulations.

On Behalf of the Company's Board of Directors,



(Mr. Sumeth Lersumitkul)
Chairman

Report of the Audit Committee

Dear Shareholders of Moong Pattana International Public Company Limited,

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

In 2013, there were 5 meetings of the Audit Committee which were attended by the Company's senior Executives and Manager - Internal Auditing Division in the related agendas to jointly propose the information or suggestion which were beneficial to the administration. The meetings' results were summarized and included in the report always proposed to the Board of Directors for acknowledgement. The summaries of the results are as follows:

1. Quarterly Statements of Financial Position and Annual Statements of Financial Position of 2013

The Audit Committee had considered the verification of the quarterly Statements of Financial Position and the annual Statements of Financial Position of 2013, 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 2013 following the assigned plan which covered important work system, there was no significant abnormality or deficiency found in the internal control system. The operations were authorized and approved in compliance with the stipulated principles. The Executives received an emphasis to improve as stated in the report of the internal auditing results to increase efficiency and effectiveness.

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

3. Compliance with the Securities and Exchange Law

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

4. Transaction with possible conflicts of interest

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

5. Verification of the Risk Management

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

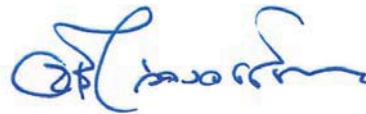
6. Consideration and Nomination of the Auditor of 2014

The Audit Committee had considered the performance of the Auditor in the past period with the realization of reputation and creditability, professional independency, service proficiency, consistently on time certifying of Statements of Financial Position, and the consultancy of accounting standard, and proposed to the Board of Directors for further approval to the shareholders' Annual General Meeting to appoint 1) Mr. Narong Puntawongs, C.P.A No. 3315, or 2) Miss Siraporn Ouannunkun. C.P.A. No. 3844, or 3) Mr. Supachai Phanyawattano C.P.A. No. 3930 of Ernst & Young Office Limited as the Company's Auditor for 2014 in another term with the Auditing fee at a total of Baht 770,000 (Seven Hundred Seventy Thousand Baht)

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

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

On behalf of Audit Committee



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

Vision & Mission

Vision

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

Mission

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

Value

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

Financial Highlight

Financial Statement as at 31 December (Equity method)

(unit:baht)	<u>2011</u>	<u>2012</u>	<u>2013</u>
Total assets	592,736,826	676,433,206	724,235,228
Total liabilities	247,960,507	299,407,665	312,159,237
Share holders' equity	344,776,319	377,025,541	412,075,991
Net sales	503,731,223	617,908,110	699,204,273
Total revenue	530,746,564	647,182,160	732,766,735
Gross profit margin	234,055,547	278,827,619	309,043,072
Net profit	53,895,575	50,447,623	59,050,450

Financial ratio as at 31 December (Equity method)

	<u>Unit</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net profit margin	%	10.7	8.2	8.4
Return on equity (ROE)	%	15.6	13.4	14.3
Return on assets (ROA)	%	65.0	65.1	80.7
Earning per share	Baht	0.45	0.42	0.49
Book value per share	Baht	2.87	3.14	3.43

General Information

Name of Listed Company	: Moong Pattana International Public Company Limited ("the Company" or "MOONG")
Type of Business	: Sales and distribution of mothercare and baby accessories, kitchen accessories, and daily consumer product.
Headquarter Location	: Moong Pattana Building 32 Bangna-Trat Soi 25 Bangna-Trat Road, Bangna, Bangkok, 10260
Warehouse Location	: 2/26 Moo 1 Bangna Trad KM 16.5 Bang Chalong, Bangpee, Samutprakan
Registration No.	: 0107551000274
Website	: www.moongpattana.com , www.pigeonlittlemomentsclub.com
Telephone	: +66 2361-9009
Fax	: +66 2361-9025-8
Factory Location	: Thai Pigeon Company Limited 944 Moo 15 Theparak Industrial Estate Bang Saotong, Samutprakan, Thailand 10540
Telephone	: +66 2313-1625-7
Fax	: +66 2313-1361

Registrar

Company's Name	Thailand Securities Depository Company Limited
Location	62 The Stock Exchange of Thailand Building, Rachadapisek Road, 4th -7th Floor, Klongtoey, Bangkok 10110, Tel: 0-2359-1200-1 Fax: 0-2239-1259

Auditor

Company's Name	Ernst & Young Office Limited
Location	Level 33, Lake Ratchada Tower 193/136-137 Ratchadapisek Road, Klongtoey, Bangkok, Thailand 10110 Tel: 0-2267-0777, 0-2661-9190 FaxL 0-2264-0789-90

Company's Shareholding Position in Other Companies

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

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

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

Company History and Significant Developments

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

- | | |
|------|--|
| 1981 | Established by Mr. Sumeth Lersumitkul under the name "Moong Pattana Marketing Company Limited" with registered capital of THB 10 million and THB 100 per share |
| 1988 | The Company was the only company in Thailand that had been granted license to produce, use, and sell, as well as apply the Pigeon Trademark from Pigeon Corporation from Japan. |
| 1990 | The Company entered a joint venture with Pigeon Corporation to establish Thai Pigeon Company Limited ("TP") with the objective to produce and distribute nipples and nursers, and plastic parts for local and international distribution. TP was first registered with THB 20 million 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 registered capital to THB 50 million at THB 100 per share value and 500,000 shares in total for business expansion. |
| 1994 | The company entered a joint venture with Yoshino Kokusho (Japan) ("Yoshino Japan") and Nomura Jimusho Inc. (Japan) in order to set up Yoshino Moong Pattana (Thailand) Company Limited ("YMP"). The Joint Venture Company built a factory to produce plastic product and packaging such as spray pumps for liquid products, bottle packaging, and coated plastic. YMP was first registered at THB 125 million, with 1,250,000 numbers of shares, 437,500 shares of which is held by the Company, or 35% of issued and paid-up capital. |
| 1996 | The Company entered a joint venture with Pigeon Corporation to establish Pigeon Industries Thailand Company Limited ("PIT") with aims to produce and distribute breast pads and baby wipes. PIT's first registered capital was THB 120 million with 12,000,000 share, 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 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 some new shares, resulting in the shareholding structure in YMP decreasing to only 6% of issued and paid-up capital.
- 2006 The Company held its Extraordinary Shareholder's meeting 1/2006 on November 21, 2006, and passed a resolution to of THB 115 million.
- 2007 The Company acquired the Smile-V, Smart-V, and B-Care trademarks from Misis Company Limited ("Misis") which sells daily consumer product and formerly distributed in provinces outside of Bangkok. However, Misis does not have any other relationship with the Company.
- 2008 The Company was ISO 9001:2000 certified by United Registrar of Systems (Thailand) Company Limited in January 2008. The Company held an Extraordinary Shareholder's Meeting 2/2008 held on March 18, 2008, and passed a resolution to increase capital and paid up capital by THB 40 million, resulting in THB 90 million from THB 50 million and approved dividend payment of THB 60 million.
- The Company held a Extraordinary Shareholder's Meeting 5/2008 held on August 29, 2008 and passed the resolution to conversion to public company and change the Company's name to "Moong Pattana International Public Company Limited" and splitting stock value from THB 100 per share to THB 1 per share followed by the raising capital from THB 90 million to THB 120 million by issuing 30 million shares of common stock for initial public offering. Additionally, dividend payment of THB 21.6 million was approved.
- 2009 The Company signed an Distributorship Agreement with P.I.P International Company Limited to distribute Exfoliating Foot Pack under the brand "Revival Care."
- 2010 The Company signed an Distributorship Agreement with Thai Multiple Company Limited, Sirimongkhon Intertrade Company Limited, Thai Jintan Company Limited, 4CARE Company Limited to distribute the products under band "YURA" "BR" "Jintan" and "4CARE" respectively
- 2011 The Company had introduced the "Pigeon Little Moments Club" which is the communication channels for customers. The club provides the advice of raising baby or products information for members. In this year, the Company had cancelled the distribution of the product brand "Jintan".
- 2012 Under Pigeon brand, numerous new product has been releasing into the market such as peristaltic plus nipple, children toothbrush and toothpaste as well as straw cup (Mag Mag). In this year, the company has been trusted to distribute dental care product under the brand "Jordan" and PPN Foods Co.,Ltd. manufacturer of chili season under the brand "Roongjaroen", beside of the Company had cancelled the distribution of the product brand "YURA". In order to facilitate the continuous growth, the Company in partnership with DHL, the world leading logistic, to effectively manage the Company's crucial inventory.

- 2013 The Company debuted the “Meet the Expert – Expertise from truly an deeply understanding the mom’s need of raising baby” campaign to emphasize the expertise on research and development from Pigeon Research and Development Center in Japan resulting the offering of Pigeon quality products for mother and baby. The new products have been introduced to increase the variety within the baby wipes category with lanolin formula 20 pcs, and the baby bottles category.
- In regard to business expansion, the Company was appointed as a distributor of the wafers and crackers category under the Rebisco brand by Andaman International Resources Co., Ltd. Additionally, the Company had introduced to the market new products within the adult wipes category, V-Care Natural Wipes in Hello-Kitty Design and V-Care Men Refreshing Wipes with Cool Max Formula. In order to improve the image of V-Care Cotton product to be modernized and satisfy consumer needs for variety, the company had introduced, within the cosmetic cottons segment, a new product, Beauty and Makeup cottons. Toward the end of 2013, the Company began to expand into an international market through the Company’s first-ever distribution of product into Laos under the V-Care and Jordan brands, setting up for future success into the AEC market.

Overview of Business Operations & Structure of Shareholder

The company core business is trading operation of consumer products under company's brand and principal's brand. The company has continuously developed in sales and distribution with three (3) core businesses operation as the following :

1. Branded Business (Product under the Company's Brand)**1.1) Household product**

- Spraying bottles under Foggy and Smile V brands
- Stainless knives under Gerlach brand

1.2) Personal care product

- Cottons, adult wipes and toothbrushes under V-Care brand

2. Distributor Business

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

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

2.2 Personal care

- Foot peeling socks under Revival Care brand
- Oral care products, toothbrushes, and dental flosses under Jordan brand

2.3 Food and beverage

- 4CARE TASTIFIT Coconut Cream Alternative
- 4CARE BALANCE Cereal Drink (Original, No Sugar added, Dark Chocolate and Black Sesame)
- 4CARE BALANCE Organic Rice Drink (No Sugar added, Strawberry/Banana and Vanilla)
- Roong Jaroen Mini Chili-Paste
- Wafers and crackers under Rebisco brand

3. Original Equipment Manufacturer (OEM)

The Company OEM includes plastic products and packaging such as sprayers, pump valves, and liquid-containing bottles, and is also the sole distributor of YMP. The products in this category are mainly distributed for industrial usage. Through the product quality that meets Japanese specifications and

standards, successfully we have attracted and maintained large industrial customers such as Thai Daiso Aerosol Co., Ltd., Hoya Cosmetic, and Milott Laboratories Co., Ltd.

In addition to being a supplier and 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 percent, 2.5 percent, and 6 percent respectively. As results, we earn the right to act as the sole distributor in Thailand of these three companies' products and also receive other benefit through dividend income.

Investment in Associated Company

Thai Pigeon Co. Ltd. (TP) is the joint venture between Pigeon Corporation (Japan) and the Company and was incorporated on September 11th, 1990. TP's business focuses on manufacturing and distribution, locally and internationally, of baby accessories under the Pigeon brand with variety of products such as nipples, baby bottles, plastic accessories, and nipple-sanitizing solution, etc. Currently, TP has THB 122 million in paid-up capital. The Company is the sole distributor of TP products in Thailand.

Other Long-Term Investment

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

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

Income Structure

Source of Income	2011		2012		2013	
	THB Mil	%	THB Mil	%	THB Mil	%
Sales of Mothercare and Baby Accessories	390.2	69.5	465.5	67.3	500.3	63.4
Sales of Kitchen Ware and Consumer Goods	76.1	13.6	89.9	13.0	104.6	13.3
Sales of Plastic and Containing Products	37.4	6.7	62.5	9.0	94.3	12.0
Share of Income from Investment ¹⁾	30.4	5.4	44.1	6.4	56.4	7.1
Dividend ²⁾	4.1	0.7	4.1	0.6	2.4	0.3
Other ³⁾	22.9	4.1	25.1	3.6	31.1	3.9
Total Income	561.1	100.0	691.2	100.0	789.1	100

Note: 1 Share of income from investment with TP

2 Dividends from YMP and PIT

3 Other sources of income such as property rentals, commissions, gains on disposal of fixed assets, and gains on exchange rate

The Company's plans to grow the business within the next few years are as the following:

1. The Company continues to focus on expanding its product lines in mothercare and baby accessories under the Pigeon brand and personal care products under the V-Care brand through imports for domestic distribution and/or local manufacturing in Thailand to satisfy the consumer needs, expand the consumer group into more diverse areas, and, in addition, expand the Company's product lines for the consistent and sustainable growth of the business.

2. The Company plans to expand our nationwide coverage through a number of channels by developing the structure of the sales team to support growth and the diversification of product portfolio. Based on the growth of product lines within our distribution business, the distributing network has been broadened extensively through the increase of sales associates and transporting units in other provinces to support diverse businesses nationwide and to support the consistent growth in sales and marketing. Furthermore, the plan of expanding the distributing channels would create quality competitive advantages for the possible increase of exports into Thailand that are strongly encouraged by the AEC opportunities.

3. In regard to marketing, the Company continues to focus on the growth of the market-leading Pigeon products to consistently increase our market share, especially the categories of nipples, nursing bottles, breastfeeding accessories, and baby wipes and other new products to be launched in the market. We also continue to focus on brand building to differentiate the distinctive value for using "Pigeon, the expert of baby development," products and the increase of brand recognition and awareness. Furthermore, we plan to widen the distributing network capable of reaching broader consumers by launching new products in order to increase the diversity and long-term rapid and consistent growth of our product portfolio, including products under the V-Care brand and other new product categories to be launched in the market soon.

4. The Company realizes the significance of offering a wide range of products and is ready to act as the distributor of new products and services. Hence, there exist possible joint-ventures with potential partners to create market synergies. We are confident of our quality in distributing channels, capable sales staffs, and marketing expertise focused on long-term brand management, incorporating with our everlasting reputation, making Moong Pattana International Public Co. Ltd. one of the leading alternatives for those seeking market penetration or product distribution in Thailand.

5. In regard to OEM business, the Company continues to focus on increasing new customers to sustain growth, seeking products to meet customer satisfaction on sourcing and manufacturing products according to customer requirements.






6. The Company continues with the plan to penetrate market of different ASEAN countries, especially the neighbors, in which our plan has been in progress since 2013, expanding business into Laos to remain proactive on AEC opportunities and developing capability of our employees to create the competitive advantage needed to support the Company's growth.

The Company strives for sustainable growth through marketing of both branded and distribution businesses by exploring for new business alliances in the industry. With our strength in marketing and

quality in distributing channels, both domestically and within the Indochina region, to support the business expansion and AEC opportunity, we have championed the management of the business diversification which aligns with the company profit and expansion through the strategies that would lead to long-term revenue growth.

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

The Company is the distributor of personal care products under V-Care brand as the following:

Brand	Product Category	Product Highlight
 V-Care Natural	Multi-Purpose Cottons	100% cotton, soft and gentle, free of chemical substances that cause possible irritations
 V-Care Beauty and Makeup	Cosmetic Cottons	Specifically designed for skincare and makeup
 V-Care	Skin Wipes for Women	Naturally mild with Hello Kitty design
 V-Care Men	Skin Wipes for Men	Refreshing Cool Max formula for manly confidence, reduce perspiration and accumulation of bacteria – the cause of body odor
 V-Care	Toothbrushes for Babies and Adults	Offered in variety of designs at affordable prices

Competitive Strategies

The Company focuses on developing and distributing wide range of quality products at affordable prices, in order to cover the diverse demands and lifestyles of the target groups, through the brand-building campaign of V-Care, which has developed and introduced new products, penetrated and expanded into new markets, and ensured the products' accessibility through multiple channels, for instances, traditional and modern trades.

Over the past year, the Company has revamped the image of products under the V-Care brand, highlighting their cleanliness, purity of being 100% natural and free of chemical substances, container appearances that are clean, modern, refreshing, and friendlier. Nonetheless, a new segment of beauty-

oriented cottons has been added, carrying new products with the Beauty and Makeup Cotton concept, in order to capture the female customer group who specifically uses cottons for skincare.



To continue growing the V-Care brand, the Company has also debuted new products within the adult wipes category, which has been the market with tremendous and consistent growth over the past 3-4 years, including V-Care Female Natural Wipes in Hello-Kitty Design and V-Care Men Refreshing Wipe with Cool Max Formula.



Customer-Engagement Activities

The Company realizes the significance of engaging customers to simulate sales through brand and product awareness focusing on the right communications, the right ways to the right target groups.

For V-Care men refreshing wipes and Natural skin wipe –Hello Kitty products, the Company has been aggressive during their launches with product trials to attract the awareness and to reach the right target groups with road shows and free-sample takeaways at tourist attractions, outdoor shops, flea markets, office buildings, and sport events, such as a marathon and cycling, including the communications through social media, the right mean for the right lifestyle of the present target groups.

