



GROWING
GREAT



รายงานประจำปี
2555 • 2012
ANNUAL REPORT



Welcome to



GROWING GREAT

- A network of over 348 branches across all store formats throughout Thailand in 2012
- Over 27,000 staff committed to delivering maximum savings and total satisfaction in shopping and services to customers
- Over 230 million baht in supporting education for the brighter future of our children and youth nationwide

Vision of Big C

"To be the number one modern retailer in Thailand and a major player in the region"

Mission of Big C

"To provide our valued customers with a complete selection of everyday products at low prices, outstanding service, and fun shopping experience"

Founded in 1993, **Big C Supercenter PCL (Big C)** is one of Thailand's leading consumer retail operators.

Under the slogan of "**More Than Just Low Prices**", the Company proudly offers maximum savings and shopping satisfaction to consumers from all walks of life nationwide via Big C's multi-format stores and a perfect combination of low prices, wide and complete selection of quality products, outstanding services and fun and pleasant shopping environment.

In 2012, **Big C is growing stronger** in all aspects as a result of our successful organic development of existing stores, accelerated expansion in all store formats, and dual retail-property strategy. Big C is proud to employ over 27,000 staff nationwide. We operated a network of 348 stores in 6 formats comprising of 96 Big C Supercenter, 16 Big C Extra, 1 Big C Jumbo, 18 Big C Market, 126 Mini Big C and 91 Pure Drugstore.

Our ultimate objective is to be a good corporate citizen who contributes to the betterment of each and every consumer's quality of life while growing sustainably together with all our customers, employees, business partners and shareholders.

Big C Supercenter attaches utmost importance to our **4 core values**:

1. **People:** Treats all people with dignity and respect
2. **Teamwork:** Work together as a team to achieve shared goals and create a friendly environment and a happy workplace
3. **Customer:** Anticipates, understands and responds to customer and stakeholder needs and eagerly serve them with sincerity
4. **Excellence:** Strive to achieve superior results and actively seek and apply best practice

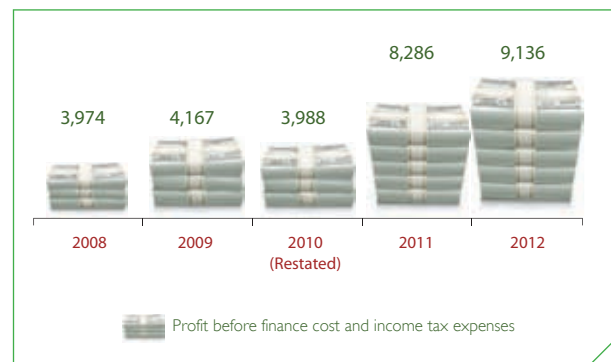
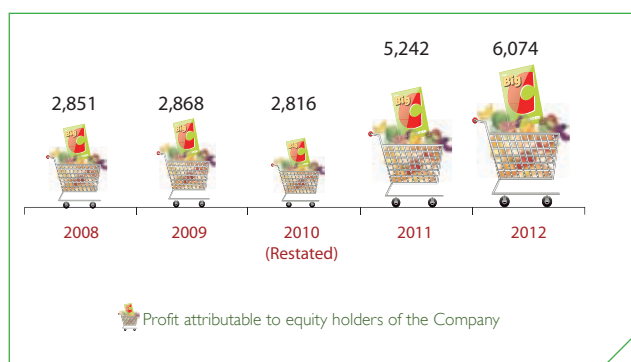


(Unit: Million Baht)

	2010	2011	2012
	(Adjusted)		
Income Statement			
Sales	69,859	102,563	112,136
Cost of sales and service	60,602	87,489	96,019
Gross profit	9,257	15,074	16,117
Rental, service and other Income	6,350	11,116	11,596
Profit before finance cost and income tax expenses	3,988	8,286	9,136
Profit attributable to equity holders of the Company	2,816	5,242	6,074
Balance sheet			
Total assets	39,533	90,726	94,163
Total liabilities	19,438	67,206	62,276
Total shareholders' equity	20,095	23,520	31,887

(Unit: Percent)

Financial ratio			
Gross profit margin	13.3	14.7	14.4
Net profit margin	4.1	5.1	5.4
Return on equity	14.4	24.0	21.9
Return on assets	7.4	8.0	6.6
Debt to equity ratio	–	1.6	0.9
Earnings per share (Baht)	3.5	6.5	7.4





Mr. Akani Thapthimthong
Chairman

Last year when I wrote you my first letter as the Chairman of the Board, we had just completed the successful integration of Carrefour Thailand operations and gone through the damaging floods of 2011. From that day, we took steps towards becoming a bigger and better Big C whilst working diligently to recover from that disaster. Throughout 2012, we laid the foundation for our 2012 – 2016 expansion programs. Now, at the end of the year, I am pleased to say that we are well on the path toward realizing our vision of becoming the largest modern retailer in Thailand.

2012 was marked by accelerated expansion, particularly in our small store formats, highlighted by our exclusive retail agreement with Bangchak Petroleum to set up Mini Big C convenience stores in Bangchak filling stations nationwide. Whilst we expanded our small store format network, we continued to open new hypermarkets throughout the year. I am proud to inform you that we reached, and in some cases exceeded, our expansion targets set for 2012. Forging ahead, we also ramped up expansion targets for 2013 on our way toward reaching our 2016 store target numbers. From the performance of our management and staff, I have no doubt that our team will deliver on this objective.

On the financing front, we executed a successful private placement of 26.4 million shares in May 2012. This placement received a significant amount of interest from many local and foreign institutions and was oversubscribed by more than fourfold, reflecting investor confidence in Big C's prospects. Proceeds from this transaction were used to partly pay down short-term debt incurred to acquire Carrefour Thailand. At the beginning of July, we refinanced the remaining balance of this short term loan to

a longer term. With this balance sheet structure, we are in a comfortable position to finance our 2012 - 2016 expansion plan from our internally generated cash and current portion of debt.

2012 had also seen us welcoming a number of capable and experienced members of management and staff to our ever-growing Big C Family which now encompasses over 27,000 of us. I believe Big C Family's wealth of experience and expertise will enable us to execute our ambitious growth plan.

We are also very proud to be a good corporate citizen that contributed to communities nationwide. Our Big C Foundation commemorated its 10th anniversary in 2012 by building 10 new school buildings on top of the 27 we have built over the past 10 years. The Foundation has also offered more than 24,000 scholarships, financed community hospitals and a number of sports and recreational facilities throughout the last decade. Big C Supercenter itself has also committed to numerous continuous and lasting social responsibility projects of an environmental, health and community development nature.

