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6 November 2014

Attention: President
The Stock Exchange of Thailand

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

Overview 3Q14 Performance

The overall economy in 3Q14 grew lower than expected although the impacts from the political instability eased after new cabinet has been officially appointed. This was mainly due to the high level of household debt and low-priced agricultural products. The uncertainty of global economic recovery as well as the concern over the imposed martial laws had resulted in the drop of tourist arrivals in the 3Q14, decreasing by 10.1% from the same period of last year. Consumers were still cautious in their spending which is also correlated with the declining private consumption index. In addition, the consumer confident index which presented a continuous increase since April dropped for the first time in September.

As of 30 September 2014, the company operates 36 stores, comprising of 10 stores in greater Bangkok, 25 stores in the upcountry, and 1 store in Vietnam.

In 3Q14, the company had net profit of Baht 353 million, decreasing by 17.0% from the same period of last year. The details are as follow:

Income

In 3Q14, the Company had total income of Baht 6,398 million, increasing by Baht 14 million or 0.2% from the same period of last year. This can be summarized as follow;

- The net sales was Bath 5,774 million, decreasing by Baht 94 million or 1.6% from the same period of last year. This was mainly due to weak shopping sentiment as well as the high net sales base of last year due to the clearance sale promotion at Bangrak store before its renovation. The sales cannibalization impacts to our stores in Chaing Mai and Had Yai persist in this quarter.



- The investment income was Baht 434 million, increasing by Baht 106 million or 32.3% from the same period of last year. This was due to an increase in the rental income from the new Lifestyle Centers as well as the higher rental income from existing rental areas.
- The other income was Baht 190 million, increasing by Baht 2 million or 1.0% from the same period of last year. This was due to an increase in the income related to rental areas; however, promotion and advertising income came down.

Cost of Sales of Goods (COGS)

- COGS amounted to Baht 4,420 million, decreasing by Baht 54 million or 1.2% from the same period of last year. The COGS accounted for 76.5% of net sales, increasing from 76.2% from the same period of last year. This was mainly due to the higher offerings of sales promotions in order to gain customer traffic to the stores.

Gross profit was Baht 1,355 million, decreasing by Baht 40 million or 2.9% from the same period of last year.

Selling and Administrative Expenses (SG&A)

- SG&A expenses totaled Baht 1,581 million, increasing by Baht 149 million or 10.4% from the same period of last year. The increases were mainly due to the selling and administrative expenses, including asset depreciations from new stores which were opened this year and last year.

Share of Profit of Associates

- The share of profit of associates was Baht 95 million, increasing by Baht 5 million or 5.4% from the same period of last year. CRC Sport Co., Ltd. was impacted by the economic slowdown led its earnings growth lower than expected. Meanwhile, after it enjoyed high sales volumes during key events such as the World Cup in 2Q14, Power Buy Co., Ltd was back to face unpleasant earning growth again in 3Q14.

Net Profit

- The net profit totaled Baht 353 million, decreasing by Baht 72 million or 17.0% 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.



Overview 9M14 performance

- The Company had net sales in the amount of Baht 17,216 million, decreasing by Baht 517 million or 2.9% from the same period of last year. The net profit amounted to Baht 1,332 million, decreasing by Baht 92 million or 6.4% from the same period of last year. This was a result of adverse impact of unfavorable economic conditions together with an increase of expenses from new stores.

Financial Status

(As of 30 September 2014 compared to 31 December 2013)

Assets

- The total assets amounted to Baht 20,582 million, an increase of Baht 1,752 million or 9.3 %. Current assets decreased by Baht 1,340 million from cash and current investment due to payment of construction cost of new stores, payment of account payable, and dividend payment. While, non-current assets increased by Baht 3,092 million due to an increase in assets of new stores and an increase in investments in associates

Liabilities and Shareholders' Equity

- The total liabilities amounted to Baht 8,197 million, increasing by Baht 1,380 million or 20.2%. The short-term loan increased by Baht 2,320 million in order to pay the construction cost of new stores, while the account payable decreased. In addition, the shareholders' equity amounted to Baht 12,385 million, increasing by Baht 372 million or 3.1%

Capital Structure

- As of 30 September 2014, the Company's capital structure comprised of total liabilities of Baht 8,197 million and total equity of Baht 12,385 million; therefore, the Company had liability to equity ratio equal to 0.7

Expansion plan

- In 3Q14, the Company has opened 1 new store in format of the Lifestyle Center in Chachoengsao. For the rest of the year 2014, the Company targets to open 4 new lifestyle centers in Thailand, and 1 new store in Vietnam



**Statements of Comprehensive Income
(for 3 month period)**

(Unit : Million Baht)

	3Q14	3Q13	% Change
Revenue from sales of goods	5,774	5,869	-1.6%
Total income	6,398	6,385	0.2%
Cost of sales of goods	4,420	4,474	-1.2%
Selling and administrative expenses	1,581	1,433	10.4%
Share of profit of associates	95	90	5.4%
Net profit	353	425	-17.0%
Core net profit*	258	353	-23.0%

Statements of Financial Position

(Unit : Million Baht)

	30-Sep-14	31-Dec-13	% Change
Cash and cash equivalents	1,008	1,882	-46.4%
Other current assets	2,462	2,929	-15.9%
Non-current assets	17,112	14,020	22.1%
Total assets	20,582	18,830	9.3%
Current liabilities	7,974	6,629	20.3%
Total liabilities	8,197	6,818	20.2%
Total equity	12,385	12,013	3.1%

Financial Ratios

	3Q14	3Q13
Gross profit margin (%)	23.5%	23.8%
Net margin (%)	6.1%	7.2%
Core net profit margin* (%)	4.5%	5.7%
Return on equity (%) (Annualized)	15.9%	15.8%
Return on assets (%) (Annualized)	10.2%	10.7%

	30-Sep-14	31-Dec-13
Current ratio (time)	0.4	0.7
Liability to equity ratio (time)	0.7	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