“มุ่งพัฒนา” ปั่นแบรนด์เสริมทัพพีเจ็น

ดัน “วีแคร์” จี้นเบอร์ 2 ทิสซูเปียก
เข้มทำตลาดปีหน้า



Sales and Distribution Channels

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

1.2 Household Products under Foggy and Smile V Brands

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

Competitive Strategies

For sprayer bottles, the Company positions the Foggy brand as premium, targeting heavy-duty markets whose demand for products with durability and high quality are imperative, for examples,

laundries, carwashes, restaurants, beauty salons, and landscaping businesses, etc., and reaching these industrial customers through specific, in contrast to general, distributing channels. Strategically and distinctively, the Smile V brand focuses on mass-marketing with economical prices and variety of designs.

Sales and Distribution Channels

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

2. Distribution Business

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

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

Types of Products or Services

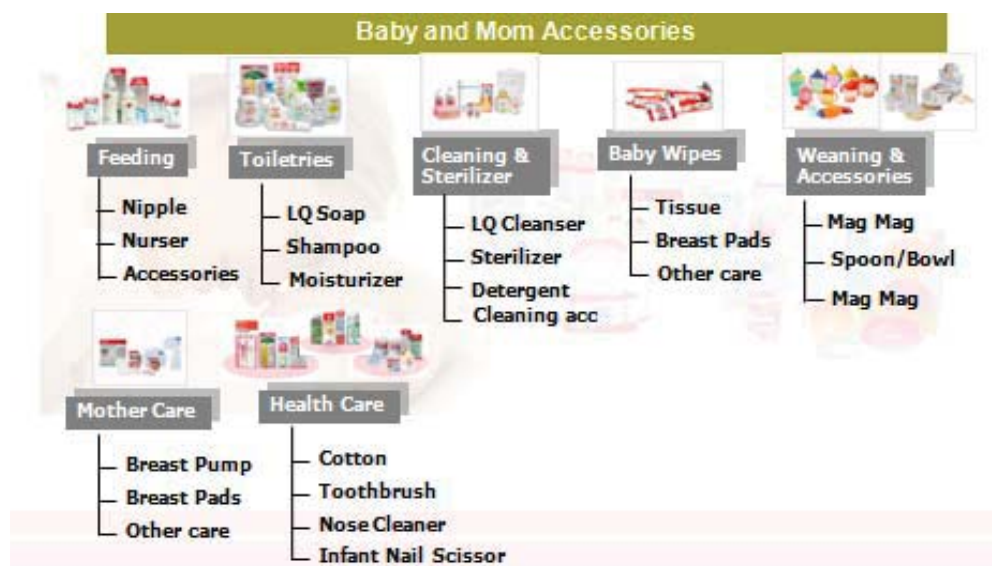
The Company operates in the distribution business and is the sole distributor of the three core product lines: mothercare and baby accessories under the Pigeon brand; household products, such as stainless knives under the Gerlach brand and food and beverage under the 4CARE and Balance, Mini Chilli Paste under Roongjaroen brand and wafer & crackers under Rebisco brand ; personal care products under the Revival Care and Oral care product under Jordan brands.

Quality and Standard of Product

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

1) Mothercare and Baby Accessories under Pigeon Brand

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



1.1 Feeding Accessories

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

• Nipples

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

• Nursing Bottles

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

1.2 Baby Wipes

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

- 1. Lanolin:** Recommended for diaper-changing for newborn to six months, formulated with skin moisturizer and Lanolin, liquid waxes from sheep
- 2. Chamomile:** Recommended for all activities and all frequencies of application, provides relaxing sensation.
- 3. Hand & Mouth:** Recommended for every meal and messy activities, formulated with food-graded ingredients, and sensible to every body parts of baby, even hand and mouth
- 4. Anti – Mosquito:** Recommended for two years and up, for outdoor activities, deet-free formulation unharmed to baby, six-lasting hours of mosquito repelling after each wipe, no viscous, and no odor

1.3 Breastfeeding Accessories

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

- Breast Pads

Pigeon breast pads are suitable for mothers in the breastfeeding period with the necessity to absorb leaking milk and keep clothes clean. The breast pads are available as following:

- 1. Fit Pads** – Recommended for mothers with excess milk, trap excess milk and prevent possible moist and milky smell with Lock-Away-Gel characteristic, ensure perfect fit with specifically contoured 3-D shape and non-slip adhesive tape, and non-noisy during nightly feed
- 2. Slim Pads** – Recommended for mothers with slight to regular milk, trap excess milk, prevent possible moist, equipped with non-slip adhesive tape, and designed to maximum comfort

- Breast Pumps

Pigeon breast pump are recommended for mothers who desire to breastfeed their babies from newborn to two years in response to the governmental policy that supports breastfeeding by encouraging breastfeed as the only mean for milk during the first six months of baby and breastfeed with supplementary until the age of two years old. The breast pumps target and attract mothers at working age, which are increasing daily.

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

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

1.4 Weaning Accessories

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

- **Mag Mag Training Cup**

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

Step 1: Nipple Cup comes with Peristaltic PLUS™ Nipple allowing reproduction of baby's natural sucking motion. The Cup has Y-cut tip to prevent excessive leak and angled handles for simple holding and is recommended for baby at the age of three months and older, setting baby for step-up to Spout Cup.

Step 2: Spout Cup, or sipping cup, comes with angled handles and changes the top from nipple to soft and flexible silicone spout, allowing quantity of liquid flow to be adjusted by drinking movements, an entirely new development for baby. The Cup is recommended for baby at the age of five months and older and allows baby for step-up to Straw Cup.

Step 3: Straw Cup is recommended for baby at the age of 8 months and older as it trains to leverage his/her stronger sucking power to drink like an adult. The top comes in spilled-proof, cross-cut with soft silicone straw, the lower straw is bent at an angle to enable easy drinking until the last drop, and the handles are widen and straight for easy holding.

- **Weaning Set**

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

- **Steam Sterilizers**

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

- **Specially-Soft Weaning Set**

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

1.5 Health Care Accessories

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

- **Three-Steps Training Toothbrush Set** is designed to assist baby in teeth-brushing development and available in three steps for appropriate ages:

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

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

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

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

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

1.6 Toiletries Accessories

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

1.7 Cleansing and Sterilizing Accessories

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

- **Liquid Cleanser for Baby Bottles**

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

- **Automatic Bottle Steamers**

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

Competitiveness

The market for mothercare and baby accessories can be classified into four groups: economy, standard, premium, and super premium. The comparison of the market groups by price, quality, source, and sales channel is summarized as presented on the table below:

	Price	Quality	Source	Sales Channel
Super Premium	Very High	High to Very High. Have own R&D for products	All imported	Department stores in Bangkok
Premium	High		Imported and domestic manufactured	Department stores in Bangkok and up countries
Standard	Medium	Medium / Thai Branded	Domestic manufactured	Up countries and hyper markets
Economy	Low	Low / House branded or not branded	Domestic manufactured	Up countries

Source: The Company

Pigeon Product Highlight

- **Brand:** Pigeon brand is from Japan, where manufacturing technology and standard are one of the best worldwide, emphasizing on research and development of products appropriate for baby's development and mother's child-raising behavior, resulting into its reputation in many countries worldwide including Thailand.
- **Quality:** Through advanced manufacturing technology and certification of standards from internationally-reputable institutes, Pigeon realizes the priority of baby's development and mother's convenience in using products, including their durability, making Pigeon's reputation continuously growing.
- **Variety:** In contrast to competitors who focus on a single market group, Pigeon's wide range of products at different prices enables coverage of the mothercare and baby accessories market in order to retain the diverse interests and satisfaction of mothers
- **Brand Heritage:** As the mothercare and baby accessories market leader in Thailand for more than 30 years, Pigeon brand has been inherited and recommended with confidence from one generation to another.

Target Customers

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

Competitive Strategies

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

Marketing Activities

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

1. **Reiterated the Company's expertise** on mothercare and baby accessories through the "Meet the Expert –Expertise from truly an deeply understanding the mom's need of raising baby" which showcased the complete marketing as the following:

- Debut of "Meet the Expert" along with activities for new mothers
- Advertisements and public relations of "Expert in Trade" through famous shops across the country
- "Expert Meet Expert" magazine column in which representatives of mothers from diverse industries shared their child-raising experiences plus great articles from doctors of different fields
- Pigeon Advisor enlightened about the products to mothers nationwide
- Expert Workshop, by experts from various fields, specifically for members
- Live Chat by child development experts through Facebook Pigeon Little Moments Club which presented the campaigns from the 2nd quarter through different means, for examples, prints and online medias such as Pigeon Little Moments Club website



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

- **Baby Wipes with Lanolin Formula**, or liquid waxes extracted from sheep, specific formula for newborn, has been researched and developed by the Pigeon Central Laboratory, Japan. The wipes are excellent at retaining moisturizer, free from irritating delicate skin of infant and have been "Micro Biologically Tested" accordance to Japanese standard,



giving full confidence in cleanliness and 100% without bacteria.

- **Pacifiers**, for baby soothing, have been designed to snugly fit the mouth of baby at different ages. The product is made of specially-soft material to reduce impact of distorted or disorganized growth of teeth certified by Mitsuko Inoue, DDS, PhD. of Showa University School of Dentistry. All three types are BPA-free.



- **Nursing Bottles with Naturally-Like Peristaltic Mini Nipples** are rounded in shape with no side seams and accumulated areas for bacteria. The bottles are made of food-graded color for safety and high quality Polypropylene (PP), BPA-free, and capable of heat resistant up to 110°C. The product also offers nipples that are specifically developed for infant, similar to those natural ones of mother. The naturally-like design of the nipples stimulates the sucking nature of infant, preventing confusion with and could be leveraged simultaneously with mother's nipples. The product is made of silicone that is soft, flexible, and twice as thick as a regular nipple; it is also clear, clean, and hygienic. The baby bottles are available in 4 oz (S-sized nipples) and 8 oz (m-sized nipples).



- **Tall Straw training cups**, latest Pigeon import from Japan, have been designed for training baby on drinking development and supporting baby's self-straw-sucking habit. The bottles are leak-proof with easily-sliding top, and the straws are made of soft silicone, perfect in size, and suitable for baby who begins straw-sucking practice. The product is recommended for baby at the age of 9 months and older.



3. Customer Relationship Management (CRM), one of the Company's important strategies, has held various activities under the name "Pigeon Little Moments Club," which promotes building relationship and Pigeon-brand loyalty with consistently-increasing Club's members. The Club's Workshop has been available for the members' families throughout the year with more than 20,000 families have already engaged.

In addition to the Workshop for the members, the "Pigeon Little Moments Club" has also created a warm online society through Facebook fan page and the Club's website, another channel to further-reach modern parents. Moreover, the Club has held activities and seminars for the Club fan pages such as "Live Chat" with breastfeeding and product experts to reiterate the "Meet the Expert" campaign along with several other fun activities for the members to share their moment of joy, enabling the Company to extensively expand the member base and Facebook fan page.

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

pigeon
Little Moments Club

www.PigeonLittleMomentsClub.com
f mypigeonlittlemomentsclub









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



2) Other Products

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

Brand	Product	Target Customer
	Coconut cereal	Women/Housewives at the age of 35 and older, interest in health and wellness, medium to high income, and well educated
	Healthy drinks (Jasmine Rice Drink/ Organic Jasmine Rice Drink)	Women or consumer group with interest in health and wellness or who are allergic to cow milk, medium to high income, and educated
	Exfoliating socks	Women at the age of 18 and older
	Food (Thai Chili Paste)	Consumer group at the age of 18 to 35 with preference in convenient meals
	Crackers/Wafers	Consumer group at the age of 12 to 35, medium to high family income
	Toothbrushes, dental flosses	Consumer group at the age of 18 to 35

Competitive Strategies

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

Original Equipment Manufacturer (OEM)

The Company is the sole distributor in Thailand of YMP products which fall under plastic and packaging segment. Primarily our OEM customer is industrial manufacturers who purchased plastic products and packaging to further assemble, pack, and sell. Most products are sprayers, pump valves, liquid-containing bottles, and liquid tubes, etc. During 2013, the Company has grown in number of new customer and has simultaneously increased business with existing customer, resulting into incremental sales. We have gained an electric-toothbrush manufacturer as our new customer, have consistently increased our OEM product and its customer base since 2012, and have continued to focus on the revenue growth and profitability of the OEM business.

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

YMP is a joint venture of Yoshino Kokusho (Japan), Nomura Jimusho Inc. (Japan), and the Company with the business focus on manufacturing and sales, locally and internationally, of plastic packages, parts, and plastic parts such as sprayers, pumps valves, and liquid containers, etc. To meet customer satisfaction and worldwide requirements, YMP leverages manufacturing machines and equipments with advanced technology and comprises of departments of productions, assembly, quality controls, logistic, and customer service at professional level. Exclusively, the Company is the sole distributor of YMP products and YMP's procurement of local raw materials.

Pigeon Industries (Thailand) Co. Ltd or PIT

It is a joint venture between the Company and Pigeon Corp (Japan). The main products manufactured by PIT are classified in two categories as follow:

1) Baby Wipe ; is a cloth for facial cleaning, arms and other parts of body of infant and adult; the fabric is specially thick and soft; can be used as frequently as required. The cloth is free of alcohol and perfume. There is also a cloth for protection of mosquitoes; in a package convenient for carrying.

2) Disposable breast pad (Fastened type) to absorb milk; securely for every movement; and prevent leaking on the sides with two adhesive tapes to prevent slippery while wearing; made of materials which had been researched and tested by Pigeon (Japan).

PIT is a base of production of the Baby Wipe and disposable breast pad which had been officially certified by the Pigeon Corp (Japan); and the Company is a sole representative in Thailand.

Thai Pigeon Co. Ltd. or TP

Authorized by Pigeon Corp (Japan), TP is the official manufacturer of silicone nipples, baby bottles, and plastic accessories for baby of the "Pigeon" brand. There are varieties in types and sizes of TP-manufactured silicone nipples as specified by Pigeon Corp such as classic silicone, dome silicon, naturally-like, and mini naturally-like nipples. Moreover, the baby bottles could be produced in every size and are made of Poly Carbonate (exported specifically to India until the end of 2013), Poly Propylene, and Polyphenyl Sufone Resin (PPSU), materials which are free of toxin, supremely safe for infant, food-grade determined, and directly exported to Japan. Furthermore, the baby bottles are processed through sanitized and standardized production with technology-advanced machines from overseas and staffs full of expertise on every production process, which seals away dust, defects and controls quality in quantity and durability in accordance to Pigeon Quality Standard in order to reassure safe, quality, and best products possible.

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

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

- ISO 14001: 2004 Certification of Environmental Management from MASCI in 2008
- ISO 9001: 2008 Certification of Quality Management from MASCI in 2008
- GMP (Good Manufacturing Practices) from MASCI ในปี 2010
- TIS 969-1990 Thai Industrial Standard for silicon nipples
- TIS 18001/BS OHSAS Occupational Health and Safety Assessment Series in 2012
- TLS 8001-2010 Thai Labor Standard from Department of Labor Protection and Welfare in 2013
- AEO (Authorized Export Operator) from Thai Customs Department in 2013
- ISO50001 Energy Management System, expecting to be certified in 2014

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

Industrial Conditions

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

Competitive Strategies

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

Sales and Sales Outlets

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

Logistics Management

Realizing logistics management as the key function of the supply chain, the Company has assigned DHL International GmbH (DHL), the world's leader in logistics, to entirely manage the warehouse operations and the logistics of all products of Moong Pattana International Public Co. Ltd. in accordance to the jointly-determined policy of logistic controls including receiving operations of partners'

products, internal preparations of shipments, and shipping operations to customers. In order to enable best condition of products and on-time delivery, comprehensive inventory and storage systems and internationally-standardized quality control have been leveraged.

In regard to product delivery, the Company cost-effectively leverages partners with vast transportation network to delivery products to our sales outlets throughout the country.

Corporate Social Responsibility (CSR)

Moong Pattana International Public Co. Ltd. conducts the business by focusing on steady and sustainable growth to build its competing capability, with clearly-defined targets and policies within its Good Corporate Governance, and aiming to develop its human resources at all levels in accordance to the Company's vision: **"Striving for excellence in products and service with business ethic and integrity of business operation, fulfilling customer and investor expectations whilst achieving utmost relationship with business partners."**

The capabilities and dedication of employees have been the key factors driving the company's rising performance and success over the past three years and have continuously been critical to the Company's sustainable growth in the future. The determination of the employees and their confidences in the Company's vision and mission have driven their dedication in distributing quality products to partners and consumers, serving the market to the immediate satisfaction, and enabling continuous revenue growth, all of which have led to the sustainability in operating the business as distributor.

For these reasons, the Company places its highest priority on optimizing management of its human resources in all aspect areas: focusing on communicating with employees effectively regarding to their roles, responsibilities, and performance; helping employees continually develop their skills, knowledge, effectiveness and potential; enabling their readiness to respond proactively to changes regarding fluctuation and highly-competitiveness in the business treating each employee equity, without discrimination regarding gender, age, religion or disability; encouraging every employee to respect toward the honor, dignity and personal rights of each employee as an individual and human being.

In 2013, the Company defined and communicated its Core Values (DNA), to promote a clear and shared understanding among all employees regarding to business direction. Core Values are the beliefs and commitment that guide us and help us operate together as a teams as we work toward the long lasting success, for both the success of employees as individual and of the Company as a distributor.