I wish to extend a special tribute to Khun Wanchai Chirathiwat, our late Honorary Chairman of the Board, who passed away in 2012. His vision and guidance to Big C will be forever remembered. My heartfelt appreciation also goes to all our customers without whom we would not be where we are today, our valued business partners for their cooperation, our shareholders for their continued support and our directors, management and employees for all the determination and hard work they have put forth for us to reach our shared vision. I am honored to join all of you in this exciting journey.

Best regards

Mr. Akani Thapthimthong
Chairman of the Board

Mr. Yves Bernard Braibant
CEO and President



“Growing great” is the perfect word to describe Big C’s strides towards excellence in 2012. Throughout the year, our Big C Family worked hard to implement significant steps towards our vision to become the largest modern retailer in Thailand and major player in the region.

2012 was the first year of our 2012–2016 ambitious expansion plan. I am proud to work with the Big C Family to meet and exceed our 2012 expansion targets by opening 5 hypermarkets, 7 Big C Markets, 76 Mini Big C and 41 Pure drugstores. These openings brought our total store numbers to 113 hypermarkets, 18 Big C Markets, 126 Mini Big C, and 91 Pure drugstores.

2012 also marked another milestone in Big C history as we teamed up with Bangchak Petroleum to open Mini Big C stores in Bangchak gas stations nationwide. The partnership carries enormous potential and combines the strengths of both companies into maximum savings and convenience for our customers. We opened 7 pilot Mini Big C stores in Bangchak stations in 2012 which quickly drew warm and enthusiastic customer responses.

We also drew valuable lessons from the 2011 flood – especially on our supply chain and operations. Thanks to our comprehensive insurance policy, we did not have to worry on financial impact from flood and were able to focus on transforming valuable lessons into steps that would ensure our future business continuity. By the end of 2012, our business continuity plan was developed and tested. We are well prepared for the future. Our supply chain is also strengthened through revamping our distribution centers and stock management teams and formulating plan for our distribution centers to support our future growth.

On marketing front, we continued to differentiate ourselves through driving Big C to be “more than just a retailer” who offers “fun shopping experience” to customers of all groups and preferences. We did that through offering exciting, innovative and attractive marketing campaigns while striving daily to provide maximum customer satisfaction through complete assortments, everyday low prices, quality assurance, outstanding service and day-round shopping convenience. Our Big Card loyalty program reached over 7.2 million members by the end of 2012 and contributed nearly 70% of our retail sales. Our co-branded credit card gathered over 110,000 cardholders last year alone.

On corporate social responsibility, we implemented numerous sustainable projects on education, environment, health and community development in 2012. We are proud to be the first and the only retailer to meet the 1% legal requirement ratio of disabled employment – and even exceeded it by 17%.

Big C’s excellent financial performance also continued in 2012. Our sales increased 9.3% from 102.6 billion baht to 112.1 billion baht. Our rental income grew with a robust 13.5% from 7.0 billion baht to 8.0 billion baht. Our stable operating margin of 8.0% deserves special notice as this was achieved even while our costs increased from various factors sources such as 300-baht nationwide minimum wage policy and rising utility expenses and insurance premiums. These all led to an impressive bottom line with our net income increasing 15.9% from 5.2 billion baht to 6.1 billion baht.

Growing into 2013, we have a lot exciting plans and prospects of ahead of us. We will continue our expansion across all formats with emphasis on accelerating our small store format openings. We are working to open two new state-of-the-art distribution facilities in 2014. We will contribute even more to the community, education, environment and health. In summary, we will do our best to deliver maximum satisfaction, fun shopping experience, best value for money and long-lasting social contribution to our customers and communities as always.

I wish to extend my utmost appreciation to our customers, shareholders, Board Members, business partners, suppliers and every member of the Big C Family. The success and future of Big C Supercenter hinges upon your valuable support and contribution. I and the Big C Family look forward to growing greater together into 2013 with all of you.

Best regards

Mr. Yves Bernard Braibant
CEO and President
Big C Supercenter PCL



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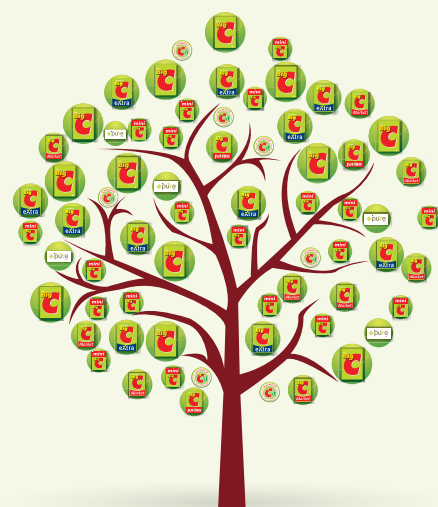


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GROWING GREAT



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Board of Directors and Executives Committee





The Board of Directors



Mr. Akani Thapthimthong

Chairman of the Board



Mr. Paitoon Taveebhol

Chairman of Audit Committee,
Corporate Governance member



Mr. Nontaphon Nimsomboon

Chairman of Corporate Governance Committee



Mr. Suthiluk Samranyoo

Independent Director



Dr. Chiradet
Ousawat Ph.D.

Audit Committee member



Dr. Uttama
Savanayana Ph.D.

Audit Committee member



Mr. Praphan
Eamrungrroj

Executive Director



Mr. Ian Longden

Executive Director



Ms. Rumpa Kumhomreun

Corporate Governance member,
Executive Director, Company Secretary



Mr. Yves Bernard
Braibant

Executive, CEO & President



Mr. Strasser Arnaud Daniel
Charles Walter Joachim

Non-Executive Director



Mr. Pedro Antonio
Arias Douce

Non-Executive Director



Mr. Jacques
Dominique Ehrmann

Non-Executive Director



Mr. Guillaume Pierre
Antoine Marin Humbert

Non-Executive Director



Mr. Philippe Henri
Alarcon

Non-Executive Director





Executive Committee (EXCOM)



