



(Translation)

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No.990 / 70 / 007/ 2016

18 February 2016

Attention: President  
The Stock Exchange of Thailand

Re: Management's Discussion and Analysis (MD&A) and operating results for the year of 2015

### **Overview 2015 Performance**

As of 31 December 2015, the company operates 42 stores in Thailand, comprising of 10 stores in greater Bangkok, 32 stores in the upcountry, and operates 2 stores in Vietnam.

In 2015, the company had total income of Baht 28,762 million, increasing by 8.1% and net profit of Baht 2,153 million, increasing by Baht 226 million or 11.7% from last year. The details are as follow:

#### **Income**

In 2015, the Company had total income of Baht 28,762 million, increasing by Baht 2,148 million or 8.1% from last year. This can be summarized as follow;

- The net sales was Bath 25,185 million, increasing by Baht 1,289 million or 5.4% from last year. This was mainly due to sales revenue from new stores opening in 2014, and sales of the grand opening 4 branches were Rayong in May, Burirum in July, Srisaman in November and Maesod in December and sales revenue from the clearance sale promotion before closing the Ladya store.
- The investment income was Baht 2,554 million, increasing by Baht 696 million or 37.4% from last year. This was mainly due to an increase in the rental income from the new Lifestyle Centers in 2014 and 2015 as well as higher rental income from existing rental area.
- The other income was Baht 1,024 million, increasing by Baht 164 million or 19.0% from last year. This was due to an increase in income related to rental areas in Lifestyle Centers and promotion income.



### **Cost of Sales of Goods(COGS)**

- COGS amounted to Baht 19,022 million, increasing by Baht 969 million or 5.4% from last year. The COGS accounted for 75.53% of net sales, decreasing from 75.55% from last year. The Company provided appropriate marketing campaigns and well controlled trade discount in a proper level in order to maintain its profitability.

Gross profit was Baht 6,163 million, increasing by Baht 320 million or 5.5% from last year.

### **Selling and Administrative Expenses (SG&A)**

- SG&A expenses totaled Baht 7,231 million, increasing by Baht 903 million or 14.3% from last year. This was due mainly to expenses of new stores, i.e. depreciation, personnel expense, and utilities expense. Nonetheless, the Company was able to efficiently control expenses of existing stores.

### **Share of Profit of Associates**

- The share of profit of associates was Baht 451 million, increasing by Baht 47 million or 11.7% from last year. This was mainly due to an earnings growth in CRC Sport Co., Ltd. While, the share of profit from Power Buy Co., Ltd. declined from the same period of last year.

### **Net Profit**

- The net profit totaled Baht 2,153 million, increasing by Baht 226 million or 11.7% from last year. This was mainly due to an additional in sales revenue, rental income and the efficient of expense management. However, the core net profit (net profit excluding share of profit of associates) totaled Baht 1,702 million, increasing Baht 179 million or 11.7% from last year.

### **Financial Status**

(As of 31 December 2015 compared to 31 December 2014)

#### **Assets**

The total assets amounted to Baht 26,059 million, an increase of Baht 2,957 million or 12.8% from last year. This can be summarized as follow;

- Cash and cash equivalents and current investment increased by Baht 195 million due to operating results in 2015.
- Trade accounts receivable increased by Baht 65 million due to an increase in number of tenants correlating to a number of new stores.
- Inventories increased by Baht 367 million due to inventory of new stores.



- Non-current assets increased by Baht 2,261 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 11,608 million, increasing by Baht 1,546 million or 15.4% from last year. This can be summarized as follow;

- Trade accounts payable increased by Baht 401 million due to product's orders for new stores.
- The other payables increased by Baht 270 million due to expenditure of construction cost of new stores.
- The loan from financial institutions increased by Baht 1,503 million for new store expansion.

In addition, the shareholders' equity amounted to Baht 14,451 million, increasing by Baht 1,411 million or 10.8% from last year

### **Capital Structure**

- As of 31December 2015, the Company's capital structure comprised of total liabilities of Baht 11,608 million and total shareholders' equity of Baht 14,451 million; therefore, the Company had liability to equity ratio equal to 0.8. While, The Company had debt to equity ratio equal to 0.1.

### **Expansion plan**

- The Company achieved their store expansion plan total 4 stores in 2015. There are 1 new store in the department store format in the big shopping mall at Rayong and 3 new stores in the Lifestyle Center format i.e. Burirum, Srisaman and Maesod .



**Statements of Comprehensive Income** (Unit : Million Baht)

	<b>2015</b>	<b>2014</b>	<b>% Change</b>
Revenue from sales of goods	25,185	23,896	5.4%
Total income	28,762	26,614	8.1%
Cost of sales of goods	19,022	18,053	5.4%
Selling and administrative expenses	7,231	6,328	14.3%
Share of profit of associates	451	404	11.7%
Net profit	2,153	1,927	11.7%
Core net profit*	1,702	1,523	11.7%

**Statements of Financial Position** (Unit : Million Baht)

	<b>31-Dec-15</b>	<b>31-Dec-14</b>	<b>% Change</b>
Cash and cash equivalents	2,082	1,833	13.6%
Other current assets	3,235	2,787	16.1%
Non-current assets	20,743	18,482	12.2%
Total assets	26,059	23,102	12.8%
Current liabilities	9,864	9,757	1.1%
Total liabilities	11,608	10,062	15.4%
Total equity	14,451	13,040	10.8%

**Financial Ratios**

	<b>2015</b>	<b>2014</b>
Gross profit margin (%)	24.5%	24.5%
Net margin (%)	8.5%	8.1%
Core net profit margin* (%)	6.8%	6.4%
Return on equity (%)	15.7%	15.4%
Return on assets (%)	8.8%	9.2%

  

	<b>31-Dec-15</b>	<b>31-Dec-14</b>
Current ratio (time)	0.5	0.5
Liability to equity ratio (time)	0.8	0.8

Please be informed accordingly

Yours faithfully,

Mr. Dissatat Wisetvara  
Authorized Person to Disclose Information

\*Core net profit is net profit excludes share of profit of associates.