The Company's Core Values were set as "O P E C" with the following details:

- O represents "Operation Excellence." We are passionate to achieve excellence, high commitment, readiness to change in order to acquire continuously excellence in both quality of operation and personal life.
- P represents "Partnership." We realize the priority of good relationships with business partners to enable long-term mutual growth with our experienced and professional personnel in order to

embrace innovation of products or new ideas to gain competitive advantage on business ethics, corporate governance, and social responsibilities basis.

- E represents for "Employee." We aim to build the organizational culture by firmly believing in harmonized teamwork and supporting the engagement of all employees at all levels, in which employees respect for others. We emphasize the value of continuous learning, which will be a fundamental tool to promote lasting growth of both the employees and business.
- C represents for "Customer Centric." We are passionate about exceeding customer expectation as the heart of business operation by taking perspectives from outside in, being capable of understanding and realizing customer expectation and ready to develop the right solutions with higher returns for the customers' success with quality and satisfactions.

The Company strongly emphasizes building up level of engagement to each employee beginning from the first day that a recruit becomes a member of the MPI Family, starting with our "Induction Program", developing engagement among supervisor, subordinates, colleagues through various of activities.

The Company is confident that every thing we puts effort to promote satisfaction and harmony in our workplace will enhance teamwork, increase individual performance, and encourage employees to be loyalty and dedicate themselves wholeheartedly to the Company's success.

Human Rights and Fair Practice Towards Labour

The Company has realized the importance of operating respectively to human rights and justified labor, in which the Board of Directors, executives, and all employees must respect laws, diverse cultures of different local areas, and universal human rights in accordance to the Universal Declaration of Human Rights, including not supporting the businesses who violate the right, and comply with good practices respective to the Company's Code of Conduct.

The Company intends to support and promote basic human rights and support governmental policies and law or business operations that do not negatively impact basic rights of the community and external parties. Additionally, we require its joint-ventures partners, other business partners, and suppliers to fully respect the human rights and would scrutinize compliance with human rights principles and Thai Labor Law before entering into any contract or investment.

Assessment for Employees

The Company's Executives develop strategic business plans and propose these plans to the Board of Directors for endorsement and approval. The Board of Directors has the responsibility to monitor performance and evaluate achievement against key performance indicators that fit the annual strategic business plan and other targets. Performance assessment of employees is conducted under the annual performance appraisal system as determined by management. The assessment process starts with performance planning between supervisor and employees whereby they determine targets against key

performance indicators, competency assessment, and individual development plan that is specific for each employee. Away from this, the process includes performance monitoring coaching and feedback to improve performance and annual performance appraisal as well as are consideration to correlate of appropriate remuneration and other benefits . The performance appraisals focus on such key principles: being competent to perform duties & responsibilities; development of self-potential and/or team development; and being qualified as demonstrated through professionalism, ethics and contributions toward the Company' sustainable growth.

Succession Planning

The Company has established the developmental plan for successions with the objectives of ensuring the readiness in quality and quantity of manpower to enable smooth operational transitions and selecting and developing the readiness of the appropriate personnel in succeeding key positions of the Company, which are the Divisions Directors, or the positions critical to the management structure or the Company's business operations, or the positions that require specialized skills and professional expertise and are extremely essential. The Board of Directors has assigned the human resources to establish the principles for developing the succession plan.

The Company's Executive Management has adopted the succession planning procedures for the Executives and key management positions as the following:

- Identify key positions for which the succession planning is required;
- Determine selection criteria by identifying required knowledge, abilities, skills, and qualifications needed for each key position;
- Select potential successors and evaluate their readiness; select from the potential candidate group based on prescribed criteria for development by assessing both strengths and areas for improvement;
- Build the Individual Development Plan for each individual that includes guidelines to prepare him or her to perform in a higher positions;
- Continuously support each successor in pursuing the readiness development plan and follow up by monitoring and assessing the results, so that those successors will indeed prepared.

Benefits and Welfare

Employees are the key mechanism of the business' mobility. Therefore, the Company provides appropriate benefits to attract and retain the best talent and to ensure the security, well-being and to quality of life of each employee. We provides variety of benefits for employees such as the medical benefits that cover leading hospitals, both public and private hospitals to ensure that employees are optimally taken care of. In addition, we provide life and accidental insurances and has established the provident funds to guarantee their security upon retirement.

Further more, the Company focuses and promotes good mental health of the employees through variety of health activities such as the annual employee checkups program. In addition to the program, the Company has also partnered with the hospital on the cervical cancer checkup for female employees and the prostate cancer checkup for male employees every year, including injection of the anti-influenza vaccine for employees and their families, etc.

Safety and Environment

The Company has always realized the significances of the employees' work safety and operating environment and has established policies and goals to prevent the losses from working injury or sickness. The plan focuses on hazards prevention, promotion of engagement, elimination of areas with potential risk, and consistent improvement, including the intentions to build a safety culture of work, which is consisted of the responsibilities of oneself and other employees (CSR in process) such as:

- *Risk-Points Elimination Program* to seek and prevent dangers at potential risk-areas in the office, in which the Company promotes the "Completely Check & Fix," which has been performed consistently, in order to engage the employees in locating potential areas of risks and following-up according to plan, resulting into employees working safely at the safe areas and preventing accidents.

Development for Employees

To sustainable growth, the Company places priority on providing quality human resource development programs and learning activities for employees at all level. In 2013, the Company formulated and focused on competency development and individual development plan for employees at all levels and all positions. These competencies will be set as a standardarized job specification for recruitment and human resource development which are fit with the Company's vision, mission, and directions. The competency assessment is conducted between supervisor and employees whereby they determine individual development plan and career path development. The key foundation of the human resource development is consisted of functional knowledge, quality & safety knowledge, business management knowledgement, and business ethics, leadership and management principles, etc.

Communications with Employees

The Company communicates continually with all employees about the internal news, development and changes of important operations. To make sure all employees are well informed on timely basis, we rely on a variety of communication channels, including email, SMS, announcements, Intranet, and "town-hall" meetings. The executives also have duties in disseminating information to employees and communicating with them directly.

Responsibilities toward Consumers

The Company has focused on developing and delivering quality products with the standard that satisfies customer needs by leveraging advanced and highly-efficient technologies and product controls at every

process and providing accurate information of products and services with the determination to enable the highest-possible benefits in quality, justified prices, and satisfaction to customers.

The Company protects confidential information of customers, to include not using the information for interests of the Company or unauthorized related parties, and has established the processes of promptly and effectively taking issues and complaints from customers. In 2013, the Company has created the Customer (Consumer) Satisfaction Survey for different product brands in order to leverage the information to further improve and develop the products and services. As the result, the survey showed that approximately 97 percent are satisfied with the Company's brands, and the Company has leveraged the survey results as the guidelines to improve and develop the images, products, and services. Additionally, the Company does not possess any policies that provide benefits to customers in exchange of dishonestly seizing their business from the competitions or by violating laws.

Community and Social Development

The Company realizes our obligations, roles, and responsibilities to the society, customers, and all stakeholders and, hence, adheres to conducting business with honesty, operating with compliances to laws and good governance, and strictly maintaining commitments, aiming for the Company's business to be one of the drivers of the economy, which is the fundamental factor to the consistent stability, progress, and prosperity of the country.

Moreover, not only the Company's responsibilities lie within the scope of business for customers and stakeholders, they also cover the community and society. Thus, the Company has established the policy to develop and support our personnel to leverage their knowledge and capabilities for good deeds and engage in thought-processing, planning, and altogether improving the community and society for simultaneous growth with the Company, developing the organizational culture of the "volunteering hearted" people.

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Fostering Volunteerism and Community & Social Promotion

- As the distributor of mothercare and baby accessories, the Company has constantly focused on supporting breastfeeding. Since 2011 until present, the Company has partnered with governmental and private hospitals to build the Breastfeeding Consultation Room, include providing breastfeeding tools and educational videos for freshly-new mothers to learn about the principles or procedures of breastfeeding.



Furthermore, the Company has worked with the hospitals to decorate the Ward Room for more than 20 hospitals in Bangkok and other provinces and has provided more than 53,000 sets of manuals for present and freshly-new mothers to more than 100 governmental and private hospitals throughout the country.

During the 1st quarter, to support breastfeeding, the Company has presented 20,000 breast pads to the Siriraj Hospital, accepted by Professor Chanchai Vantanasiri at the Siriraj hospital.

During the 3rd quarter, the Company has hosted lunch and activities for underprivileged children and has provided Pigeon products to the Foundation of Slum Child Care.



พีเจ็น ส่งเสริมการเลี้ยงลูกด้วยนมแม่

• นายเมธิน เลอสุดมีตรกุล ผู้อำนวยการฝ่ายการตลาด บริษัท มุ่งพัฒนา อินเทอร์เน็ตเชนเนล จำกัด (มหาชน) ผู้ผลิต และจัดจำหน่ายผลิตภัณฑ์สำหรับแม่และเด็กแบรนด์ "พีเจ็น" ร่วมสนับสนุนให้คุณแม่เลี้ยงลูกด้วยนมแม่ โดยมี ศ.คณิน นพ.ชาญชัย วันทนาศิริ จากศิริราชพยาบาล เป็นผู้รับมอบ

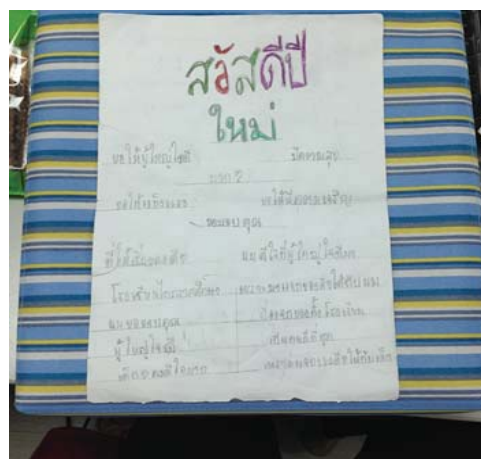
น้ำใจสู่น้อง
ขวัญฤกษ์ อ่อนจรัส
ผจก.ฝ่ายการตลาดและ
ลูกค้าสัมพันธ์ช่วยทีมงาน
บมจ.มุ่งพัฒนาอินเทอร์เน็ต
เชนเนล จัดเลี้ยงอาหาร
กลางวันและมอบผลิตภัณฑ์
สำหรับเด็ก "พีเจ็น" แก่เด็ก
ที่มูลนิธิเด็กอ่อนในครรภ์ฯ
เมื่อวันก่อน



- The Company has joined forces with the companies listed in the Market for Alternative Investment (MAI) in holding "Sweating for You" campaigns. The one activity is to make good deeds in helping Krailas Wittaya School, Pathumthani, the victim of unfortunate flood in 2011, to restore the school by renovating library room, donating books, and adapting visibility and environment withing the school under the "Library's Smile" activity.



Furthermore, to also restore and brighten the happiness within the students, prior to the New Year, the Company and those of listed company under MAI have partnered with the Krailas Wittaya School to host the “Your Smile” activity, the sport competition engaged by the employees from listed company under MAI and the students. In returns, the students showed their gratitude by making New Year’s cards for the executives and employees of the Companies.



In addition, the Company has engaged in other activities such as providing mothercare and baby accessories and V-Care products (cottons, toothbrushes) to the Foundation of Children, Nakornpathom, and showing support to the soldiers in the three southern-bordered provinces by providing the Company’s products such as Roong Jareon Thai Chili, Jordan and V-Care toothbrushes, etc.



Promoting of Culture & Tradition

In order to conserve and continue the inherited culture and tradition of Thailand, the Company has campaigned and provided the support as the following:

- New Year's Thuk-Bard, *food offerings to Buddhist monk*, by the executives and employees, in which the executives gave blessing and thoughts on living the sufficient economy
- Songkran (Thailand's New Year) Festival by hosting the ceremonies of Buddha-image water-sprinkling and the Rod-Num-Dum-Hua, *pouring water on the hands of the revered, elder co-workers*, and several shows among the employees
- Tord-Kathin Festival, *presenting robes to monks at the end of Buddhist lent*, in which the executives and employees hosted and gave the donated funds for building the Buddhist temple at the Wat Pa Barn Nong Peu, Tarn Nerg, Sakolnakorn, and co-hosted in building the new Sermon Hall at the Wat Wang Tham, Mae Lao, Chiang Kham, Phayao during the beginning of Buddhist lent

Promoting of Employees' Virtuous Deeds for the Society

In order to promote the value of giving and doling goods for others, with the aim for such deeds to support a better society of sacrificing and helping, and to realize the value of being a provider, the Company has hosted the following activities:

- The seminar for the group of freshly-new mothers whose babies are between 0 – 3 years of age and potential mothers, in which the Company's employees, four times per month, have shown the consistent support by sharing their knowledge, both theoretical and practical, to the mothers
- Live Chat in which the employees and experts provided recommendations and cleared any doubts about products or child-raising respectively to promptly and professionally meet consumer needs

The Company adheres to the belief that business success must simultaneously grow with the responsibility to society because the growth would not be sustained unless the society is sound with satisfying quality of life.

Risk Factors

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

In 2013, the Company gave priority to the development of information system, making marks on modernizing the system to be capable to support foreseen business growth and possible opportunities and risks reflected from the ASEAN Economic Community (AEC). To enable ourselves to effectively encounter any potential future risks, we have developed the risk management plan as the following:

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

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

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

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

with our key partners, domestic and international, for instance, to maintain fixed prices for at least one year, etc.

3. Financial Risks

3.1 Risks from Exchange-Rate Fluctuation

Baht's changes in value as the result of the exchange rate fluctuation in 2013 presented possibility of inevitable impact to the Company on higher cost of purchases from overseas as well as multiply currencies required for these purchases. Our cost of products and overall profitability would directly be vulnerable to this adverse shift of exchange rate; however, the Company has executed the policy to protect from and manage this possible risk by proactively engaging in forward agreement for fixed exchange rates. Hence, there has not been any lead, presently, to believe that the exchange rate fluctuation would incur any major affects to the Company's profitability.

3.2 Risks from Financing-Interest Fluctuation

The Company has attained short-term loans from financial institutes to leverage as operational cash flow and, unfortunately, has encountered possible risk to our managing cost by the fluctuation of financing interest. Yet, the Company has managed incoming finances at appropriate interests for the right objectives through various financial avenues in order to always ensure sufficient reserves available.

4. Compliance Risks

4.1 Product Liability Law

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

4.2 Risks from Safety, Environmental, and Social Issues

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

Capital Structure / Shareholders Structure
Shareholders

 1. Top 20 shareholders as of December 28th, 2013:

No.	Name	No. Shares	%
1.	Mr. Sumeth Lersumitkul	73,825,000	61.521
2.	Thailand Securities Depository Company Limited for Depositors	28,315,100	23.596
3.	Mr. Methin Lersumitkul	4,700,000	3.917
4.	Mr. Suthee Lersumitkul	4,700,000	3.917
5.	Mr. Sorrapun Lersumitkul	4,700,000	3.917
6.	Thailand Securities Depository Company Limited for Depositors	1,887,400	1.573
7.	Mrs. Sureeporn Anuvatudom	1,500,000	1.250
8.	Miss Bhornmin Parebhasa	54,000	0.045
9.	Mr. Jitboon Tangdenchai	50,000	0.042
10.	Miss Lawan Teanghongsakul	50,000	0.042
11.	United Global Agencies (Thailand) Company Limited	50,000	0.042
12.	Mr. Monthien Eaimwonghirun	37,000	0.031
13.	Mr. Theerapol Kiatpinyoporn	37,000	0.031
14.	Miss Somjai Soheng	29,000	0.024
15.	Mr. Vijarn Boonprakob	20,000	0.017
16.	Mr. Jaroon Joosawas	6,000	0.005
17.	Miss Supaktra Phuengthamsujarit	6,000	0.005
18.	Miss Natnicha Thongchiew	6,000	0.005
19.	Mrs. Rasamee Narabu	6,000	0.005
20.	Miss Suthinun Phukhamao	6,000	0.005

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

No.	Name	No. Shares	%
1.	Mr. Sumeth Lersumitkul	73,825,000	61.521
2.	Mrs. Sureeporn Anuvatudom	1,500,000	1.250
3.	Mr. Methin Lersumitkul	4,700,000	3.917
4.	Mrs. Laaid Vongvongpop	40,000	0.033
	Total	80,065,000	66.721

Dividend Policy

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

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

Management Structure**Board's Structure**

The management structure of the Company comprises of the total of three committees: Board of Directors, Audit Committee, and Executive Board, as the following:

1. Board of Directors

The Board of Directors as of December 31st, 2013:

- | | | |
|----|--|--|
| 1. | Mr. Sumeth Lersumitkul | Chairman / Major Shareholder |
| 2. | Mrs. Laiad Vongvongpop | Chairman of Audit Committee / Independent Director |
| 3. | Mr. Thaevan Uthaivath | Member of Audit Committee / Independent Director |
| 4. | Mr. Manit Jeeradit | Member of Audit Committee / Independent Director |
| 5. | Mrs. Sureeporn Anuvatudom | Director |
| 6. | Ms. Suwanna Chokdee-anand | Director |
| 7. | Mr. Methin Lersumitkul | Director (Replaced Mr. Vipak) |
| | (Resolution of the Board of Directors Meeting on February 27 th , 2013) | |
| 8. | Mr. Vipak Vetvitayavatana | (Resigned on March 1 st , 2013) |

The Company Secretary is Miss Raewadee Rassameesangpetch

Authorized Directors with Binding Authority in Accordance to the Company's Certificate

The Company's binding authority requires the Company's official stamp and two signatures: one of Ms. Suwanna Chokdee-anand and one of the following three directors: Mr. Sumeth Lersumitkul, Mrs. Sureeporn Anuvatudom, and Mr. Methin Lersumitkul.