Mr. Yves Bernard Braibant
Chief Executive Officer & President

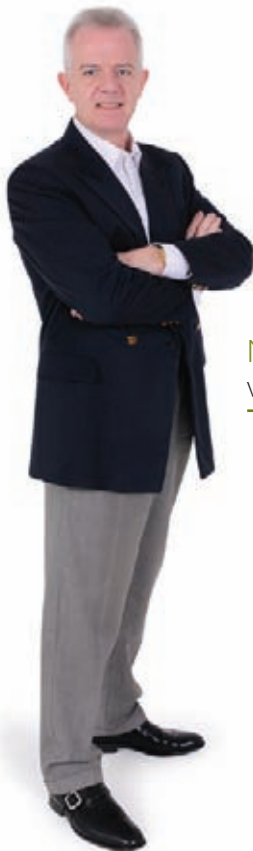




Mr. Praphan Eamrungroj
Executive Vice President, Properties



Mr. Stephen Joseph Camilleri
Vice President, Human Resources



Mr. Philippe Prejent
Vice President, Operations



Ms. Rumpa Kumhomreun
CFO & Vice President, Accounting & Finance





Executive Committee (EXCOM)



Mr. Ross Farnsworth

Vice President,
Food Merchandise



Mr. Neil McCann

Vice President,
Supply Chain Management



Mr. Arnaud Dupont

Senior Vice President,
Commercial



Sarinthip Satitsatien, Ph. D.

Vice President,
Business Development

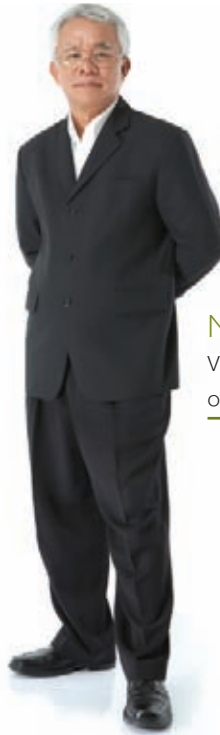




Mr. Regis, Philippe Prigent

Vice President,
Marketing & Communications

** Resigned early 2013*



Mr. Prawet Prungtangki

Vice President, Management
of Information System



Mr. Bruno Jouselin

Vice President,
General Merchandise



Mr. Ian Longden

Senior Vice President,
Small Store Format





Education and Working Experience of Directors and Executives

Directors

Mr. Akani Thapthimthong Independent Director / Chairman of the Board of Directors

Education

- Master of Business Administration, London Business School, England
- Bachelor Degree in Political Science and Philosophy from Queen's University of Belfast, Northern Ireland

% holding in Company (%) : None

Year of Appointment : April 2010

Training with Thai IOD : None

Experience

- 1995 – Present Consultant to Goldman Sachs Thailand
- 1991 – 1994 Executive Director, Goldman Sachs Hong Kong
- 1980 – 1990 Executive Director, Goldman Sachs London

Positions in other non listed companies

- Consultant to Goldman Sachs Thailand
- Director, Burda Thailand Co.,Ltd.
- Director, V Can Co.,Ltd.
- Director, Peangdao Garden Co.,Ltd.
- Director, Innophene Co.,Ltd.

Mr. Paitoon Taveebhol Independent Director / Chairman of Audit Committee / Member of Corporate Governance Committee

Education

- Master of Business Administration, Kasetsart University
- Bachelor Degree in Accounting, Ramkhamhaeng University
- Certificate in Auditing, Thammasat University

% holding in Company : None

Year of Appointment : March 2011

Training with Thai IOD

- Monitoring the Internal Audit Function (MIA), Monitoring the System of Internal Control and Risk Management (MIR), Monitoring the Quality of Financial Reporting (MFR) and Role of the Compensation Committee (RCC) year 2010
- Monitoring Fraud Risk Management (MFM) year 2009
- Chartered Director Class (R-CDC) year 2008
- Audit Committee Program (ACP) and Role of Chairman Program (RCP) year 2005
- Director Certification Program (DCP) and Director Accreditation Program (DAP) year 2005

Experience

- 2003 - 2005 Managing Director, BT Business Consulting Co., Ltd.
- 1994 – 2001 Managing Director, Arthur Andersen Business Advisory Ltd.
- 1974 – 2001 Director, Executive Director, SGV-Na Thalang Co., Ltd.
- 1998 – 2000 Vice President, Council Member, The Institute of Internal Auditors of Thailand
- 1991 – 2005 Chairman, Secretary General, The ASEAN Federation of Accountants
- 1991 – 2003 Vice President, Council Member, The Institute of Certified Accountants and Auditors of Thailand

Positions in other listed companies:

- Independent Director, Chairman of Audit Committee, Chairman of Risk Management Committee, Central Pattana Plc.
- Independent Director, Chairman of Nomination and Remuneration Committee, Chairman of Audit Committee and Corporate Governance Committee, Somboon Advance Technology Public Company Limited
- Audit committee KCE Electronics Public Company Limited

Mr. Nontaphon Nimsomboon Independent Director / Chairman of Corporate Governance Committee

Education

- Ph.D in Accountancy (Honorary), Thammasat University
- Master of Business Administration, University of Iowa, U.S.A.
- BBA., Bachelor Degree in Accounting (2nd Class Honors), Thammasat University
- The National Defense College (NDC) Class 35
- Certified Public Accountant (Thailand)

% holding in Company : None

Year of Appointment : 1999

Training with Thai IOD

- Monitoring the Quality of Financial Reporting (MFR) 11/2010
- Monitoring the System of Internal Control and Risk Management (MIR) 8/2010
- Monitoring the Internal Audit Function (MIA) 7/2010
- Monitoring Fraud Risk Management (MFM) 1/2009
- Director Certified Program (DCP) 89/2007
- Director Accreditation Program (DAP) 4/2003

Experience

- 2006 – 2008 Director, and Chairman of Audit Committee, Airports of Thailand Public Co.,Ltd.
- 2002 – 2005 Vice Executive Chairman, Saha-Union Public Co., Ltd.
- 1997 – 2001 Auditor General, The Office of the Auditor General of Thailand
- 1997 – 2001 Chairman, the Institute of the Certified Accountants and Auditors of Thailand

Positions in other non listed companies

- Chairman of the Board of Directors, AMC International Consulting Co., Ltd
- Director, and Chairman of the Audit Committee, Bank of Thailand
- Director, and Audit Committee, Securities and Exchange Commission, Thailand

Positions in other listed companies:

- Independent Director and Chairman of Audit Committee, Thai Storage Battery Public Co., Ltd.

