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20 February 2015

Attention: President
The Stock Exchange of Thailand

Re: Management's Discussion and Analysis (MD&A) and operating results for the year of 2014

Overview 2014 Performance

Overall economy in 2014 grew at the slower pace from last year. This was due to many factors including the political turmoil and protestation in the first half of the year, the high level of household debt and low-priced agricultural products. The uncertain global economic also affected export and tourism. As a result of the economy factor which grew lower than expected, consumers were cautious in their spending which consequently caused weak domestic consumption throughout the year.

As of 31 December 2014, the company operates 39 stores in Thailand, comprising of 11 stores in greater Bangkok, 28 stores in the upcountry, and operates 2 stores in Vietnam.

In 2014, the company had total income of Baht 26,614 million, increasing by 0.8% and net profit of Baht 1,927 million, decreasing by 2.9% from last year. The details are as follow:

Income

In 2014, the Company had total income of Baht 26,614 million, increasing by Baht 218 million or 0.8% from last year. This can be summarized as follow;

- The net sales was Bath 23,896 million, decreasing by Baht 404 million or 1.7% from last year. This was mainly due to weak shopping sentiment and unsupported economy. Moreover, the Company had the high net sales base of the last year due to the clearance sale promotion before closing the Ratchadapisek store and renovating the Bangrak store. In addition, there was the sales cannibalization impact to our stores in Chiang Mai and Had Yai.
- The investment income was Baht 1,858 million, increasing by Baht 558 million or 42.9% from last year. This was mainly due to an increase in the rental income from the new Lifestyle Centers in 2013 and 2014.



- The other income was Baht 860 million, increasing by Baht 64 million or 8.0% from last year. This was due to an increase in income related to rental areas such as utility income. However, the Company's promotion and advertising income came down because suppliers controlled their expenses.

Cost of Sales of Goods (COGS)

- COGS amounted to Baht 18,053 million, decreasing by Baht 334 million or 1.8% from last year. The COGS accounted for 75.5% of net sales, decreasing from 75.7% from last year. The Company controlled trade discount in a proper level in order to maintain its profitability.

Gross profit was Baht 5,843 million, decreasing by Baht 70 million or 1.2% from last year.

Selling and Administrative Expenses (SG&A)

- SG&A expenses totaled Baht 6,328 million, increasing by Baht 642 million or 11.3% from last year. This was due mainly to an increase in utility expenses, asset depreciations and amortizations including property expenses from new lifestyle centers which were opened this year and last year. While, personnel expenses and advertisement expenses slightly increased because the Company was able to control and manage efficiently.

Share of Profit of Associates

- The share of profit of associates was Baht 404 million, increasing by Baht 46 million or 12.7% from last year. This was mainly due to a growth in CRC Sport Co., Ltd.'s performance. While, the share of profit from Power Buy Co., Ltd. remained the same level as last year.

Net Profit

- The net profit totaled Baht 1,927 million, decreasing by Baht 58 million or 2.9% from last year. This was mainly due to the decreasing in net sales from last year and the expenses of the new stores.

Financial Status

(As of 31 December 2014 compared to 31 December 2013)

Assets

The total assets amounted to Baht 23,102 million, an increase of Baht 4,272 million or 22.7% from last year. This can be summarized as follow;



- Cash and cash equivalents and current investment decreased by Baht 179 million due to payment of construction cost of new stores, trade account payable, and dividend.
- Inventories decreased by Baht 159 million because the Company adjusted the volume of the inventory to be in accordance with the weak market.
- Trade accounts receivable increased by Baht 138 million due to an increase in number of tenants correlating to a number of new stores.
- Non-current assets increased by Baht 4,462 million due to an increase in land, property and equipment of new stores and an increase in investments in associates.

Liabilities and Shareholders' Equity

The total liabilities amounted to Baht 10,062 million, increasing by Baht 3,245 million or 47.6% from last year. This can be summarized as follow;

- Trade accounts payable decreased by Baht 162 million due to a decrease in product's orders for selling in the end of the year comparing to last year.
- The loan from financial institutions increased by Baht 2,654 million for the purpose of the Company's working capital and expenses payment in new stores.
- The other payables mainly including the construction cost payment and the deposits and advances received from tenants increased by Baht 721 million due to new store expansion.

In addition, the shareholders' equity amounted to Baht 13,040 million, increasing by Baht 1,027 million or 8.6% from last year

Capital Structure

- As of 31 December 2014, the Company's capital structure comprised of total liabilities of Baht 10,062 million and total shareholders' equity of Baht 13,040 million; therefore, the Company had liability to equity ratio equal to 0.8. While, The Company had debt to equity ratio equal to 0.06.

Expansion plan

- The Company achieved their store expansion plan in 2014. There are 5 new stores under the format of the Lifestyle Center i.e. Chachoengsao, Roi-Ed, Samutprakarn, Prachinburi and Mukdaharn, together with 2 new stores is in the big shopping mall in Vietnam.



Statements of Comprehensive Income (Unit : Million Baht)

	2014	2013	% Change
Revenue from sales of goods	23,896	24,300	-1.7%
Total income	26,614	26,396	0.8%
Cost of sales of goods	18,053	18,386	-1.8%
Selling and administrative expenses	6,328	5,686	11.3%
Share of profit of associates	404	358	12.7%
Net profit	1,927	1,986	-2.9%
Core net profit*	1,523	1,592	-4.3%

Statements of Financial Position (Unit : Million Baht)

	31-Dec-14	31-Dec-13	% Change
Cash and cash equivalents	1,833	1,882	-2.6%
Other current assets	2,787	2,929	-4.8%
Non-current assets	18,482	14,020	31.8%
Total assets	23,102	18,830	22.7%
Current liabilities	9,757	6,629	47.2%
Total liabilities	10,062	6,818	47.6%
Total equity	13,040	12,013	8.6%

Financial Ratios

	2014	2013
Gross profit margin (%)	24.5%	24.3%
Net margin (%)	8.1%	8.2%
Core net profit margin* (%)	6.4%	6.6%
Return on equity (%)	15.4%	17.4%
Return on assets (%)	9.2%	11.0%

	31-Dec-14	31-Dec-13
Current ratio (time)	0.5	0.7
Liability to equity ratio (time)	0.8	0.6

Please be informed accordingly

Yours faithfully,

Ms. Jiraphan Thongtan

Authorized Person to Disclose Information

*FY 2013, the core net profit is net profit excludes share of profit of associates, and the reversal of impairment of investment company.
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