Scopes, Authorizations, and Duties of the Company's Board of Directors

The Board of Directors Meeting 1/2013 on February 27th, 2013, had the resolution of the scopes, authorizations, and duties of the Company's Board of Directors as the following:

- 1) Responsibility to shareholders concerning the Company's business operations to comply with laws, the Company's objectives and regulations, resolutions of Shareholders Meeting, including rules and regulations of the Stock Exchange of Thailand (SET) and the Securities Exchange Commission (SEC), by performing duties with honesty and protecting and maintaining shareholders' present and long-term benefits
- 2) Responsibility to ensure holding of Board of Directors Meeting at a minimum of once every three months with attending directors of at least half of total directors, in which final decision of Board of Directors Meeting is ultimately dependent upon the majority vote of attending directors, with each attending director holding one vote except the attending director with conflict of interest on the agenda and the meeting's Chairman, in case of the voting tie, providing one additional, deciding vote

3) Consideration and approval of transaction connecting the Company, subsidiaries, associated companies with related associates on the matter that does not require resolution from Shareholders Meeting

4) Responsibility to enable establishment of control system of operations and finances including efficient and effective Internal Control, Management Control, and Internal Audit and ensuring that management operations comply to the Company's Good Corporate Governance Policy

5) Authorization of considering and appointing Chief Executive Officer (CEO) whose possible length of term, delegated authority, or assigned authority are appropriately determined by the Board of Directors, in which the authorization is not stipulated by laws or the Company's regulations as the right of shareholders

6) Consideration and appointment of Audit Committee and Sub-Committees

7) Consideration and approval of borrowing or issuance of debenture including providing a guarantee, loan guarantee, pawn, and mortgage of any of the Company's loan request worth more than THB 80,000,000 per request

8) Consideration and approval of investment in bonds, equity instruments, and unit trusts, including acquisition/joint-venture of projects/with other businesses worth more than THB 80,000,000 per transaction or project/business in accordance to the rules and regulations stipulated by the SET and the SEC concerning acquisition or disposal of assets

9) Consideration and approval of distribution, destruction, donation, and purchase of fixed and other assets worth more than THB 80,000,000 in accordance to the rules and regulations stipulated by the SET and the SEC concerning acquisition or disposal of assets

10) Consideration and approval of leasing of the Company's assets with the contract whose leasing period is over three years

11) Consideration and approval of annual budget and its changes during the year

12) Consideration and approval of writing-off bad debt in accordance to the principles, procedures, and conditions declared and determined by law worth more than THB 5,000,000

13) Authorization to consider and approve other matters beyond the scopes, authorizations, and duties of Executive Committee

2. Audit Committee

The Audit Committee comprises of three individuals as the following:

- | | |
|---------------------------|-----------------------------|
| 1. Mrs. Laiad Vongvongpop | Chairman of Audit Committee |
| 2. Mr. Thaevan Uthavath | Member of Audit Committee |
| 3. Mr. Manit Jeeradit | Member of Audit Committee |

Mrs. Laiad Vongvongpop is the member of the Audit Committee with adequate knowledge and experience in accounting and finance to audit the reliability of the Company's financial statement.

Scopes, Authorizations, and Duties of Audit Committee

The Board of Directors Meeting 1/2013 on February 27th, 2013, had the resolution of the scopes, authorizations, and duties of the Company's Audit Committee as the following:

- 1) Audit of the Company's financial report for accuracy and adequate disclosure
- 2) Audit of the Company's Internal Control, Management Control, and Internal Audit for suitability and effectiveness
- 3) Audit of the Company's operations to comply with the laws of Securities and Exchange, regulations of the SET, or other laws related to the Company's business
- 4) Consideration, selection, and nomination of independent person with eligible knowledge, capability, and experience to perform audits and be the Company's independent auditor and the appropriate remuneration to the Board of Directors for further approval from shareholders; attendance of the meeting with the independent auditor without the presence of management at least once per year
- 5) Consideration of related transactions or ones that may have conflict of interest for compliance with laws and conditions of SET, in order to reassure that the transactions are appropriate and most beneficial to the Company
- 6) Preparation of the Audit Committee Report disclosed in the annual report of the Company in which the prepared report must consist of the signature of the Chairman of the Audit Committee and the following information as minimum:
 - (a) Comment concerning accuracy, completeness, and credibility of the Company's financial report
 - (b) Comment concerning sufficiency of the Company's Internal Control and Management Control
 - (c) Comment concerning compliance with the laws of Securities and Exchange, regulations of the SET, or other laws related to the Company's business
 - (d) Comment concerning suitability of the external auditor
 - (e) Comment concerning transaction with possible conflict of interest
 - (f) Number of the Audit Committee Meetings and the meeting attendance of each member of the Audit Committee
 - (g) Overall opinion or remark of the Audit Committee from its compliance to the Charter
 - (h) Other items in which shareholders and investors in general should be informed within the scopes, authorizations, and duties assigned by the Board of Directors
- 7) Consideration and approval of the Internal Audit Division's Charter
- 8) Approval of the Internal Audit Division's plan, budget, and personnel
- 9) Consideration and audit of independency of the Internal Audit Division's operating results report
- 10) Consideration and comment of appointment, transfer, or demotion, including the Internal Audit Division's performance evaluation

11) Seeking of independent advice from advisor of other professions when necessary at the Company's expenses

12) Supervision to enable the process of examination or interrogation of matters necessary to the duties and responsibilities of the Audit Committee

13) Other operations assigned by the Board of Directors as agreed by the Audit Committee

During the process of the stated duties, the Audit Committee must have direct responsibility toward the Board of Directors of the Company, and the Board of Directors is still responsible for the Company's operations toward shareholders and external associates.

3. Executive Committee

The Executive Committee comprises of four individuals as the following:

- | | |
|------------------------------|---------------------------------|
| 1. Mr. Sumeth Lersumitkul | Chairman of Executive Committee |
| 2. Mrs. Sureeporn Anuvatudom | Member of Executive Committee |
| 3. Ms. Suwanna Chokdee-anand | Member of Executive Committee |
| 4. Mr. Methin Lersumitkul | Member of Executive Committee |

Scopes, Authorizations, and Duties of Executive Committee

The Board of Directors Meeting 1/2013 on February 27th, 2013, had the resolution of the scopes, authorizations, and duties of the Company's Executive Committee as the following:

1) Responsibility of management of the Company's business to comply with objectives, regulations, policies, rules, and conditions of the Company, resolutions of Board of Directors Meeting, and/or resolutions of Shareholders Meeting of the Company

2) Establishment of the Company's policies, directions, plans, business strategies, operational structure, and annual budget

3) Duty of supervising to ensure the establishment of the Company's thorough Risk Management Control and effective risk management operations, reports, and follows-up

4) Duty of supervising to ensure operations of assigned steering committees achieve targets and ensure that management operates in accordance to predetermined policies, with efficiency and effectiveness

5) Authorization of establishing policies and principles of employee benefit and salary structure of the Company

6) Consideration and approval of insurance types, sum insured, and claims of product insurance/all types of assets excluding vehicles

7) Authorization to approve all types of general and administrative expenses worth more than THB 20,000,000 including fixed-assets purchases as set in the annual budget or estimation worth less than THB 80,000,000 per transaction

8) Consideration and approval of distribution, destruction, and donation of fixed and other assets worth less than THB 80,000,000 per transaction

9) Consideration and approval of writing-off bad debt in accordance to the principles, procedures, and conditions declared and determined by law worth less than THB 5,000,000

10) Consideration and approval of investment in bonds, equity instruments, and unit trusts, including acquisition/joint-venture of projects/with other businesses worth less than THB 80,000,000 per transaction or project/business

11) Consideration and approval of borrowing or issuance of debenture including providing a guarantee, loan guarantee, pawn, and mortgage of any of the Company's loan request worth less than THB 80,000,000 per request

12) Consideration of transaction connecting the Company, subsidiaries, associated companies, and related associates on general trade agreements in order to propose at Board of Directors Meeting for further consideration and approval

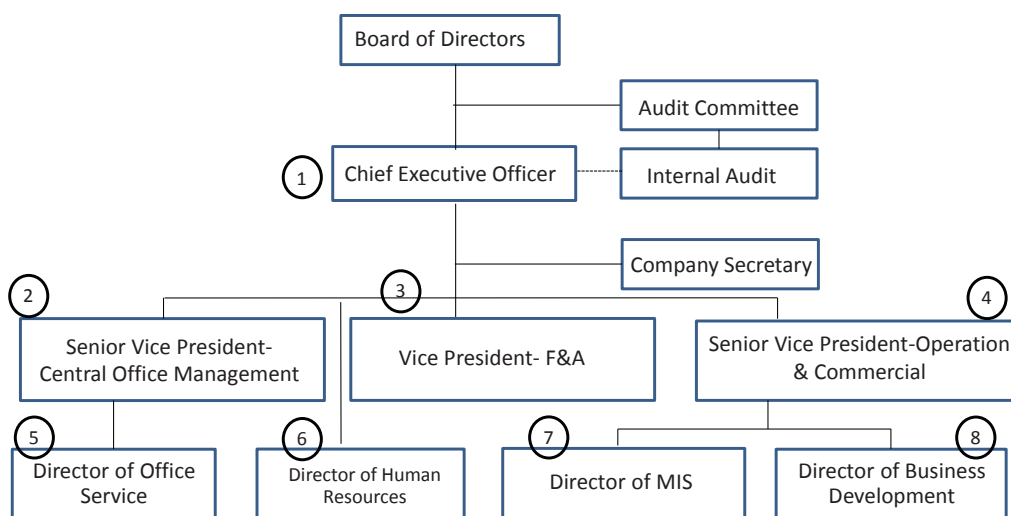
13) Other duties assigned by the Board of Directors

4. Executive Management Team

As of December 31st, 2013, the Company has eight executives as the following:

1. Mr. Sumeth Lersumitkul Chief Executive Officer (CEO)
2. Mrs. Sureeporn Anuvatudom Senior Executive Vice President –Central Office Management
3. Ms. Suwanna Chokdee-anand Senior Executive Vice President – Operations & Commercial
4. Mr. Vipak Vetvitayavatana Vice President- Finance & Accounting
(Resigned on March 1st, 2013)
5. Mr. Methin Lersumitkul Business Developments Director
6. Mrs. Pichchaporn Pattanapisit Human Resources Director
7. Mr. Chatchawan Augcharanont Management Information System Director
8. Mrs. Siriphachara Pitakraksa Office Services Director (resigned on July 1st, 2013)

Executive Management Structure



Scopes, Authorizations, and Duties of Chief Executive Officer (CEO)

The Board of Directors Meeting 1/2013 on February 27th, 2013, had the resolution of the scopes, authorizations, and duties of the Company's Chief Executive Officer as the following:

- 1) Operations that achieve the Company's approved guidelines, objectives, targets, and policies including overall supervision of the Company's operations
- 2) Follow-up on operating results and progress including reporting and informing of results, issues or obstacles, and improvement guidelines to the Executive Committee
- 3) Continuous improvement of organization and personnel for quality and effectiveness
- 4) Authorization to approve advertising expenses of medias and sales promotions worth more than THB 8,000,000
- 5) Authorization to consider and approve project budget in case of new products
- 6) Authorization to approve all types of general and administrative expenses and fixed-assets purchases as set in the annual budget or estimation worth less than THB 20,000,000
- 7) Consideration and establishment of organization structure and manpower in accordance to annual budget
- 8) Consideration and approval of employment, remuneration, and promotion of executives whose position are division directors or higher in accordance to the manpower plan in annual budget
- 9) Authorization to consider and approve the out-of-budget employment, signing of employment contract, and determination of remuneration, compensation, bonus, including benefit of all employees in the Company
- 10) Authorization to consider and approve appointments, promotions, transfers across departments, or discharges of employment status in cases that the appointments, promotions, transfers across departments, or discharges of employment status are not in compliance with the Company's rules and regulations
- 11) Consideration and approval of employee's travel expenses for oversea business trips
- 12) Consideration and setting of the Company's annual holidays
- 13) Consideration and approval of distribution, destruction, and donation of fixed and other assets worth less than THB 3,000,000

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

Moreover, in case of connected transactions or transactions concerning acquisition or disposal of the Company's or its subsidiaries' assets, the transactions must be approved at Shareholders Meeting and/or must follow other practices in accordance to the stipulated principles and procedures on such matters to conform with regulations of the SET and the Notification of the SEC and/or other related

organizations, except the approval of business transaction with normal conditions and clearly-defined scopes.

Selection of Directors and Executives

The selection of the person to serve as the Company's director is stipulated by the Company, in case of not being selected by the Selection Committee, to be achieved by the consideration and decision of the Board of Directors through a thorough consideration of the Audit Committee. The person must possess complete qualification pursuant to Section 68 of the Public Company ACT B.E. 2535 and the related Notification of the SEC and, in addition, is to be considered for experiences, knowledge, and capabilities and nominated at Shareholders Meeting for appointment.

The selection of the Board of Directors shall be performed at Shareholders Meeting following the principles and procedures as the following:

(a) One vote for one share of a shareholder

(b) Each shareholder may exercise his/her right as mentioned in (a) to elect, for the Director position, one person or more than one person, in which the votes cannot be divided to which one of the persons receives more or less vote than the others.

(c) The person with the highest vote and the runner-ups shall earn the appointment of the Director positions as available or as planned to elect at the meeting. In case of the runner-ups with equal votes outnumbered the positions available or planned to elect at the meeting, the Chairman shall provide the deciding selection.

In addition, during each Annual General Meeting (AGM), one-third of the Directors, or closest to one-third of the Directors in case that the one-third is not a whole number, must vacate their Board of Directors positions; the vacating Directors can be reappointed. For the first and second year after the registration of the Company, unless regulated otherwise, the vacancies depend upon draws. For the following years, the Directors whose terms are the longest are to vacate.

In case that the position of Director is vacant because of other reasons beyond completion of term, the Directors shall select the person with qualification and without prohibited qualification pursuant to Section 68 of the Public Company ACT B.E. 2535 to fill the vacancy at the following Board of Directors Meeting, unless the remaining term of the vacating Director is less than two months and the replacing Director can fill only the remaining term, the replacing Director must receive at least three-fourth of the *existing Directors' votes for the approval*.

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

Age	63	
Education	<ul style="list-style-type: none"> - Master Degree of Business Administration, Ramkhumhaeng University - Bachelor Degree of Economics, Ramkhumhaeng University 	
Training	<ul style="list-style-type: none"> - Role of the Chairman Program (IOD) - Role of Compensation Committee (IOD) - Role of Nomination & Governance Committee (IOD) - Director Certification Program (DCP) 107/2008 (IOD) - Director Accreditation Program (DAP) 69/2008 (IOD) - 	
No. of Share (%)	61.52	
Relationship among Directors	Spouse of Mrs.Sureeporn Anuvatudom	
Experience	2011-present	Chairman and Chief Executive Officer, Moong Pattana International Pcl.
	2008-2011	Director and Chief Executive Officer, Moong Pattana International Pcl.
	1996- present	Advisory Director, Director Yoshino Moong Pattana (Thailand) Co.,Ltd.
	1994- present	Advisory Director, Pigeon Industries (Thailand) Co.,Ltd.
	1990- present	Chairman, Thai Pigeon Co.,Ltd.
	1981-2008	Chief Executive Officer Moong Pattana Marketing Co.,Ltd



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

Age 69

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

Training

- Director Certification Program (DCP) 51/2004 (IOD)
- Director Accreditation Program (DAP) 23/2004 (IOD)
- Audit Committee Program (ACP) 22/2008 (IOD)

No. of Share (%) 0.03


Relationship among None

Directors
Experience

2008-present	Director and Chairman of Audit Committee, Moong Pattana International Pcl.
2011-present	Independent Director and Audit Committee, Erawan Sugar Co.,Ltd Pte.
2006-present	Director, TPN Singapore
2006-present	Executive Director Thapanin Co.,Ltd.
2004-2012	Chairman of Audit Committee Central Plaza Hotel Pcl.
2009-2011	Chairman, Green R.V. Co.,Ltd.
1998-2004	Deputy Managing Director, Thainox Stainless Steel Pcl.