Mr. Suttiluk Samranyoo Independent Director

Education

- Master of Science, in Marketing major Information Technology, The American University, USA
- Bachelor Degree in Statistics, Faculty of Commerce and Accountancy, Chulalongkorn University

% holding in Company : None

Year of Appointment : April 2011

Training with Thai IOD : None

Experience :

- 1998 – 2001 Country Director: Silverlake (Thailand) Co., Ltd.
- 1996 – 1998 Country Manager: Fiserv (ASPAC) Ltd. (Singapore), SINGAPORE
- 1993 – 1996 Vice President: Wall Street Finance & Securities Public Company Limited
- 1992 – 1993 SEP Project Analyst: ESSO Standard (Thailand) Co., Ltd.
- 1990-1990 Marketing Analyst, Siam Steel Co., Ltd.

Positions in other non listed companies:

- Deputy Managing Director, Thai Nakorn Pattana Co., Ltd.



Education and Working Experience of Directors and Executives

Directors

Dr. Chiradet Ousawat, Ph.D. Independent Director / Member of the Audit Committee

Education

- Ph.D. in Decision Sciences (Production and Operations Management), University of Oregon, USA
- Master of Business Administration, Decision Sciences, University of Oregon, USA
- Master of Science in Industrial Engineering, Lehigh University, Pennsylvania, USA
- Bachelor Degree in Engineering, Chulalongkorn University

% holding in Company : 3,000 shares (no change in 2012)

Year of Appointment : April 2010

Training with Thai IOD

- Director Accreditation Program (DAP) 61/2006

Experience :

- 2002 – 2012 Dean, University of the Thai Chamber of Commerce
- 1999 – 2001 Associate Dean, Planning and Development Division, Huachiew Chalermprakiet University
- 1999 – 2004 Independent Director, Big C Supercenter Public Co., Ltd.
- 1995 – 1998 Dean of NIDA Business School
- 1995 – 1998 Director, EMC Public Company Limited
- 1994 – 1995 Chairman of Managing Director, Thai Gypsum Production Public Company Limited

Positions in other non listed companies

- Board of Directors, Mitrphol Co., Ltd.

Positions in other listed companies

- Independent Director and Audit Committee member, Thai German Products Public Co., Ltd.

Dr. Uttama Savanayana Independent Director / Member of the Audit Committee

Education

- Ph.D. in Business Administration, School of Management, University of Massachusetts-Amherst, USA
- Master Degree in Finance & International Business, Kellogg School of Management, Northwestern University, USA
- Bachelor Degree in Electrical Engineering, Brown University, USA

% holding in Company : None

Year of Appointment : April 2012

Training with Thai IOD

- Director Accreditation Program (DAP) 60/2006

Experience

- Vice Minister at the Ministry of Commerce
- Vice Minister at the Office of the Prime Minister
- Advisor to the Minister of Finance
- Director of Business Development, GE Capital (Thailand) Co., Ltd.
- Senior Vice President (Research & Development), Siam City Bank Public Company Limited
- Executive Chairman, Siam City-ING Asset Management Co., Ltd.
- Associate Dean for Academic, Faculty of Business Management, NIDA

Positions in other non listed companies

- Managing Director, Thai Prosperity Advisory Co., Ltd.

Positions in other listed companies

- Director and Compensation Committee Member, KT Zmico Securities Co., Ltd.
- Director and Chairman of Investment Committee, Dhipaya Life Assurance Co., Ltd.

Mr. Praphan Eamrungrroj Executive Director / Executive Vice President / Properties

Education

- Master of Business Administration, Thammasat University
- Master of Science in Engineering, Asian Institute of Technology (AIT)
- Bachelor Degree in Mechanical Engineering, Chulalongkorn University

% holding in Company : None

Year of Appointment : April 2010

Training with Thai IOD : None

Experience

- 1999 – 2000 Vice President (Asset Management), Bangkok Capital Alliance Co., Ltd.
- 1990 – 1999 Executive Director (Asset Management), Pacific Assets Public Co., Ltd.

Positions in other non listed companies: (Subsidiaries)

- Director, Chiangmai Big C (2001) Co., Ltd.
- Director, Chiangrai Big C Co., Ltd.
- Director, Big C Distribution Co., Ltd.
- Director, CenCar Co., Ltd.
- Director, SSCP (Thailand) Co., Ltd.
- Director, Nava Nakarintr Co., Ltd.
- Director, Inthanon Land Co., Ltd.
- Director, Phisanulok Big C Co., Ltd.

Mr. Ian Longden Executive Director / Senior Vice President, Small Store Format

Education

- Ashville College, Harrogate, England

% holding in Company : None

Year of Appointment : April 2012

Training with Thai IOD : None

Experience

- 2007 - 2009 Express Director, Tesco China
- 2004 - 2007 Express & Supermarkets Director, Tesco Thailand
- 2001 - 2004 Express Director, Tesco Thailand
- 1999 - 2001 Managing Director, Watson Thailand
- 1996 - 1998 Director & General Manager, Watson Thailand
- 1993 - 1996 Operations & Distribution Director, Watson HongKong
- 1990 - 1993 Logistics Director, Watson Hong Kong
- 1987 - 1990 Space & Merchandising Manager, Watson HongKong
- 1978 - 1987 Various, Woolworths Plc (U.K.)

Positions in other non listed companies

- Business Investment Consultant to Lom Talay House Co.,Ltd.



Education and Working Experience of Directors and Executives

Directors

Ms. Rumpa Kumhomreun Executive Director / CFO and Vice President, Accounting and Finance /
Corporate Governance Committee Member /
Company Secretary, Secretary to the Corporate Governance Committee

Education

- Master of Business Administration, Thammasat University
- Bachelor Degree in Accounting, Kasetsart University
- Certified Public Accountant, Thailand

% holding in Company : None

Year of Appointment : April 2012

Training with Thai IOD : None

Experience

- Accounting Director, Seagate Technology (Thailand) Ltd.
- Accounting Manager, National Starch & Chemical (Thailand) Ltd.

Positions in other non listed companies: (Subsidiaries)

- Director, Chiangmai Big C (2001) Co., Ltd.
- Director, Central Superstore Co., Ltd.
- Director, Theparak Big C Co., Ltd.
- Director, Chiangrai Big C Co., Ltd.
- Director, Surat Big C Co., Ltd.
- Director, Big C Distribution Co., Ltd.
- Director, CenCar Co., Ltd.
- Director, SSCP (Thailand) Co., Ltd.
- Director, Nava Nakarintr Co., Ltd.
- Director, Central Pattaya Co., Ltd.
- Director, Udon Big C Co., Ltd.
- Director, Inthanon Land Co., Ltd.
- Director, Big C Fairy Co., Ltd.
- Director, Pharam II Big C Co., Ltd.
- Director, Phisanulok Big C Co., Ltd.

