



(Translation)

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Attention: Director and Manager
The Stock Exchange of Thailand

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

Overview 1Q14 Performance

Overall Thai economy in 1Q14 continued to grow at the slower pace and also lower than expectation, as well as weaker domestic consumption. This was because consumers are cautious in their spending resulting from concerning about economic situation, political turmoil and protestation, which affected the spending since the end of last year.

As of 31 March 2014, the Company operated 34 stores, comprising of 10 stores in greater Bangkok and 24 stores in upcountry.

In 1Q14, the Company had net profit of Baht 539 million, decreasing by 2.3% from the same period of last year. The details are as follow:

Income

In 1Q14, the Company had total income of Baht 6,543 million, decreasing by Baht 235 million or 3.5% from the same period of last year due to the economic slowdown, while other revenues had good growth. This can be summarized as follow;

- The net sales was Bath 5,941 million, decreasing by Baht 363 million or 5.8% from the same period of last year. This was mainly due to the non-recurring high sales from the closing down promotion of Ratchadapisek store in 1Q13, as well as the impact from new store opening of the competitor in Chaing Mai and Had Yai. However, the Company emphasized on the efficient merchandising and marketing strategy in order to push sales revenue be at the appropriate level.
- The investment income was Baht 417 million, increasing by Baht 115 million or 38.1% from the same period of last year. This was due to an increasing in rental income from the Lifestyle Centers as well as higher rental income from existing rental area.



- The other income was Baht 185 million, increasing by 13 million or 7.7% from the same period of last year. This was due to an increase in sales promotion income coupled with income related to rental areas and new store expansion.

Cost of Sales of Goods (COGS)

- COGS amount to Baht 4,447 million, decreasing by Baht 364 million or 7.6% from the same period of last year. The COGS accounted to the 74.9% of the sale revenue decreasing from 76.3% from the same period of last year. This was mainly due to price discount offered being at controlled level.

Gross profit was Baht 1,494 million, which was flat from the same period of last year.

Selling and Administrative Expenses (SG&A)

- SG&A expenses totaled Baht 1,449 million, increasing by Baht 158 million or 12.2% from the same period of last year. This was mainly due to depreciation of assets together with selling and administrative expenses of the new stores which opened last year.

Share of Profit of Associates

- The share of profit of associates was Baht 92 million, increasing by Baht 12 million or 15.3% from the same period of last year. CRC Sport Co., Ltd. continuously generated a good growth due to success in business strategies. While, Power Buy Co., Ltd. affected from economic slowdown.

Net Profit

- The net profit totaled Baht 539 million, decreasing by Baht 13 million or 2.3% from the same period of last year. This was mainly due to the decreasing in net sales from the same period of last year and the expenses of the new stores.

Financial Status

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

Assets

- The total assets amounted to Baht 18,820 million, a decrease of Baht 10 million or 0.1% from 31 December 2013. Current assets decreased by Baht 993 million from cash and current investment due to payment of construction cost of new stores. While, non-current assets increased by Baht 983 million due to an increase in fixed assets related to the new store expansion and an increase in investments in associates.



Liabilities and Shareholders' Equity

- The total liabilities amounted to Baht 6,205 million, decreasing by Baht 613 million or 9.0% from 31 December 2013. This was due to a decrease in trade accounts payables and other payable in relation to payment on goods and store constructions. While, the shareholders' equity amounted to Baht 12,615 million, increasing by Baht 603 million or 5.0% from 31 December 2013 due to an increase in retained earnings.

Capital Structure

- As of 31 March 2014, the Company's capital structure comprised of total liabilities of Baht 6,205 million and total equity of Baht 12,615 million; therefore, the Company had liability to equity ratio equal to 0.5.

Expansion plan

- For year 2014, the Company targets to expand 5 new lifestyle centers in Thailand, and 2 new stores in Vietnam. However, there is no new store opening in 1Q14.

Statements of Comprehensive Income		(Unit : Million Baht)	
	1Q14	1Q13	% Change
Revenue from sales of goods	5,941	6,305	-5.8%
Total income	6,543	6,779	-3.5%
Cost of sales of goods	4,447	4,812	-7.6%
Selling and administrative expenses	1,449	1,291	12.2%
Share of profit of associates	92	80	15.3%
Net profit	539	552	-2.3%
Core net profit*	447	472	-5.3%

Statements of Financial Position		(Unit : Million Baht)	
	31-Mar-14	31-Dec-13	% Change
Cash and cash equivalents	1,189	1,882	-36.8%
Other current assets	2,628	2,929	-10.3%
Non-current assets	15,003	14,020	7.0%
Total assets	18,820	18,830	-0.1%
Current liabilities	6,014	6,629	-9.3%
Total liabilities	6,205	6,818	-9.0%
Total equity	12,615	12,013	5.0%

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



Financial Ratios

	1Q14	1Q13
Gross profit margin (%)	25.1%	23.7%
Net margin (%)	9.1%	8.7%
Core net profit margin* (%)	7.5%	7.5%
Return on equity (%)	16.4%	15.6%
<i>(Annualized)</i>	10.8%	10.3%
Return on assets (%)		
<i>(Annualized)</i>		
	31-Mar-14	31-Dec-13
Current ratio (time)	0.6	0.7
Liability to equity ratio (time)	0.5	0.6

Please be informed accordingly

Yours faithfully,

Ms. Jiraphan Thongtan

Authorized Person to Disclose Information

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