3. Mr. Thaevan Uthaivath / Audit Committee and Independent Director

Age	53	
Education	<ul style="list-style-type: none"> - Master Degree Public and Private Management, National Institute of Development Administration (NIDA) - Master Degree of Public Affairs, University of Texas, U.S.A. - Master Degree of Public Administration, Midwestern State University, U.S.A. - Bachelor Degree LL.B., Thammasat University 	
Training	<ul style="list-style-type: none"> - Director Certification Program (DCP) 181/2013 (IOD) - Audit Committee Program (ACP) 43/2013 (IOD) - Director Accreditation Program (DAP) 72/2008 (IOD) 	
No. of Share (%)	None	
Relationship among Directors	None	
Experience	2008-present Director and Audit Committee, Moong Pattana International Public Company Limited 2003-present Legal Advisor, Thai Legal Law Office 2003-present Director, Sukajitra Co.,Ltd. 2001-2002 Public Affairs Director, Ford Operations (Thailand) Co.,Ltd. 1997-1999 Director of Legal Division, Mass Rapid Transit Authority of Thailand 1995-present Director, Surint Omya Chemicals (Thailand) Co.,Ltd. 1982-1996 Attorney and Counselor at Law, Dr.Ukrit Mongkolnavin Law Office	

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

Age	65	
Education	- Bachelor of Art (Summa Cum Laude) Economics and Accounting, Claremont McKenna College U.S.A.	
Training	Director Accreditation Program (DAP) 87/2011 (IOD) - Audit Committee Program (ACP) 36/2011 (IOD)	
No. of Share (%)	None	
Relationship among Directors	None	
Experience	2012-present Chairman of Audit Committee, Chularat Hospital Group 2011-present Director and Audit Committee, Moong Pattana International Public Company Limited 2004-2009 Chairman, BT Asset Management Company Limited. 1999-2008 Senior Executive Vice President, Bank Thai Public Company Limited	

5. Mrs.Sureeporn Anuvatudom / Director and Senior Vice President

Age 63

Education

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

Training

- Role of Compensation Committee
(IOD)
- Role of Nomination & Governance Committee
(IOD)
- Director Certification Program (DCP) 181/2013
(IOD)
- Director Accreditation Program (DAP) 69/2008
(IOD)

No. of Share (%) 1.25

Relationship among Directors Spouse of Mr.Sumeth Lersumitkul

Experience

2008- present	Director and Senior Vice President, Moong Pattana International Public Company Limited
1981-2008	Vice President-Finance, Moong Pattana Marketing Co.,Ltd.
1983- present	Director, Elegant Hardware Co.,Ltd.



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

Age 45

Education

- Master of Business Administration, Chulalongkorn University
- Bachelor of Economics and Business Administration, majoring in marketing, Kasetsart University

Training

- Director Accreditation Program (DAP) 96/2012 (IOD)



No. of Share (%) None

Relationship among Directors None

Experience

2012-present	Senior Vice President – Operation and Commercial Moong Pattana International Pcl.
2011-2012	Vice President – Marketing and Sales Moong Pattana International Pcl.
2009 - 2010	Managing Director Maxus Thailand Co.,Ltd. (GroupM Thailand)
2006 - 2009	Assistant Managing Director Branded Business Malee Enterprise Co.,Ltd.
2003 – 2005	AVP. Channel Development Nestle (Thailand) Co.,Ltd.
2001 - 2002	Senior Manager National Distributor Development (FoodServices BU) Nestle (Thailand) Co.,Ltd.

7. Mr. Methin Lersumitkul / Director

Age 39

Education and Training

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

No. of Share (%) 3.91

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

Experience

2013-present	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 Marketing Co.,Ltd.



Remuneration for Directors and Executives

The 2013 AGM had the resolution to approve the remuneration for the Company's directors of the amount not exceeding THB 2,500,000 per year. The Board of Directors Meeting 3/2013 on August 2nd, 2013, approved the increase of the allowance for Board of Directors Meeting from THB 15,000 to THB 30,000 per meeting in which the Company endorses the remuneration for the directors in the form of the meeting's allowance.

Director's Name		2011	2012	2013
		Amount (Baht)	Amount (Baht)	Amount (Baht)
1. Mrs.Laaid	Vongvongepop	275,000	260,000	275,000
2. Mr.Thaevan	Uthaivath	225,000	210,000	225,000
3. Mr.Manit	Jeeradit ³⁾	225,000	210,000	225,000
4. Mr.Sumeth	Lersumitkul	355,000	340,000	340,000
5. Mrs.Sureeporn	Anuvatudom	75,000	60,000	75,000
6. Ms. Suwanna	Chokdee-anand	60,000	60,000	75,000
7. Mr. Vipak	Vetvitayavatana	-	45,000	15,000
8. Mr. Methin	Lersumitkul	-	-	60,000

Management's remuneration

Types of remuneration	2011	2012	2013
	Amount (Baht)	Amount (Baht)	Amount (Baht)
Total Salaries	20,889,070	21,138,280	19,399,900
Bonus	3,316,770	3,067,195	1,892,520
Social Security Fund	57,750	31,500	36,000
Provident Fund	551,583	508,148	560,997
Discount on Capital Increase Stock Price	-	-	-
Net total	24,815,173	24,745,123	21,889,417

Corporate Governance

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

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

The operational and managing details are as the following:

1. The Rights of Shareholders

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

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

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

The Company stipulates of once per year AGM within four months after the year-ending date of the Company's accounting, unless being under necessary circumstances concerning or having affects to the benefit of shareholders and the related principles and laws requiring the approval of shareholders in which the Company would hold the Extraordinary General Meeting (EGM).

Altogether, the presence of the Chairman of the Board of Directors, the Audit Committee, and the Executive Committee, including all the directors are required at Shareholders Meeting to present the Company's operating results and plans including the perspectives of the Board of Directors on each agenda.

3. Shareholders have the right to receive information of the Company for attending Shareholders Meeting in which the Company would deliver the rules, procedures, proposed agendas of the meeting, sufficient information for decision-makings, the right to attend the meeting, the right to vote in which each shareholder has equal eligibility of one vote per one share, and other criteria such as date, place, and time of the meeting. The Company would clearly specify whether the matters are for information, approval, or consideration, provide the advanced notification to shareholders prior to the meeting date as stipulated by law, which is at least 14 days or more, and announce on newspaper advertisement to invite shareholders for three consecutive business days prior to the meeting.

Shareholders can download the meeting invitation, meeting documentations, and the Annual Report available in both Thai and English at the Company's website, www.moongpattana.com.

4. The Company welcomes every shareholder to propose nominees for the appointment of directors in which shareholders must deliver the letter of nomination to the Board of Directors of the Company within the dateline, established by the Company, along with proof of shareholding, verification letters of nomination acceptance by the proposed nominees, and documents related to consideration of qualification. The proposed nominee must be consisted of qualification and no prohibited qualification pursuant to the Law of the Public Company. Shareholders also have the right to propose agendas for the meeting, the reasons supporting the proposed agendas, and related documentations for decision-makings through the Company's website, www.moongpattana.com. The Board of Directors of the Company altogether would establish the selecting criteria for the meeting's agendas and the nominees for the appointment of director positions. Regarding the results, in case that the proposed agendas are selected, the Company would notify through the meeting invitation, specifying the agendas as shareholders-established; on the other hand, in case that the proposed agendas are not selected, the Company would inform and clarify with supporting reasons at the AGM. In addition, the shareholders can submit questions through the Company's website prior to the meeting date.

5. The Company welcomes shareholders who are not available to attend the meeting to authorize proxy to their behalf or to the Independent Director of the Company, in which the Company would inform the name of every Independent Director of the Company for receiving the authorization through Proxy, in which the Company delivers types A, B, and C along with the meeting invitation and can also be download on the Company's website including the notification of required documents or proofs and recommendations on proxy authorization, in which the B-typed Proxy allows shareholders to establish their exercise of voting right on each agenda.

6. For the agenda that is consisted of several items, the Company has established separate voting for each item, for example, voting of each nominee for the agenda to appoint directors.

7. The Company would not consider agendas without advanced notifications except the ones stated on the meeting invitation.

8. For the registration and evaluation of vote-counting, the Company leverages a barcode system by a credible company who has been trusted by listed companies; furthermore, the Company also invites legal advisors to join the meeting as the witness of vote-counting.

9. At Shareholders Meeting, the meeting's Chairman welcomes shareholders to provide questions, suggestions, and recommendations of each agenda independently and equitably without time restrictions.

10. The Company ensures the recording of the meeting from start to finish and performs the minutes of the Shareholders Meeting accurately and thoroughly, especially the voting procedures and method of counting votes, to include the voting results of agreeing, not-agreeing, and not-voting, and the questions provided by every shareholder. The recording would be available, both in Thai and English, on the Company's website, www.moongpattana.com, within 14 days after the meeting.

11. The Company realizes the importance of disclosing information accurately, completely, and transparently to investors, shareholders, related parties, and general public interest through communicating channel of the Stock Exchange of Thailand (SET) and the Company's website. Should any question, suggestion, or recommendation arises, one can reach the "Investor Relations" officers by telephone at 02-361-9009 ext. 357 or 342 or email at ir@moongpattana.com; the Company welcomes and would consider and leverage every suggestion and recommendation for the improvement and development of the Company's operations.

2. The Equitable Treatment of Shareholders

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

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

1. In addition to the communicating channels for shareholders to provide suggestions and recommendations and propose agendas and nominees for the appointment of director positions through the Company's website, the Company is also available for every shareholder to provide insights or appeals to the Independent Directors through email, at ind.director@moongpattana.com, in which the Independent Directors would consider and proceed appropriately on every matter, such as the investigation based on a corruption-concerned appeal, and protect the appealing person for safety. Regarding other crucial and beneficial matters to the Company's business, the Independent Directors would make the consideration for proposing to the Company's Board of Directors in order to further consider setting the matter as the agenda during the next AGM.

2. For shareholders' meeting conveniences, the Company's Board of Directors hold Shareholders Meeting at the conveniently-suitable place for every shareholder and ensure sufficient meeting staffs, adequate equipments and materials for quick and easy registration, and personnel available to provide recommendations on registering, completing Proxy forms, making copies, validating for documents' accuracy, and preparing stamp duties, along with starting the registration at least one hour prior to the

meeting. The meeting venue would be comfortably large to enable warm welcome for attending shareholders and include projectors and recording equipments to ensure the quality and seamless presentation of information to shareholders throughout the meeting.

3. The Company provides the information of quarterly operating results through the SET's communicating channel and the Company's website to inform shareholders and investors of the Company's operating results and analysis.

4. The Company and employees follow the procedures for engaging in the business transactions concerning connected parties and the business transactions leading to acquisition and disposal of assets, which are the standard for benefit protection of minority shareholders, by disclosing the relationship between the connected parties and disclosing the perspectives of the Board of Directors on the transactions.

5. In case of decision-making on significant matters, at least five shareholders altogether can request for consideration of confidential voting, representing shareholders' voting independency and supporting auditable transparency; the voting method is stipulated by the meeting's Chairman.

6. The Company has established the Internal Information Policy in the Code of Conduct, holding directors, executives, and every employee to strictly follow to ensure the leverage of internal information is proper with justification, without self-benefit and impacts to shareholders.

3. The Roles of Stakeholders in Corporate Governance

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

The Company has established the policy regarding all stakeholders with the following guidelines:

1. The Company has established the policy of responsibilities toward shareholders beyond those required by laws and the Company's regulations, such as the right to attend Shareholders Meeting, vote, receive dividend payment, provide questions and suggestions for the further improvement of the Company's operations, and provide insights and appeals of inappropriate conducts, etc., through different communicating channels, such as emailing the Company Secretary for questions, suggestions, or recommendations, or emailing the Audit Committee for insights and appeals. The Company has thorough procedures to ensure the confidence of the appealing person of their protection and confidentiality of the information. The appealing procedures and communicating channels are available on the Company's website, www.moongpattana.com, and Annual Report.

2. The Company has established the policy related to treatment of customers in which the Company is determined to provide satisfying quality products and good services to retain relationships with customers, to include providing beneficial information to customers and confidentiality of their information.

3. The Company has established the policy and practices related to treatment of partners whom the Company treats equitably with fairly and abides to predetermined business agreements or condition and the policy related to partners selection as the proceeding guidelines for employees to create transparency and justification for every partner, enabling trust, relationship, and engagement for the effectiveness of long-term mutual business.

4. The Company has established the policy and practices related to treatment of creditors as the proceeding guidelines on maintaining promises and strictly abiding to the conditions and duties toward creditors, both as businesses and financial institutions, without violating the creditors' rights.

5. The Company has established the policy and practices related to treatment of competitors in which the Company focuses on operating the business with morality and ethics and supporting the growth of the industry without sabotaging competitors.

6. The Company has established the policy and practices related to treatment of employees which include fair remuneration, clear performance evaluation, and equal and thorough development of personnel, including to support skills improvement and provide sufficient tools and equipments for employees to effectively perform their duties along with development of employees' knowledge and capability, as well as the strict compliance with laws concerning employees, overseeing to enable them to perform their duties with mutual respects and develop employees' teamwork.

7. The Company has established the policy of responsibilities toward society and public, including the environment and the local communities in the area where the Company operates. Furthermore, the Company has also established other policies to protect the interests of shareholders and minority investors, such as the conflict of interest policy and the maintenance and use of the Company's assets policy, etc. The Company has also established a committee to oversee and ensure that operational practices adhere to the Code of Conduct, taking appeals and performing investigations to seek facts to propose to the Audit Committee in cases of the violation of the policy. In addition, the Company supports all employees to keep natural resources on top of mind, such as the power-saving campaign, etc.

4. Disclosure and Transparency

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

1. The Board of Directors altogether has established the guidelines on disclosure of information and transparency of the predetermined Code of Conduct and Good Corporate Governance Policy and has communicated and required all directors, executives, and employees to strictly follow.

2. The Board of Directors has established the accurate, thorough, on-time, and transparent reporting of financial and non-financial information.

3. The Board of Directors discloses the Code of Conduct and the Risk Management Policy to create and sustain the investing confidence of shareholders, investors, and analysts.

4. The Board of Directors prepares the responsibilities report of the Board to the Company's financial reports and discloses in the Annual Report.

5. The Board of Directors requires that the Audit Committee considers and nominates independent person to perform the duty of the Company's independent auditor and holds a meeting with the independent auditor without the presence of management at least once per year.

6. The Board of Directors ensures the role of Investor Relations officers, who manage and communicate the Company's data and information to interested parties, whether as shareholders, analysts, or investors, and can be reached at ir@moongpattana.com

5. The Board's Responsibilities

1. Board's Structure

The Board's structure is consisted of four committees: the Board of Directors, the Audit Committee, the Executive Committee, and the Risk Management Sub-Committee:

1.1 Board of Directors

The Board of Directors comprises of a minimum of five directors and requires that one-third of the total is independent. The directors must possess qualifications, knowledge, capabilities, and experiences beneficial to the Company and play the key roles in establishing the Company's policies altogether with the executives, planning operations, both short and long-term, and establishing other policies, to include overseeing, examining, and evaluating the Company's operating results.

Furthermore, the Board of Directors considers and appoints the Risk Management Sub-Committee to perform specific duty on managing risks and propose the matters to the Board of Directors for further consideration or notification; the Board of Directors defines the scopes, duties, and responsibilities of the Risk Management Sub-Committee. Additionally, the Board of Directors can also establish other sub-committees for other specific matters as appropriate to situational changes, reviewed by individuals with specific experiences on the matters prior to proposing the possible establishment to the Board of Directors.

Moreover, the Board of Directors altogether considers and defines the scopes, duties, and responsibilities of the Board of Directors, the Executive Committees, and the Chief Executive Officer (CEO), to include overseeing, following-up, and evaluating the performance results of all committees and

individual directors, including the performance evaluation of the Executive Committees and the CEO at least once per year.

The Company's Directors constantly receives the summary of business operations in which the Company provides the summary documentations and critical communications concerning the Company to inform the Directors of the progress.

The Company clearly defines the scopes, authorizations, and responsible duties of the Board of Directors and the Executive Committee. Considerations and critical and impactful decision-makings to the Company require the consideration and approval by the Board of Directors. Furthermore, considerations of the operations which significantly impact the interests of shareholders require thorough consideration by the Board of Directors; in case that advices from independent financial or legal advisors are necessary, the Company must seek and provide these individual(s) to support the consideration for further proposal to shareholders.

During each AGM, one-third of the total directors must vacate their Board of Directors positions; the vacating directors can be reappointed. The term each member of the Audit Committee is three years; the vacating members can be reappointed not exceeding 9 years or 3 terms, with at least one of the members possessing the knowledge and experiences about the Company's business.

Scopes, Duties, and Responsibilities of the Board of Directors

1. Duty to consider and provide opinions on important matters concerning the Company's operations, including overseeing the Finance Department to efficiently and effectively operates in accordance to the defined policies and plans

2. Establishment of the Good Corporate Governance Policy in official writings and requirement of revisiting the policy at least once per year

3. Support of establishing the Code of Conduct in official writings for the directors, executives, and all employees to understand the standard of ethics necessary for operating business; follow-up of the Code of Conduct to ensure its complete compliance in addition to complying with the rules and regulations of employees required by the Labor Laws

4. Thorough and thoughtful consideration of conflicts of interest, following clear guidelines with the interests of the Company and shareholders as the priority, by not allowing the person of the conflict of interest to engage in decision-making; proper oversee of the procedures of transaction which may cause conflict of interest

5. The Board of Directors must disclose the stakes and shares of themselves and related directors by having the Company Secretary prepare the presenting information at the Board of Directors Meeting and disclose to inform shareholders in the Annual Report.

6. Establishment of Internal Control, Management Control, and Internal Audit, a division that independently operates to examine the Internal Control and Management Control

7. Establishment of Risk Management Policy, which is applicable throughout the organization, by having the management operate by adhering to the policy constantly report and inform the Board of Directors

8. Principle of taking the position of Board of Directors at other listed companies not exceeding three companies and at subsidiaries of less than five companies, with the exception of being appointed by the Company to assume the role

9. Definition of the Independent Directors' qualifications in accordance to the criteria stipulated by the Office of the Securities and Exchange Commission

The Board of Directors Meeting

The Company regularly holds the Board of Directors Meeting at least four times per year with the meeting's procedures following the regulations of the Company, the law of Public Company, and the rules of the SET. Each meeting must have the quorum of no less than two-third of the total directors with the Board of Directors' Chairman as the meeting's Chairman. The meeting encourages thorough consideration, hence allows sufficient time to present agendas and operational performances for the Chairman to entirely and thoughtfully discuss critical issues with the rest of the directors, including the delivery of the meeting invitation along with the meeting's documentations for each agenda of at least five business days in advance, in order for the directors to request further importation from the Executive Committee or the Company Secretary or for requiring the attendance of executive(s) in case of necessary information to support further consideration.