Mr. Yves Bernard Braibant Executive Director / CEO & President of Executive Committee

Education

- Business School, Lyon, France
- Master of Business Administration, Lindenwood University
- Certificate EM, Lyon, France
- Certificate IMD, Switzerland

% holding in Company : None

Year of Appointment: 2001

Training with Thai IOD : None

Experience

- Chief Executive Officer, Libertad, Argentina

Positions in other non listed companies: (Subsidiaries)

- Director, Chiangmai Big C (2001) Co., Ltd.
- Director, Central Superstore Co., Ltd.
- Director, Theparak Big C Co., Ltd.
- Director, Chiangrai Big C Co., Ltd.
- Director, Surat Big C Co., Ltd.
- Director, Big C Distribution Co., Ltd.
- Director, SSCP (Thailand) Co., Ltd.
- Director, Nava Nakarintr Co., Ltd.
- Director, Central Pattaya Co., Ltd.
- Director, Udon Big C Co., Ltd.
- Director, Inthanon Land Co., Ltd.
- Director, Big C Fairy Co., Ltd.
- Director, Pharam II Big C Co., Ltd.
- Director, Phisanulok Big C Co., Ltd.

Mr. Strasser Arnaud Daniel Charles Walter Joachim Non-Executive Director

Education

- E.N.A. (High School of Civil Services)
- School of HEC (Hautes Etudes Commerciales)
- School of the "Institut d' Etudes Potiques de Paris"

% holding in Company : None

Year of Appointment : October 2007

Training with Thai IOD : None

Experience

- Director of Corporate Development and Holdings, Groupe Casino, France
- Member of the Management Board, Groupe Casino, France
- Advisor to the Chairman, in charge of International Development, Groupe Casino, France

Positions in other companies

- Director, Wilkes Participacoes SA
- Vice Chairman, Grupo Pao De Acucar SA
- Vice Chairman, Viavarejo S/A
- Director, Libertad SA
- Director, Exito SA
- Director, Cavi Ltd
- Director, Cavi Retail Ltd
- Director, Cavi Real Estate Ltd
- Director, Cavinol Ltd
- Representative of Casino Entreprise as Director of Cdiscount

Mr. Pedro Antonio Arias Douce Non-Executive Director

Education

- ESSEC Business School and in Law University PARIS V (Rene' Descartes), France

% holding in Company : None

Year of Appointment : October 2010

Training with Thai IOD : None

Experience

- Rothschild & Cie (Paris) in origination and Execution of M&A cross-border and domestic transactions (Real Estate, Business Services and Debt Restructuring)

Positions in other companies : None

Mr. Jacques Dominique Ehrmann Non-Executive Director

Education

- HEC School of Management, France

% holding in Company : None

Year of Appointment : June 2003

Training with Thai IOD : None

Experience

- 2005 - 2012 Chairman & CEO of Mercialis
- 2003 - 2012 Director of Real Estate & Expansion of the Casino Group
- 1998 - 2002 Managing Director at Club Med

Positions in other companies

- Director, Editions Lefebvre Sarrut
- General, Manager Greenyellow SAS
- Chairman, Tamlet SAS



Education and Working Experience of Directors and Executives

Directors

Mr. Guillaume, Pierre, Antoine, Marin, Humbert Non-Executive Director

Education

- Toulouse Graduate School of Management, France

% holding in Company : None

Year of Appointment : October 2010

Training with Thai IOD : None

Experience

- Senior Vice President, Corporate Finance, Groupe Casino, France
- CFO of Real Estate Investment Trust Fonciere des Regions, Paris
- Credit Agricole Corporate and Investment Bank, Milan, New York and Paris
- BHP Billiton, Johannesburg

Positions in other companies

- Director, Isodev SA
- Director, Tevir SA
- Director, Cofidol SAS
- Director, Casino Re SA
- Director, Polca Holding SA
- Director, Gelase SA

Mr. Philippe Henri Alarcon Non-Executive Director

Education

- H.E.C. International trainee
- Trainees in Finance, management, Organization, Legal
- Saint-Etienne University Technology Institute : Degree in Finance and Accountancy

% holding in Company : None

Year of Appointment : 2012

Training with Thai IOD : None

Experience:

- 2011 Present-Chief Operation Officer of the CASINO Group International Activities
- 2005 – 2011 General Manager of CASINO Real Estate
- 1998 – 2005 Chief Operation Officer & CFO of CASINO POLAND Real Estate
- 1995 – 1998 CFO of CASINO Catering activities
- 1994 – 1995 Member of the steering committee in charge of the RALLYE activities integration : Process, IT, financial analysis, HR
- 1990 – 1994 CFO Supermarket business
- 1986 – 1990 CFO Casino Abattoirs business
- 1984 – 1986 Project Manager in the CASINO GROUP financial analysis team
- 1979 – 1984 COLAS : Construction business – Project manager

Positions in other companies:

- Director, Cavi Ltd.
- Director, Cavi Retail Ltd.
- Director, Cavi Real Estate Ltd.
- Director, Cavinoi Ltd.
- Chairman of Management Board, Mayland R.E. SARL
- Member of Supervisory Board, Geant Kredyt
- Chairman of Management Board Centrum Handlowe Konieczynka SARL
- Director Exito SA

Executive Committee

Mr. Philippe Prejent Vice President, Operations

Education

- BTS Hotel Management, France

% holding in Company : None

Experience

- 2006 – 2011 Chief Operation Officer (COO) Hypermart : Indonesia for Matahari – Food Business
- 1995 – 2006 Regional Director, Carrefour in Asia
- 1980 – 1995 Director, Carrefour in France

Mr. Stephen Camilleri Vice President, Human Resources

Education

- Master Degree of Education (Specializing in Adult and Continuing Professional Education), University of New South Wales, Sydney, Australia
- Graduate Diploma in Adult Education, University of Technology, Sydney, Australia
- Bachelor Degree of Arts, University of Sydney, Sydney, Australia

% holding in Company : None

Experience

- 2008 – 2011 Associate Director, PricewaterhouseCoopers FAS Ltd.
- 2005 – 2007 Senior Partner, Development Edge Consulting Ltd.
- 2003 – 2005 Director, HR & OD, Zuellig Pharma Thailand
- 2002 – 2003 Director, HR & OD, GlaxoSmithKline Thailand/Myanmar
- 2000 – 2001 Regional Director, HR & OD, GlaxoSmithKline Asia Pacific
- 1995 – 1999 Regional HRD Manager, GlaxoSmithKline Asia Pacific

Mr. Prawet Prungtangki Vice President, Management of Information System

Education

- Bachelor Degree of Art in Political Science, Ramkhamhaeng University
- Diploma in Computer Science, Chulalongkorn University

% holding in Company : None

Experience

- 1994 – 1997 Senior Manager, Information System Division, Siam Makro Public Co., Ltd., Thailand
- 1990 – 1994 Professional Service Director, Siam Unisys Co., Ltd.
- 1979 – 1999 Sale Support Manager, Summit Computer Co., Ltd.