Furthermore, the Company ensures the accurate and complete recording of the meeting for shareholders to examine. Every meeting requires the presence of the Board of Directors; the director with conflict of interest would be omitted to attend.

1.2 Audit Committee

The Audit Committee comprises of at least three Independent Directors and one with knowledge and experiences in Finance and/or Accounting. The knowledge, capabilities, and experiences of the Audit Committee must be adequate for credible auditing of Financial Statements and the Company's operations to be in accordance with the policy, rules and regulations, including regulating organizations' laws, rules, and conditions, supporting the development of Financial Accounting and Reporting System to follow the accounting standards, and auditing the Internal Control, the Management Control the Internal Audit, and the Risk Management System for thoroughness, effectiveness, and appropriation.

The Audit Committee is authorized to perform the duties and independently provide opinions with the Internal Audit Division executing the operations and reporting directly to the Audit Committee and holds meeting with the independent auditors at least once per year without the presence of management, at the Company's expenses, to seek their opinions on matters and to reach the external, independent advisor for perspectives on certain cases.

Scopes, Duties, and Responsibilities of the Audit Committee

The Audit Committee has the responsibility to audit the Company to ensure of the Financial Reports' accuracy and sufficiently-transparent disclosure by examining for the efficiency and effectiveness

of the Internal Control, the Management Control, and the Internal Audit and audit the Company to ensure its compliance with the laws of Securities and Exchange and regulations of the SET concerning the Company's business.

Moreover, the Audit Committee has the responsibility to report the Internal Control, the Management Control, and their sufficiency in the Annual Report.

In addition, the Audit Committee also has other responsibilities as assigned by the Board of Directors on the Audit Committee Charter with the agreement of the Audit Committee following the related articles of laws.

The Audit Committee Meeting

The Audit Meeting holds the meeting at least four times per year for reviewing Financial Statements, the Internal Control, the Management Control, the Risk Management, and the operations for compliances with the regulations of the SET and the law of Public Company. The invitation would be sent to the Audit Committee at least five business days prior to the meeting. To constitute the quorum, the presences of at least half of the total directors are required, and resolutions of the meeting are dependent to the majority vote of the attending, constituted meeting. Every member of the Audit Committee must attend the Audit Committee Meeting at three-fourth of the annual total meetings; the Audit Committee holds meeting with the external auditors at least once per year without the presence of management.

1.3 Executive Committee

The Executive Committee operates as the management as authorized by the Board of Directors.

Scopes, Duties, and Responsibilities of Executive Committee

The Executive Committee has the responsibility to manage the Company's business to comply with the objectives, regulations, policies, rules, and conditions of the Company, the resolutions of Board of Directors Meeting, and/or the resolutions of Shareholders Meeting, including the establishment of the Company's policies, directions, plans, business strategies, operational structure, and annual budget.

1.4 Risk Management Sub-Committee

The Risk Management Sub-Committee comprises of at least five members who are the directors of different divisions and are appointed by the Board of Directors to establish the Risk Management Policy and the strategies and resources planned to be leveraged to manage the potential upcoming risks, evaluate risk management, and report to the Audit Committee to further consider and propose to the Board of Directors at least once per quarter, including the communication of the Risk Management Policy to all employees throughout the organizations.

Scopes, Duties, and Responsibilities of the Risk Management Sub-Committee

The Risk Management Sub-Committee has the scopes and duties in analyzing, evaluating and prioritizing the Company's risks, and planning the risk-managing guidelines to reduce their impacts to the

Company, to include following-up on the operations for the complete compliances with the predetermined risk-managing guidelines to prevent future reoccurring risks.

The Company has disclosed the Risk Management Policy in the Annual Report.

2. Chief Executive Officer (CEO)

The CEO has the scopes and duties of managing the Company to achieve its objectives and targets in accordance to the guidelines and policies approved by the Board of Directors, to include overseeing the operations, following-up on the operations and their progress, and consistently reporting and informing the operating results, issues or obstacles, and improvement guidelines to the Executive Committee

The CEO must receive favorable consideration from the Board of Directors to take the position of Board of Directors at other listed companies or subsidiaries.

3. Board's Self-Assessment

The Board of Directors has established the annual performance assessment of the entire Board, individual directors, and the Sub-Committee in order for the Board of Directors altogether to evaluate the performances and issues to further improve the work's effectiveness.

4. Board's Remunerations

The Company has established the remuneration for the Board of Directors depending on experiences and scopes of duties and responsibilities, and the expecting returns of each director, following the principle as determined by the Board of Directors with the approval of the shareholders.

5. Company Secretary

The Board of Directors appoints the Company Secretary with the appropriate qualification as stipulated by laws and as required the perform duties accordingly to good corporate governance as the following:

1. Holding and coordinating Shareholders Meeting, Board of Directors Meeting, and Meetings of Sub-Committees as appointed by the Board of Directors to ensure their compliances with laws, regulations, and Charter of each committee
2. Preparing and keeping directors' registrations, meeting invitations and minutes of Board of Directors Meetings and of Shareholders Meetings, Annual Reports, and other important information
3. Preparing and keeping stakeholding information reports by directors or executives and proposing to the Board of Directors and related organization as timely-appropriate as stipulated by laws
4. Providing advices and basic recommendations to the Board of Directors and the Sub-Committees appointed by the Board of Directors regarding laws, regulations, and practices of corporate governance

5. Supporting to ensure disclosure of data and information of the responsible areas to the regulating organizations to comply with the laws and the Company's rules and policies of disclosure of data and information

6. Contacting and communicating with general shareholders to inform of their rights and the Company's information

7. Coordinating with the Human Resources Division to hold orientation for the newly-appointed directors

8. Performing other duties stipulated by laws

Additionally, the Company Secretary also holds the responsibilities to provide appropriate recommendations on laws and regulations to the Board of Directors, perform duties on supporting activities of the Board of Directors, and coordinate to ensure compliances with the resolutions of the Board of Directors Meetings. Regarding qualifications, the Company Secretary is required to complete the Company Secretary Program (CSP) of the Thai Institute of Directors (IOD)

6. Directors and Executives' Development

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

Internal Information Control

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

- Employees must avoid the use of internal information for self-interest in buying or selling shares of the Company or providing internal information to other parties for buying or selling shares of the Company.

- Employees must transparently buy and sell shares of the Company and report the transactions immediately at their occurrences

- Employees must avoid buying and selling shares of the Company during the time period prior to the disclosure of the Company's financial statements, status, or other important information.

- Employees must avoid disclosing the information to the public without authorization to prevent external parties from making decision of buying and selling shares of the Company with inaccurate information.

All directors and executives have signed and acknowledged their duties and responsibilities of reporting their investment holdings of the Company and their changes, including those of their spouses and children under the age of 18, to the SEC and the SET, as required by the Clause 59 and SEC Announcement Ref. Sor Jor 12/2009, *the Organization and Disclosure of Report of the Holdings of the Committee, Management, and Auditor*, and the Clause 275, the liabilities, of the Securities and Exchange ACT B.C. 2535, as the following:

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

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

Executives and Employees' Development

For sustainable growth of the organization, the Company has realized the essence of continuous improvement of human resources, at all ranks. In 2013, the Company established the individual continuous improvement plans for all employees at all levels, based on skills, capabilities, and fields of work that fit the organization's visions, missions, and directions. Every employee would complete an evaluation of skills and capabilities for the construction of their individual plans, following the professions-managing processes, to enhance their knowledge base and competency which would be applied and aligned appropriately to the organization's targets. The driving foundation of the human resources' development is consisted of knowledge in general, quality, safety, business and business ethics, job specifics required within divisions and for professions' competency, and leadership and basic guidelines of management.

As the priority of the Company to support employees by enabling constant learning, which is the key factor to drive the organization's sustainable growth, in addition to classroom trainings, the Company has proceeded to build the "organization of learning," focusing on mixed learnings, in which the executives and employees would gain the support from diverse learning sources as the following:

- "Mentorship Program," transferring experiences of one to another or engaging development by sharing wisdom, experiences, information, and personal perspectives to enable employees to possess the proficiency and growth in their fields of work
- "Action Learning Project," practical learning in which the employees would raise the agendas or issues occurred in the organization to seek solutions, with different divisions' directors as the advisors, leading to learning by collaborating with diverse team members of different fields and enhancing knowledge of the organization's business operations and teamwork

- The internal-speaker roles of executives and employees which support specializing one's own skills and ability to convert one's knowledge into recordable knowledge through teaching tools and/or supporting documents of presentation, resulting into the culture of learning
- "Shoes & Share Program," transferring mutual knowledge which promotes employees to share and exchange experiences, insights, and information beneficial to working with one another

In addition, the Company has established basic programs to enhance the individual capabilities of the employees that align with the Company's Core Values, or DNA, through variety of developments and activities such as Ethics in Operating Business Program and Good Corporate Governance Program, etc.

Succession Plans

- **Succession Plan for President & CEO and Vice-President**

The Board would consider the succession plan for the President & CEO and Vice-President positions by, altogether, discussing at the Board of Directors Meeting and other meetings to seek and evaluate the potential successors with proper qualifications to constantly and sustainably drive the organization's management.

- **Succession Plan for Executives and Key Positions**

The Board has considered and is supportive of the succession plan for executives and key positions proposed by the Executive Management, aiming to be proactive both in quality and quantity of human resources and ensure smooth operational transition of key positions critical to the Company's business.

The Executive Management has established the succession for executives and key positions as the following:

- Define the key positions for building the succession plan
- Define the assessing criteria of knowledge, capabilities, necessary skills, and qualifications of potential successors of the key positions
- Assess the readiness of the potential successors and selecting a group of succeeding directors by evaluating their readiness, strengths, and opportunities
- Build the Individual Development Plan to enhance the skills and capabilities of each of succeeding directors to be succeeding-ready of higher positions
- Consistently follow-up, post-developmentally follow-up, and evaluate the succeeding directors' readiness of higher positions according to the predetermined Individual Development Plan

Transactions between Related Parties

Details of the Transactions

The details of the transactions during 2012-2013 between the Company and associated companies, related businesses, and associates with potential conflicts of interest with the Company, ending on December 31st, 2012, and December 31st, 2013, are as the following:

Thai Pigeon Company Limited (TP)

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

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

Pigeon Industry (Thailand) Company Limited (PIT)

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

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

Yoshino Moong Pattana (Thailand) Company Limited (YMP)

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

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

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

Individual with Conflict of Interest	Relationship
Mr. Sumeth Lersumitkul	Holds the position of Chief Executive Officer and is the major shareholder of the Company at 61.52%
Mrs. Sureeporn Anuvatudom	Holds the position of Senior Vice President and is a shareholder of the Company at 1.25%

Transactions of Products and Services

Sellers of Product/Service	Buyers of Product/Service	Transaction Details / Key Conditions	Transaction Values (THB Mil)	
			2012	2013
The Company	TP	Pumps for plastic bottles – the Company set the sales price consisted of the cost and the profit, which were the same as the price for other customers	-	-
	PIT	Boxes and plastic lids – the Company set the sales price consisted of the cost and the profit, which were the same as the price for other customers	12.1	12.4
	YMP	The Company sought production-required raw materials and equipments for YMP and, for this service, received 1.5 percent of the prices of the materials/services and, in accordance to the distributor-appointing contract*, commission fees of 0.3 percent of the prices of the products that YMP sold to the following five customers: Proctor and Gamble / Unilever / Lion Corporation / Shiseido / Kao Corporation	10.4	11.6
TP	The Company	Pigeon products such as nipples, baby bottles, sanitizing solution for nipples and baby bottles, etc.	100.9	104.1
PIT		Pigeon products such as skin wipes and breast pads	79.0	89.8
YMP		Plastic goods such as boxes and plastic lids, makeup-powder cases, hair-dying combs, pumps and sprayers for bottles	64.3	96.5

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

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

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

Transactions of Dividends Received from Joint Ventures

Dividend Providers	Transaction Details	Transaction Values (THB Mil)	
		2012	2013
TP	The Company received dividend income.	11.8	14.1
PIT		2.0	2.0
YMP		2.1	0.4

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

Transactions of Total Outstanding between Related Businesses and the Company

Related Businesses with Total Outstanding Transactions	Transaction Types	Total Outstanding Values (THB Mil)	
		2012	2013
TP	Trade receivables	-	-
	Trade payables	35.0	31.3
PIT	Trade receivables	0.8	0.7
	Trade payables	33.5	29.9
YMP	Trade receivables	58.7	69.1
	*Trade and other receivables	0.7	0.8
	Trade payables	14.9	24.9

*Income which is not due to pay is derived from YMP product fee according to contract agreement

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

Transaction of Building Leases

Associates with Potential Conflicts of Interest	Transaction Details/Types	Transaction Values (THB Mil)	
		2012	2013
Mr. Sumeth Lersumitkul and Mr. Sathaporn Thinwatanakul	The Company entered the leasing contract concerning the Ramkhamhaeng Building, one (1) unit of home-office at 2947/12 Ramkhamhaeng Rd., Huamark, Bangkok, Bangkok, effective June 1 st , 2007 until June 30 th , 2012, with the leasing fee of THB 90,000 per month	0.5	-

The Transaction's Necessity and Appropriateness The Company had leased and leveraged the building as the Company's 2nd warehouse because the warehouse at Manorum, Klongtoey, was short of space-sufficiency for inventory due to the incremental customer demands in other provinces and the leased building was nearby the product-transporting company. Nonetheless, the Company had referenced the leasing price with nearby buildings and entered the leasing contract at the market price. Also, the Company had researched and evaluated the assets value of the leased building and found the leasing price to be lower than the current market price.

Transactions of Loan Guarantees

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

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

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

Necessity and Appropriateness of Transactions between Related Parties

The Company had engaged in appropriate transactions with related businesses, in which the Audit Committee had examined and considered the Company's transactions with its associated companies and the associates with potential conflicts of interest with the Company by inquiring information from executives and the Certified Public Accountant (CPA)-registered auditors along with the consideration of various documents provided by the Company. During the Audit Committee Meeting, the Audit Committee had considered the occurred transactions between the related parties for the fiscal year of 2012-2013 Financial Statements, ending on December 31st, 2012, and December 31st, 2013, and had approved the transactions presented by the Company.

Approving Measures or Procedures of Transactions between Related Parties

The Company has clearly defined the approving measures and procedures for transactions between related parties, which were approved at the Board of Directors Meeting 1/2013 on February 27, 2013, to control the connected transactions of the Company or its joint ventures and associates with potential, present, or future conflicts of interest in accordance to the stipulations or rules by the Securities Exchange Commission (SEC) of Thailand. Furthermore, the Company has appointed the Audit Committee to provide perspectives concerning the necessity and the appropriateness of the transactions and prices by considering the terms and conditions to align with normal business practices in the market and comparing the prices with external parties. In case that the Audit Committee does not possess the specific expertise on the potential transactions, the Company would appoint a specialist, such as an accounts auditor and an assets appraiser, etc., who is independent of the Company and does not have any conflict of interest with the transactions, to incorporate in decision-making of the Audit Committee and propose to, as appropriate, the Board of Directors Meeting or Shareholders Meeting for further approval.

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

Policy or Possibility of Future Transactions between Related Parties

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

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

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

Financial Status and Operating Results**Financial Statements**Independent Auditor's Report

The independent auditor's report of the Company's 2011-2013 Financial Statements was prepared by Mr. Narong Pantawong, CPA registration no. 3315, and Mr. Khitsada Lerdwana, CPA registration no. 4958, of Ernst & Young Office Limited and indicated, without restricted conditions, that the Financial Statements had disclosed the financial status and operating results accurately and appropriately to the generally-accepted accounting standard.