Education and Working Experience of Directors and Executives

Executive Committee

Sarinthip Satitsatien, Ph.D. Vice President, Business Development

Education

- Ph.D. in Industrial Engineering, University of Washington, Seattle, USA
- Master of Science in Industrial Engineering, University of Washington, Seattle, USA
- Bachelor Degree in Mechanical Engineering, KMITL

% holding in Company : None

Experience

- 2006 – 2009 Managing Director, KCS Advertising Co., Ltd, Thailand
- 2008 – 2009 Managing Director / Partner, PNH Distribution Co., Ltd , Phnom Penh, Cambodia
- 2001 – 2006 Teaching Assistant, Industrial Engineering, University of Washington, USA
- 1997 – 1998 Associate Marketing Engineer, KPN Trading Co., Ltd.

Mr. Regis Prigent Vice President, Marketing and Communications (until March 31, 2013)

Education

- Master of Business Administration, Universite de Bretagne Occidentale (France)

% holding in Company : None

Experience

- 2007 – 2011 Marketing Director, Big C Vietnam

Mr. Bruno Jousselin Vice President, General Merchandise

Education

- Master of Business Administration, Marketing and Management Institut de Recherche et d'Actions Commerciales, Paris, France

% holding in Company : None

Experience

- Director, Hard Goods Business Model Development Carrefour Group, Paris, France
- More than 11 years of retail business in Asia

Mr. Arnaud Dupont Vice President, Commercial

Education

- Master of Business Administration in Management, ESSEC Business School
- Bachelor Degree of Engineering, Ecole Centrale Paris

% holding in Company : None

Experience

- 2011 – 2012 Merchandise Director, Carrefour Turkey
- 2007 – 2011 Regional Manager, Carrefour China
- 2006 – 2007 Controlling Director, Carrefour China
- 2000 – 2005 Merchandise Director, Carrefour Group

Mr. Ross Farnsworth Vice President, Food Merchandise

Education

- Bachelor Degree in Business, Brigham Young University, USA

% holding in Company : None

Experience

- 2010 – 2012 Commercial Director (Hard Line) Tesco – Shanghai, China
- 2009 – 2010 Senior Director (E-Commerce), Walmart, China
- 2008 – 2009 Senior Director (Food), Walmart, China
- 2007 – 2008 Senior Director (Hard Line), Walmart, China
- 1995 – 2007 Senior Merchandise Director, Walmart, USA, Mexico, Argentina