Moong Pattana International Public Company Limited
Balance Sheet
As at December 31, 2011-2013

(Unit : Million Baht)

Detail	Financial statements (equity method)					
	As at 31 Dec. 2011		As at 31 Dec. 2012		As at 31 Dec. 2013	
	Amount	%	Amount	%	Amount	%
Assets						
Current assets						
Cash and cash equivalents	43.6	7.4	23.7	3.5	3.9	0.5
Trade and other receivables	192.8	32.5	214.6	31.7	228.5	31.5
Related parties	75.6	12.8	59.6	8.8	69.8	9.6
Unrelated parties	117.0	19.7	152.6	22.6	156.6	21.6
Less: Allowance for doubtful accounts	(1.8)	(0.3)	(2.0)	(0.3)	(4.0)	(0.5)
Total trade accounts receivable - net	190.8	32.2	210.2	31.1	222.4	30.7
Other accounts receivable	2.0	0.3	4.3	0.6	6.0	0.8
Inventories	33.7	5.7	72.1	10.7	69.7	9.6
Other current assets	3.2	0.5	8.5	1.3	8.3	1.1
Total current assets	273.2	46.1	318.8	47.1	310.4	42.9
Non-current assets						
Restricted bank deposits	3.1	0.5	3.1	0.5	3.1	0.4
Investment in associated company	177.1	29.9	210.7	31.1	252.9	34.9
Other long-term investments	24.9	4.2	24.9	3.7	24.9	3.4
Property, plant and equipment	82.9	14.0	77.5	11.5	73.2	10.1
Investment properties	19.5	3.3	22.9	3.4	22.9	3.2
Intangible assets	1.6	0.3	4.0	0.6	24.4	3.4
Deferred tax assets	-	-	4.5	0.7	3.8	0.5
Other non-current assets						
Leasehold rights to buildings	9.5	1.6	8.7	1.3	8.0	1.1
Others	0.9	0.2	1.2	0.2	0.6	0.1
Total non-current assets	319.5	53.9	357.6	52.9	413.9	57.1
Total assets	592.7	100.0	676.4	100.0	724.2	100.0

Moong Pattana International Public Company Limited
Balance Sheet (Con't)
As at December 31, 2011-2013

(Unit : Million Baht)

Detail	Financial statements (equity method)					
	As at 31 Dec. 2011		As at 31 Dec. 2012		As at 31 Dec. 2013	
	Amount	%	Amount	%	Amount	%
Liabilities and shareholders' equity						
Current liabilities						
Bank overdrafts and short-term loans from banks	-	-	21.5	3.2	48.5	6.7
Trade and other payables	225.8	38.1	257.8	38.1	248.6	34.3
Current portion of long-term loans	-	-	-	-	-	-
Current portion of finance lease liabilities	1.1	0.2	1.3	0.2	1.4	0.2
Accrued corporate income tax	2.7	0.5	-	-	0.3	0.0
Other current liabilities	5.3	0.9	4.3	0.6	3.6	0.5
Total current liabilities	235.0	39.7	284.9	42.1	302.5	41.8
Non-current liabilities						
Finance lease liabilities - net of current portion	1.1	0.2	1.4	0.2	0.8	0.1
Provision for long-term employee benefits	11.9	2.0	13.2	1.9	8.9	1.2
Total non-current liabilities	12.9	2.2	14.6	2.2	9.7	1.3
Total liabilities	248.0	41.8	299.4	44.3	312.2	43.1
Shareholders' equity						
Registered share capital	120.0	20.2	120.0	17.7	120.0	16.6
Registered share capital issued and fully paid-up	120.0	20.2	120.0	17.7	120.0	16.6
Share premium	34.8	5.9	34.8	5.1	34.8	4.8
Retained earnings						
Appropriated - statutory reserve	12.0	2.0	12.0	1.8	12.0	1.7
Unappropriated	178.0	30.0	210.2	31.1	245.3	33.9
Total shareholders' equity	344.8	58.2	377.0	55.7	412.1	56.9
Total liabilities and shareholders' equity	592.7	100.0	676.4	100.0	724.2	100.0

Moong Pattana International Public Company Limited
Profit and Loss
As at December 31, 2011-2013

(Unit : Million Baht)

Detail	Financial statements (equity method)					
	2011		2012		2013	
	Amount	%	Amount	%	Amount	%
Revenues						
Sales of goods	503.7	94.9	617.9	95.5	699.2	95.4
Other income						
Rental income	2.9	0.5	3.0	0.5	3.1	0.4
Commission income	13.5	2.5	13.8	2.1	14.3	1.9
Dividend income from other companies	4.1	0.8	4.1	0.6	2.4	0.3
Others	6.5	1.2	8.3	1.3	13.8	1.9
Total revenues	530.7	100.0	647.2	100.0	732.8	100.0
Expenses						
Cost of sales	269.7	50.8	339.1	52.4	390.2	53.2
Selling expenses	113.1	21.3	154.6	23.9	156.4	21.3
Administrative expenses	117.2	22.1	145.3	22.4	178.2	24.3
Total expenses	499.9	94.2	638.9	98.7	724.8	98.9
Profit before share of income from investment in associated company, finance cost and corporate income tax	30.8	5.8	8.3	1.3	7.9	1.1
Share of income from investment in associated company	30.4	5.7	44.2	6.8	56.4	7.7
Profit before financial cost and corporate income tax	61.3	11.5	52.5	8.1	64.3	8.8
Finance cost	1.5	0.3	0.8	0.1	1.6	0.2
Profit before corporate income tax	59.8	11.3	51.7	8.0	62.7	8.6
Corporate income tax	5.9	1.1	1.6	0.3	3.7	0.5
Profit for the year	53.9	10.2	50.0	7.7	59.1	8.1
Basic earning per share –net income (baht/share) ¹	0.45		0.42		0.49	
Weighted average number of ordinary shares (Mill share)	120.0		120.0		120.0	
Earning per share – fully diluted (baht /share) ²	0.45		0.42		0.49	

¹ calculated from ordinary shares of baht 1 each by divided net income for the year by weighted average number of ordinary shares

² calculated from ordinary shares of baht 1 each by divided net income for the year by number of ordinary share issued and fully paid
(120 million shares)

Moong Pattana International Public Company Limited
Cashflow
As at December 31, 2011-2013

(Unit : Million Baht)

Detail	Financial statements (equity method)		
	2011	2012	2013
Cash flows from operating activities			
Profit before tax	-		
Adjustments to reconcile profit to net cash provided by (paid from) operating activities	59.8	51.7	62.7
Depreciation and amortisation	13.0	11.9	11.0
Allowance for doubtful accounts (reversal)	0.8	0.2	2.0
Allowance for diminution in value of inventories	1.4	0.0	12.5
Unrealised exchange (gain) loss	0.1	(0.6)	(0.3)
Reversal allowance for loss on impairment of investment properties	-	(3.4)	-
Gain on sale of equipment	(0.8)	(2.4)	(0.6)
Provision for long-term employee benefits	0.5	1.3	(0.5)
Realised actuarial gain on obligation	(0.9)	-	(3.8)
Dividend received from investment in other companies	(4.1)	(4.1)	(2.4)
Share of income from investment in associated company	(30.4)	(44.1)	(56.4)
Interest expenses	1.5	0.8	1.6
Income from operating activities before changes in operating assets and liabilities	40.8	11.4	25.8
Operating assets decrease (increase)			
Trade and other receivables	(33.7)	(22.0)	(15.9)
Inventories	11.2	(38.5)	(10.0)
Other current assets	(0.8)	(3.6)	0.2
Other non-current assets	(0.3)	(0.3)	0.7
Operating liabilities increase (decrease)			
Trade and other payables	42.2	32.5	(8.9)
Other current liabilities	0.6	(1.1)	(0.6)
Cash flows from operating activities	60.1	(21.5)	(8.6)
Cash paid for interest expenses	(1.5)	(0.8)	(1.6)
Cash paid for corporate income tax	(5.2)	(5.3)	(2.7)
Net cash flows from operating activities	53.4	(27.7)	(12.9)

Moong Pattana International Public Company Limited
Cashflow (Con't)
As at December 31, 2011-2013

(Unit : Million Baht)

Detail	Financial statements (equity method)		
	2011	2012	2013
Cash flows from investing activities			
Decrease (increase) in restricted bank deposits	-	-	-
Dividend received from investment in associated company	14.1	11.8	14.1
Dividend received from investment in other companies	4.1	4.1	2.4
Acquisition of equipment	(2.7)	(4.8)	(4.4)
Proceeds on sales of equipment	1.1	4.1	0.7
Increase in intangible assets	(0.3)	(2.8)	(21.0)
Net cash flows from investing activities	16.4	12.4	(8.1)
Cash flows from financing activities			
Increase (decrease) in bank overdrafts and short-term loan from bank	(34.5)	21.5	27.0
Repayment of finance lease liabilities	(4.4)	(2.0)	(1.8)
Cash received from long-term loans	-	-	-
Repayment of long-term loans	(7.0)	-	-
Cash paid for expenses for the share offering	-	-	-
Dividend payment	(14.4)	(24.0)	(24.0)
Cash received from share capital increase	-	-	-
Others non-liabilities	-	-	-
Net cash flows used in financing activities	(60.2)	(4.4)	1.2
Net increase in cash and cash equivalents	9.6	(19.9)	(19.8)
Cash and cash equivalents at beginning of year	34.0	43.6	23.7
Cash and cash equivalents at end of year	43.6	23.7	3.9

Financial's Ratio

Financial Ratios	Unit	Financial statements (equity method)		
		2011	2012	2013
<u>LIQUIDITY RATIO</u>				
Liquidity ratio	times	1.2	1.1	1.0
Collection days	days	73	80	76
Average number of days sales	days	53	69	62
<u>PROFITABILITY RATIO</u>				
Gross profit margin	%	46.5	45.1	44.2
EBITDA	%	14.7	10.4	10.8
EBIT	%	12.2	8.5	9.2
Net profit margin	%	10.7	8.1	8.4
Return on equity	%	15.6	13.3	14.3
<u>EFFICIENCY RATIO</u>				
Return on total assets	%	9.1	7.4	8.2
Return on fixed assets	%	65.0	64.6	80.7
<u>FINANCIAL POLICY RATIO</u>				
Debt to Equity ratio	times	0.7	0.8	0.8
Dividend Payment	%	26.7	48.0	40.6
<u>Par Value (1 Baht)</u>				
Book Value Per Share	baht	2.87	3.14	3.43
Earnings Per Share	baht	0.45	0.42	0.49
Dividends per share	baht	0.12	0.20	0.20

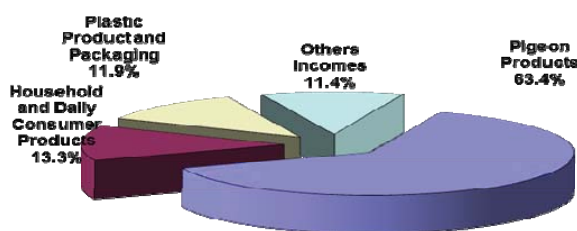
Discussion and Analysis of Financial Status and Operating Results

Overall Business Operations

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

For the 2013 overall operating results, the Company had continued to increase the revenue over 2011 and 2012. The Company had total revenues, which comprised of sales of goods, other income, and share of profit from investment in associated company, of THB 561.2 million in 2011 and had increased them to THB 691.3 million, or by 23.2 percent, in 2012; yet in 2013, the Company posted total revenues of THB 789.2 million, an incremental of 14.2 percent from 2012. Based on Illustration 1, which represents the revenue structure classified by product types in 2013, the Company’s revenues were driven primarily by the Pigeon products at 63.4 percent of the total revenues, followed by kitchenware and consumer products at 13.3 percent and plastic products and packaging at 11.9 percent. The remaining drivers were other revenues, consisted of the share of profit and dividend received from the investment in associated company and the commission revenue from procurement and other services required for production, etc., accounted for 11.4 percent of the total revenues.

Illustration 1. Revenue Structure Year 2013



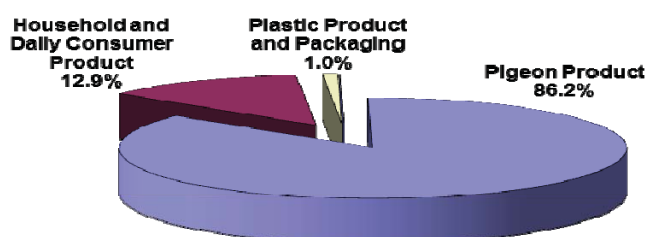
In term of growth classified by product types, in 2013 the Company had the incremental sales revenue of Pigeon mothercare and baby accessories, as compared to 2012, of 7.5 percent, while the

sales revenue received from distributing kitchenware and consumer products, plastic products and packaging rose by 50.8 and 22.7 percent respectively, as the results of the Company's tremendous focus in additional sales promotions, distributing channels, and distribution of new products.

In regard to the Company's cost of sales within the past three years, their ratio to sales revenue had increased from 53.4 percent in 2011 to 54.9 percent in 2012; last year the Company had sold higher portions of higher-cost products which pushed the 2013 cost of sales to 55.8 percent.

Based on the rise in cost of sales, the Company's gross profit had constantly decreased in 2011-2013, from 46.5 to 45.1 to 44.2 percent respectively. Illustration 2 presents the gross profit margin classified by product types and shows that the Company's primary gross profit was the sales of Pigeon mothercare and baby accessories, which were accounted for 86.2 percent of the total, followed by the gross profit attracted from sales of kitchenware and consumer products at 12.9 percent and plastic products and packaging at 1.0 percent. Moreover, further analysis of the gross profit margin classified by product types showed that in 2011-2013 the Company had increased the gross profit of sales of Pigeon mothercare and baby accessories of THB 203.5, 236.4, and 266.3 million respectively at the margin of 52.2, 50.8, and 53.2 percent respectively. In regard to kitchenware, its gross profit in 2011 was THB 28.7 million, rose to THB 40.2 million in 2012, and slightly declined to THB 39.7 million in 2013, with the margin of 37.7, 44.7, and 38.0 percent respectively. In 2013, the gross profit margin of these product types, as compared to 2012, were reduced due to higher sales of products with lower profit-margin, combining with the gross profit margin of sales of plastic products and packaging over the past three years that were lowered, from 4.9 percent in 2011 to 3.2 percent in 2013.

Illustration 2. Gross profit margin classified by product types Year 2013



In term of operating expenses, the Company had selling and administrative expenses per sales revenue of 45.7, 48.5, and 47.9 percent in 2011-2013 respectively, leading to the Company's net profit in 2011 of THB 53.9 million or 10.7 percent, decreasing to THB 50.4 million in 2012 or 8.2 percent, and increasing to THB 59.1 million in 2013 or 8.4 percent. However, for the Company's operating results excluding the share of profit from investment in associated company, disposal of fixed assets, currency exchange rate, and others, the Company had a net profit of THB 16.9 million in 2011 and a net loss of THB 1.9 and 11.1 million in 2012 and 2013 respectively.

Based on the Company's financial status, at fiscal year-ends of 2011-2013, the Company had an upward trend of total assets of THB 592.7, 676.4, and 724.2 million respectively, driven by the increases of account receivables, inventories, and investment in associated company. Deep-diving into the drivers, the incremental account receivables and inventories were due to the higher sales volume of existed and

new products, and the increase of investment in associated company was from the higher share of profit received. On the other hand, the Company had total liabilities at fiscal year-ends of 2011-2013 of THB 248.0, 299.4, and 312.2 million respectively, which were composed by trade and other payables and loans from financial institutions. The Company's trade and other payables at the fiscal year-end of 2011 was THB 225.8 million, increased to THB 257.8 million in 2012, and decreased to THB 248.6 million in 2013. In addition, the Company had increased the short-term loans from financial institutions from THB 21.5 million in 2012 to THB 48.5 million in 2013 and the total shareholders' equity from THB 344.8 million in 2012 to THB 377.0 million and 412.1 million at the fiscal year-end of 2012 and 2013 respectively.

Operating Results

Revenue

The Company had total revenues (Table 1), which comprised of sales of goods, other income, and share of profit from investment in associated company, of THB 561.2, 691.3, and 789.2 million in 2011-2013 respectively, presenting the year-over-year growth of 23.2 and 14.2 percent in 2012 and 2013 respectively. Specifically, the sales of goods surged from THB 503.7 million in 2011 to THB 617.9 and 699.2 million in 2012 and 2013, at the growth rate of 22.7 and 13.2 percent respectively, accounted for the steady 89.8, 89.4, and 88.6 percent to the annual total revenues in 2011-2013. Consistently increasing in revenues from sales of goods, majority has been driven by the revenue from sales of Pigeon mothercare and baby accessories, which were posted in 2011-2013 at THB 390.2, 465.5, and 500.3 million respectively, followed by the revenue from sales of kitchenware and consumer products at THB 76.1, 89.9, and 104.6 million respectively and the sales of plastic products and packaging at THB 37.4, 62.5, and 94.3 million respectively.

In addition to the primary revenues from sales, the Company also had other incomes of THB 57.4, 73.3, and 90.0 million in 2011-2013 respectively. These other incomes were consisted of rental income, commission income, income from disposal of fixed assets, share of profit and dividend income from investment in associated company, etc. In 2011-2013, the Company has had constantly-rising share of profit and dividend income from investment in associated company worth THB 34.5, 48.2, and 58.8 million respectively and also revenues from commission income of THB 13.5, 13.8, and 14.3 million respectively as the result of the consistently-increasing share of profit from the investment.

Table 1 Structure of total revenue

Unit : Million Baht

	2011		2012		2013	
	Amount	%	Amount	%	Amount	%
1. Pigeon Products	390.2	69.5	465.5	67.3	500.3	63.4
2. Household and Daily Consumer Products	76.1	13.6	89.9	13.0	104.6	13.3
3. Plastic Product and Packaging	37.4	6.7	62.5	9.0	94.3	11.9
Revenue from sales	503.7	89.8	617.9	89.4	699.2	88.6
4. Others incomes	57.4	10.2	73.3	10.6	90.0	11.4
- Rental income	2.9	0.5	3.0	0.4	3.1	0.4
- Dividend	4.1	0.7	4.1	0.6	2.4	0.3
- Share of income from associated company	30.4	5.4	44.1	6.4	56.4	7.1
- Commission income	13.5	2.4	13.8	2.0	14.3	1.8
- Others	6.5	1.2	8.3	1.2	13.8	1.7
Total Revenue	561.1	100.0	691.2	100.0	789.2	100.0

Cost of Sales

The Company's operating results of constant increase in sales revenue concurrently led to the increase in cost for selling different types of products. The cost of sales was THB 269.7 million, accounted for 53.5 percent of sales of goods in 2011, and had increased to THB 339.1 and THB 390.2 million, or accounted for 54.9 and 55.8 percent, in 2012 and 2013 respectively due to the higher sales of higher-cost products.