Mr. Neil McCann Vice President, Supply Chain

Education

- Bachelor Degree of Politics & Economics, Newcastle Upon Tyne University

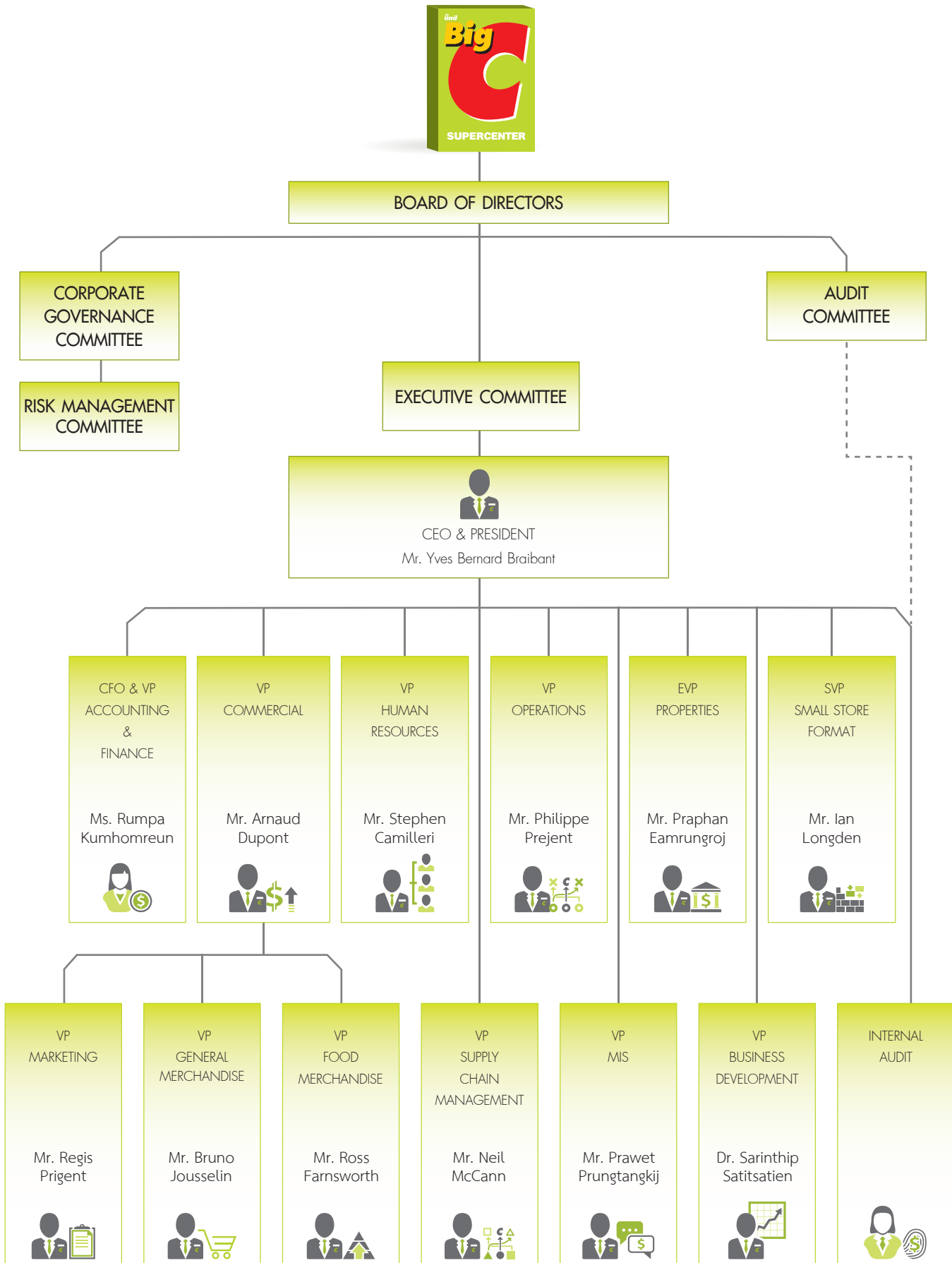
% holding in Company : None

Experience:

- 2009 – 2012 Supply Chain Director Asia Pacific, Danone
- 2007 – 2008 Logistics Director, M.H. Alshaya W.L.L.
- 2000 – 2006 Vice President, Supply Chain & Distribution, Tesco Lotus
- 1984 – 2000 Regional Director, Exel Public Co., Ltd.



Organization Chart



Business of Big C





Strategies for Driving

Big C's Business Operations



For 20 years since 1993, Big C Supercenter has been the leading modern trade retailer offering maximum satisfaction and values to customers nationwide through wide selection of quality products, outstanding services, one-stop-shopping convenience and multiple store formats that fit the need of all customer segments.

Big C Supercenter is renowned for our price leadership. We also strongly believe in offering **“More Than Just Low Prices”** to our customers. Our dual retail-rental business model enables our shopping centers to answer to customers’ needs and preferences through carefully selected tenant mix.

Our store network grew significantly in 2011 when we integrated Carrefour’s operations in Thailand. The integration gave us access to key catchments in both Bangkok and upcountry, enhanced our ability to offer our customers the best price available, and widened our reach to cover all customer segments from low to high income. We are now embarking upon our 2012–2016 expansion plan which will guide us into our next phase of growth.

Our key developments in 2012 included the successful ramped-up store expansion, historic partnership with Bangchak Petroleum, new trading format developments (i.e. online store), numerous awards and customer recognitions, involvement with EYC to gain customer behavior insights, development of Big C Academy the opening of new merchandising center. You can find more information on these exciting developments in the following sections.

Whether you shop in our stores or work with us, you are a part of the Big C family. We currently employ over 27,000 members of communities across Thailand. Our popular **Big Card** loyalty program has grown rapidly since its inauguration in 2009 -- reaching over 7.2 million members by the end of 2012.

Multi format retailer

Our multi-format expansion enables Big C to be of service whenever and wherever customers do their shopping. Whether it is a major weekly shopping trip or a walk to neighborhood store for top-up shopping, our multiple-format store network provides better and greater customer reach and helps us offer the same maximum value for money and outstanding service to customers regardless of which store format they do their shopping.

Our store formats are: Hypermarket

Our business started from hypermarkets and they still make up majority of our business with 113 stores in 2012. We currently have three hypermarket formats: Big C Supercenter and Big C Extra, and our “wholesale & professional-oriented” format named Big C Jumbo.

Big C Supercenter is our hypermarket targeting mid-to-low income customer segments offering maximum value through combination of low prices, wide selection of goods and services,

clean and efficient shopping environment, and outstanding service. At the end of 2012, we have 96 Big C Supercenter stores located throughout Thailand.

Big C Extra is our hypermarket targeting mid-to-high income customer segments offering wider range of premium fresh and dry food items, as well as wide selection of imported products, including Casino private label products, technology gadgets, wine and many more “extra” products and services than Big C Supercenter – while keeping Big C’s signature low prices. At the end of 2012, we have 16 Big C Extra stores located in Bangkok and large cities in every region.

Big C Supercenter and Big C Extra are our largest stores offering over 100,000 SKUs of consumer products and food items. Their sizes vary from 4,000 to 12,000 sqm and the sales mix is approximately 60% food and 40% non-food items. After the Carrefour integration, our hypermarket locations are distributed evenly between greater Bangkok and upcountry.

The third hypermarket format, **Big C Jumbo**, is Big C's new wholesale membership format that offers "all under one roof solution" not only to professional customers such as hotels, restaurants and caterers (HoReCa), but also to small and medium-size retailers, companies and institutions, as well as households who buy in large volumes.

The first Big C Jumbo store was opened in December 2011 with the sale area of 10,000 sqm and 20,000 SKUs. Sales mix of Big C Jumbo is approximately 80% food and 20% non-food items. At the end of 2012, we have 1 Big C Jumbo store located in outskirt Bangkok. We also have one Big C Jumbo Station implanted to our Pattaya branch with 3,000 SKUs tailoring for HoReCa (Hotel, Restaurant, and Catering) customers in addition to normal hypermarket assortments.

Supermarket

Big C opened our first supermarket format called Big C Junior in 2010. With Carrefour integration in 2011, we added 8 more supermarkets to our store network and renamed them "Big C Market". By 2012, we have 18 Big C Market stores.

Big C Market offers a same price-leader pricing and promotions as our hypermarkets, and are targeting mid to low income customer segment. These stores have smaller selling area of 750 to 2,000 sqm and carry lesser number of items ranging from 10,000 to 15,000 SKUs.

Relatively smaller size of Big C Market enables Big C to penetrate the areas that are not in the main district of a province and it is designed to be the largest modern retailer in its catchment area. These stores differ from more traditional supermarkets concentrating mainly to food, by offering wide range of products from fresh food to electronics. Sales mix of Big C Market stores is approximately 80% food and 20% non-food items.



In 2012, we had 18 Big C Market format stores in Greater Bangkok and up country locations.

Proximity Store

Customers nowadays increasingly tend to combine smaller top-up-shopping at a convenient store close to where they live with their weekly stock-up-shopping trips to large format stores. To offer Big C's signature savings for our customers' daily top-up needs, we launched Mini Big C concept in 2007. In 2012, we accelerated Mini Big C's expansion with the opening of 76 Mini Big C stores. Our 126 Mini Big C store network in 2012.