Classifying the cost of sales by product types, as presented in Table 2, cost of sales and gross profit, evidently the cost per revenue for selling Pigeon mothercare and baby accessories had decreased in 2012 and 2013, which was 47.8 percent in 2011, had increased to 49.2 percent in 2012, and had decreased to 46.8 percent in 2013. For kitchenware and consumer products, the ratios were 62.3, 55.3, and 62.0 percent in 2011-2013 respectively. The variation in cost of sales was the direct correlation to the sales of goods with various gross profits. In comparison, the Company had sold higher volume of low-margin products in 2013 than 2012 as the expenses on marketing and sales promoting were not necessary. For plastic products and packaging, the Company posted high cost per revenue of 95.1, 96.4, and 96.8 percent because, similarly, we did not have marketing and sales promoting expenses, combining with the product type being accounted for only small portions of the Company's total sales revenue.

Table 2: Cost of Sales and Gross Profit Margin

(Unit : Million baht)

Product Group		2011		2012		2013	
		Amount	%	Amount	%	Amount	%
1. Pigeon Product	Sales	390.2	100.0	465.5	100.0	500.3	100.0
	Cost of sales	186.7	47.8	229.1	49.2	234.0	46.8
	Gross margin	203.5	52.2	236.4	50.8	266.3	53.2
2. Household and Daily Consumer Product	Sales	76.1	100.0	89.9	100.0	104.6	100.0
	Cost of sales	47.4	62.3	49.7	55.3	64.9	62.0
	Gross margin	28.7	37.7	40.2	44.7	39.7	38.0
3. Plastic Product and Packaging	Sales	37.4	100.0	62.5	100.0	94.3	100.0
	Cost of sales	35.6	95.1	60.3	96.4	91.3	96.8
	Gross margin	1.8	4.9	2.3	3.6	3.0	3.2
Total Revenue from sales		503.7	100.0	617.9	100.0	699.2	100.0
Total Cost of sales		269.7	53.5	339.1	54.9	390.2	55.8
Total Gross margin		234.1	46.5	278.8	45.1	309.0	44.2

Gross Profit

Based on the operating results over the past three years, the Company's gross profit surged into the right direction with THB 234.1, 278.8, and 309.0 million in 2011-2013 respectively with the decreasing gross profit margin of 46.5, 45.1, and 44.2 percent respectively during the same period of fiscal years. The lowered margins were due to the increased volume of lower-margin products sold, such as consumer products and plastic goods and packaging, in which, as previously stated, the Company did not have marketing and sales promoting expenses.

In 2013, the Company's gross profit was primarily driven by the sales of Pigeon mothercare and baby accessories, in which the gross profit from this product type was worth THB 266.3 million, or 86.2 percent of the total gross profit. The next driver was the sales of kitchenware and consumer products which posted gross profit of THB 39.7 million, accounted for 12.9 percent of the total gross profit, followed by sales of plastic products and packaging with gross profit of THB 3.0 million, or 1.0 percent of the total gross profit. Conclusively, as presented in Table 2, the gross profit margin of the sales of Pigeon mothercare and baby accessories had increased to 53.2 percent, while sales of kitchenware, consumer products and sales of plastic goods, packaging had decreased to 38.0 and 3.2 percent respectively.

Selling and Administrative Expenses

The Company had higher selling and administrative expenses following the Company's higher sales of various product types. These expenses were THB 230.2 million in 2011 and had increased to THB 299.8 and 334.7 million in 2012 and 2013 respectively, accounted for 45.7, 48.5, and 47.9 percent to the Company's sales revenue in 2011-2013 respectively. The increased selling expenses were driven by the Company's focus on customer-engaging, sales-driven activities, such as promotions and price-reductions to simulate sales. On the other hand, the increased administrative expenses were driven by higher managing cost mostly-related to employees. In 2012, the Company had completed the changes of organizational structure and had improved business operations for higher efficiency; in 2013, the Company strategically made an investment to improve the information technology system, which became effective on January 2014, enabling efficiency increase in order to competently support the expansion of the Company's business, raising the annual administrative expenses to THB 178.2 million.

Table 3: Selling and Administration Expenses

Unit: Million Baht

	2011		2012		2013	
	Amount	%	Amount	%	Amount	%
Marketing and Selling Expenses	113.1	49.1	154.6	51.6	156.4	46.7
Administration Expenses	117.2	50.9	145.3	48.4	178.2	53.3
- Personnel Expenses	85.8	37.3	102.1	34.1	107.2	32.0
- Depreciation Expenses	13.0	5.6	11.9	4.0	11.0	3.3
- Others	18.4	8.0	31.2	10.4	60.0	17.9
Operating expenses	230.3	100.0	299.8	100.0	334.7	100.0

Dividend Received from Investment in Associated Company

Based on the equity held by the Company of YMP at 6.0 percent and PIT of 2.5 percent, the Company had received recurring dividends from both associated companies, in which the dividends between 2011-2013 were THB 4.1, 4.1, and 2.4 million respectively.

Share of Profit from Investment in Associated Company Using Equity Method

The Company entered a joint-venture investment with Pigeon Corp to establish TP as the production base for mothercare and baby accessories under the Pigeon brand, such as nipples, baby bottles, and drinking-training cups, etc., in which the Company held 47.0 percent of equity in TP. Over

the past three years, the Company had received the share of profit from the investment of THB 30.4 million in 2011, THB 44.1 million in 2012, and THB 56.4 million in 2013, as the results of TP's consistently-excellent operating results.

Profit before Finance Cost and Income Tax Expenses

During 2011-2013, the Company had profit before finance cost and income tax expenses of THB 61.3, 52.3, and 64.3 million respectively, which were accounted for 11.5, 8.1, and 8.8 percent to the total revenues respectively.

Net Profit

The Company had posted net profit over the past three years of THB 53.9 million in 2011, THB 50.0 million in 2012, and THB 59.0 million in 2013 respectively.

Earnings per share (EPS) for 2011-2013 were at 0.45, 0.42, and 0.49 respectively. Details of dividend payments to shareholders are as the following: during the 2nd quarter of 2011, the Company provided the dividend worth THB 14.4 million (THB 0.12 per share) to its shareholders as the result of the 2010 profit; during the 2nd quarter of 2012 and 2013, the Company provided the dividend worth THB 24.0 million (THB 0.20 per share) to its shareholders as the result of the 2011 and 2012 profits respectively.

The Company's Financial Status

Assets

As of December 31st, 2013, the Company had total assets worth THB 724.2 million, an increase of 7.1 percent from 2012, mainly consisted of account receivables, inventories, investment in associated company, other long-term investment, lands, buildings, equipment, investment properties, and other assets. The increase of assets was due to the incremental account receivables, inventories, investment value in associated company which increased due to higher profit during the year, and intangible assets, which were increased by THB 20.4 million as the result of the information technology system improvement project started in 2013 and completed at the beginning of 2014.

Account receivables

As of December 31st, 2013, the Company had account receivables of THB 222.4 million, an increase of 5.8 percent from 2012. Accounted for 70.4 percent of the net account receivables, the majority was unrelated businesses, mostly modern trades, or hyper-market stores, such as Lotus, BigC, and department stores, i.e. Central Department Store, with a credit period ranged from 45 to 75 days depending on the customer's credit score. Nonetheless, the account receivables also included general wholesalers and retailers, and stores in other provinces, whom the Company provided credit period of 30-60 days. Moreover, most of the account receivables, or 79.1 percent of the net account receivables, were those whose payment periods were not yet due. In regard to the policy for doubtful accounts, generally, provision would be in effect based on collecting experiences and other account receivables analysis such as purchase record and payment history to determine the business and financial status of the account receivables. In addition, the Company had performed an annual credit review of each customer, had completed appropriate credit changes, and had also established measures for overdue

payments in order to prevent possible impacts to the Company's liquidity, in which full provision would be in effect for those whose overdue were over 120 days. As of December 31st, 2013, the Company had provision of doubtful account of THB 4.0 million.

Table 4: Account Receivables Aging

Unit : Million Baht

Account receivables aging	Financial statements (equity method)		
	As of 31 Dec. 2011	As of 31 Dec. 2012	As of 31 Dec. 2013
Account receivable –unrelated parties			
Not yet due	83.7	101.1	106.2
Past due not over 3 months	31.4	48.4	46.7
Past due 3–6 months	0.6	1.3	0.4
Past due 6–12 months	0.3	0.6	0.7
Over than 12 months	1.0	1.2	2.6
Account receivable –related parties			
Not yet due	75.1	59.5	69.8
Past due not over 3 months	0.5	0.1	0.0
Total account receivable	192.6	212.2	226.4
Less Allowance for doubtful accounts	1.8	2.0	4.0
Trade account receivable	190.8	210.2	222.4

Inventory

As of December 31st, 2013, the Company had net inventory worth THB 69.7 million, accounted for 9.6 percent of the Company's net assets and a 3.5 percent decrease from 2012 year-end, as the results of the Company's effective warehouse management and amortization of obsolete products toward the end of 2013. Based on the Table below, the Company's inventory could be classified as finished goods, work-in-process packaging, packaging materials, and goods in transit; primarily the inventories were finished goods, accounted for 78 percent of the net inventory as of December 31st, 2013.

Table 5 Inventory

Unit : Million Baht

Inventories	Financial statements (equity method)		
	As of 31 Dec. 2011	As of 31 Dec. 2012	As of 31 Dec. 2013
Finished goods	25.1	44.4	54.4
Work in process	11.0	20.2	20.8
Packaging materials	2.0	4.4	3.7
Goods in transit	1.2	8.7	0.7
Total Inventory	39.3	77.8	79.6
Less Allowance for diminution in value of inventory	5.7	5.7	9.9
Inventories – net	33.7	72.1	69.7

The Company had the inventory policy to record finished and work-in-process goods by accounting the lower of either the average cost or the expecting net value of the products. The cost of a finished product was consisted of the purchased price, packaging, and tax and marine insurances in case that the product was an import; in contrast, the expecting net value was consisted of the cost of product deducted with the diminution in value of inventory. Efficiently, the Company had managed the

warehouse by leveraging the First in First out (FIFO) process, the effective layout, receiving and shipping documentations, and frequency-predetermined quality controls of products, including quarterly reports of slow movers for the Marketing Department, who works closely with the Purchasing and Warehouse Departments on purchasing and distributing plans. Additionally, provision would be in effect for obsolete and damaged products by considering the types of products that were older than 9 months, in which in 2011-2103, the Company had set provision for allowance for diminution in value of inventories as the following:

Table 6 Inventory Aging

Unit : Million Baht

Inventory aging	Financial statements (equity method)		
	As of 31 Dec. 2011	As of 31 Dec. 2012	As of 31 Dec. 2013
1 – 90 days	24.9	52.6	51.2
91 – 180 days	4.2	6.1	8.9
181 – 270 days	1.3	1.0	2.6
271 – 365 days	0.7	4.4	4.0
Over than 1 year	7.0	5.0	12.2
Good in transit	1.2	8.7	0.7
Total Inventory	39.3	77.8	79.6
Less Allowance for diminution in value of inventory	5.7	5.7	9.9
Inventories – net	33.7	72.1	69.7

Table 7 Provision of Allowance for Diminution in Value of Inventory Policy

Inventory Aging	Product Group	% of Obsolescence
9 month – 1 year	Pigeon and others	50
	Knife	30
1 year over	Pigeon and others	100
	Knife	50

Investment in Associated Company

Using equity method, the Company held 47 percent stake in TP worth THB 252.9 million as of December 31st, 2013, accounted for 34.9 percent of the total assets, which was an increase from 2012 year-end of THB 42.9 million or 20.0 percent of total assets. The Company had realized the rise in share of profit, using equity method, from the investment in associated company based on the joint-venture's improved operating results in 2013.

Other Long-Term Investment

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

Net Land, Building, and Equipment and Investment Property

The Company's land, building, equipment, and investment properties were mainly consisted of lands, buildings, building improvements, and vehicles. As of December 31st, 2013, the Company had fixed assets worth THB 96.1 million, accounted for 13.2 percent of total assets.

Liquidity and Sources of Funds

Cash Flows

Table 8. Cash Flow

Unit : Million Baht

Detail	2011	2012	2013
Cash flows from used in operating activities	53.4	(27.7)	(12.9)
Cash flows from used in investing activities	16.4	12.4	(8.1)
Cash flows from used in financing activities	(60.2)	(4.4)	1.2
Net increase (decrease) in cash and cash equivalents	9.6	(19.7)	(19.8)

Considering the cash flows from all operating activities in 2011-2103, the Company had net operating cash flows of THB 53.4, -27.8, and -12.9 million respectively. The negative results in 2012 and 2013 were driven by the increase of customers and inventories and the decrease of account payables, combined with the investment worth THB 23.5 million in the information technology system in 2013, resulting into THB -8.1 million of net cash flows from investing activities and THB -19.8 million in net cash flows.

Liquidity Ratio

In 2011-2013, the Company had liquidity ratio of 1.2, 1.1, and 1.0 respectively, in which the lower ratios in 2012 and 2013 were due to the Company's short-term loans from financial institutions, which led to the incremental current liabilities of the Company.

Liabilities

As of December 31st, 2013, the Company had total liabilities of THB 312.2 million, primarily consisted of account and other payables worth THB 248.6 million: THB 86.1 million of related businesses and THB 162.5 million of non-related businesses.

In addition to account and other payables, other liabilities comprised of provision for long-term employee benefits, which was established for the first time as required, for the first time, by the Accounting Standard No. 19 – Employee Benefits, worth THB 8.9 million, and the current portion of finance lease liabilities and other current liabilities combined for THB 6.0 million.

Additionally, in 2013, the Company also had bank overdrafts and short-term loans from financial institutions as of December 31st, 2013, of THB 48.5 million, as presented with the following details in Table 9 below

Table 9. Liabilities

Unit : Million Baht

Liabilities	Financial Statement (Equity Method)		
	As of 31 Dec. 2011	As of 31 Dec. 2012	As of 31 Dec. 2013
Financial Liabilities			
– Overdraft and short-term loans from banks	–	21.5	48.5
Total Financial Liabilities	–	21.5	48.5
Total Liabilities	248.0	299.4	312.2

Shareholders' Equity

From December 31st, 2011, to December 31st, 2013, the Company had shareholders' equity of THB 344.8, 377.0, and 412.1 million respectively, in which the increase in 2013 was driven by the annual

net profit, worth THB 59.1 million, deducted by the dividend payments, worth THB 24.0 million, and the backlogged provision for long-term employee benefits required by the Accounting Standard No. 19.

Suitability of Capital Structure

Debt-to-Equity ratios (D/E) at year-end 2011-2013 were 0.7, 0.8 and 0.8 respectively, representing very strong capital structure of the Company.

Remuneration for the Auditors

In 2011, the total remuneration for the auditors of Ernst & Young Office Limited for the audit of the Company's accounting was THB 700,000.

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

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

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

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

The Company's primary business is the distribution of Pigeon products, such as nipples, baby bottles, and skin wipes, etc., which were accounted for 77.5, 75.3, and 71.6 percent of the net sales revenue in 2011-2013 respectively and 86.9, 84.8, and 86.2 percent of the Company's total gross profit respectively for the same fiscal years. Although the Company's business could be regarded as highly-dependent to Pigeon products, the Company has always maintained a strong, sustainable relationship with Pigeon Corp and was trusted as the sole distributor of Pigeon products in Thailand. Furthermore, the Company has bonded with Pigeon Corp, forming joint ventures of TP and PIT in order to produce products under the Pigeon brand and exclusively sell to the Company for further distribution in Thailand.

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

Necessity and Appropriateness of Related Party Transactions

In the past, The Audit Committee has reviewed the appropriateness of the Company's transactions with its joint venture and other entities which may have a conflict of interest with the Company. The Audit Committee reviewed these transactions by interviewing executives and registered account auditors as well as reviewing other documents prepared by the Company and holding Audit Committee meetings. The Audit Committee reviewed all transactions occurring during the fiscal years 2011 and 2012, which end December 31, 2011 and December 31, 2012, respectively.

Measure and Process of Related Party Transactions Approval

The Company had clearly defined the process of approving transactions, which had been approved by the Board of Directors at meeting number 1/2013, held on February, 2013. This is to control transactions between the Company and its joint venture or other entities that may potentially have conflicts of interest, according to the announcements or regulations by the Securities Exchange Commission and the Stock Exchange of Thailand. Furthermore, the Company appointed the Audit Committee to make comments about the necessity and appropriateness of transactions and price by considering other terms and conditions to be in accordance with the normal market practice by comparing the price with outside markets. In the case where the Audit Committee does not have enough knowledge to consider the transaction, the Company will appoint a specialist, such as an account and asset appraisal auditor, independent from the company and entities with conflicts of interest, to review and audit the transaction as part of the decision and advise the Board of Directors or Shareholders for the approval process.

Furthermore, the Company has measures to prohibit executives of other stakeholders with a direct or indirect benefit or interest from being part of the approval process. The Board of Directors will monitor the Company to make sure that it complies with the enforced laws for listed companies on the Stock Exchange of Thailand and that all rules, regulations, announcements, and requirements of the Stock Exchange of Thailand have been met. This includes disclosing information on asset transactions performed between the Company and its joint venture and compliance with the accounting standards established by the Stock Exchange of Thailand and other international accounting industry standards. The disclosed information must be stated in an appendix attached to the Statements of Financial Position which have been audited by the Company's account auditor and reported in the Form 56-1 and Annual Report.



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The Professional Trading Company