Mini Big C targets mid to low income customer segment and carries up to 4,300 SKUs with the average size of 160 sqm and sales mix of 90% food and 10% non-food items. Unlike other convenience stores, Mini Big C also offers fresh food items and carries selected same-price promotional items as in our hypermarkets – making it an ideal place for top-up shopping.

In March 2012, Big C Supercenter signed an exclusive "retail partnership agreement" with Bangchak Petroleum PCL to set up Mini Big C store's in Bangchak service stations. We opened 7 Mini Big C pilot stores in 2012 and received positive responses from both commuters and shoppers. We are very excited about the potential of this partnership and foresee an opportunity for 300 Mini Big C stores in Bangchak service stations over next 4 years.

In 2012, we opened 76 Mini Big C stores (7 in Bangchak service stations) and have a total of 126 Mini Big C stores by the end of the year. Most of these stores are located in Greater Bangkok and vicinity.

Drugstore

Pure is our drugstore format with approximately 45 sqm offering 2,000 SKUs of pharmaceutical, health, beauty and wellness products. While most of the current Pure drugstores are implanted into existing Big C hypermarkets and Big C Markets, we also started opening standalone Pure format in 2011 and currently have 5 standalone Pure drugstores.

In 2012, our first 17 Pure drugstores were awarded the "Quality Drug Store" accreditation from Thai Pharmacy Council. We are currently in process of obtaining this accreditation for all Pure drugstores.

During 2012, Big C opened 41 Pure drugstores – making up the total of 91 Pure drugstores (86 implant and 5 standalone stores) by the end of the year.



Dual retail-property model

Shopping mall also has a vital role in making Big C a “one-stop shopping destination”. The wide-ranging services and products offered by vendors and tenants at Big C’s rental space, inside and outside a store, not only draw customer traffic to stores but also provide rental income which is an important part of Big C’s revenues.

The size of shopping malls varies depending on store format and location. During 2012, Big C opened 10 new shopping malls with a total space of approximately 25,000 sqm. At the end of the year, Big C has 124 shopping malls with a total space of approximately 705,000 sqm.

Tenants' Composition

Our tenants mix can be classified into five categories based on lease terms and types of business.

Commercial Retail Unit: Consisting of mainly well-known brand name apparels, restaurants, cafes, banks and major chains, commercial retail unit tenants help enhance image, attractiveness and product varieties of Big C shopping centers.

Junior Anchor: Consisting of large-scale tenants such as home improvement stores, cinemas and IT mall, junior anchor tenants help satisfy customers’ need beyond Big C’s product and service offerings and play an important role in drawing additional traffic to our stores and making our shopping centers a one-stop shopping destinations for customers.



Food court: All Big C shopping malls feature food courts where customers can find a variety of quality food and beverages at low prices.

Big Bazaar: Big Bazaar tenants are small stores that sell wide range of items including fashion, accessories, local products, mobile phone, toys etc.

Casual Leasing: Variety of small kiosks with ever-changing and in-demand products located both inside and outside store building helps add fun and excitement to our customers’ shopping experience.

Alcudia Store Renovations

Renovations play a crucial role in maintaining the success of Big C’s dual retail-property model. On average, we renovate our supermarkets every 5 to 8 years. While our normal renovations mainly aim to update the look and feel of our properties, our “Alcudia” renovations aim to maximize our supermarket’s productivity and to introduce refreshed shopping mall experience through enlarged mall footprint and more attractive tenant mix to our customers. Especially with our older supermarkets, we can increase the store’s productivity by analyzing store layout and redefining the ratio of space dedicated between retail and rental area – thus optimizing sales density and rental income. Alcudia renovations also refresh and revitalize shopping mall experience by analyzing the mall’s size and tenant mix to maximize attractiveness to customers.

In 2012, Big C completed an Alcudia renovation project at Big C Supercenter Rattanaibeth in Bangkok -- bring the total number of completed Alcudia renovations to 4 stores.

Our Vision

“ To be number one modern retailer in Thailand and a major player in the region ”

Expansion

Expansion plays a crucial role in our strives towards becoming the number one modern retailer in Thailand and a major player in the region.

Thailand

At the beginning of 2012, modern grocery accounted for only 47% of total grocery trade. Modern trade retailers have strong and significant growth potential as population is urbanizing and customer lifestyles and preferences are changing towards more consolidated purchases and higher convenience level.

Our 2012-2016 expansion plan, launched in 2011, target to reach 300 combined hypermarkets and Big C Markets, and 950 Mini Big C stores in 2016. New Big C hypermarkets and Big C Markets will be open mainly in upcountry locations, while most Mini Big C stores will be located in greater Bangkok areas.

With our dual retail-property model, almost every new hypermarket and Big C Market will have a shopping mall around the retail area to complement our store offering and satisfy consumers' needs.

2012 was our first year of accelerated store expansion. We met our 2012 expansion targets in all store formats by opening 5 hypermarkets, 7 Big C Markets, 76 Mini Big C and 41 Pure drugstores. The year 2013 will see our expansion speed ramped up in all formats.

Regional

Big C is a well known brand in Thailand's neighboring countries due to a large flow of customers from neighboring countries into Thailand. Currently, Big C is exploring opportunities in neighboring countries such as Laos, Cambodia, and Myanmar.



Our mission

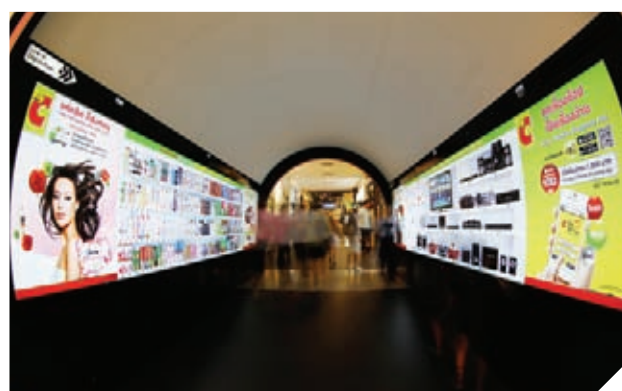
To provide our valued customers with a complete selection of everyday products at low prices, outstanding service, and fun shopping experience.

Complete selection of everyday products at low prices

Big C's expert merchandise teams continuously search and expand our network to acquire quality products from over 3,600 domestic and international suppliers to fulfill the need and preference of all customer segments. As a result, Big C carries over 100,000 SKUs with prices ranging from opening price point to premium high-end items in every product category. For example, customers can choose from Big C's "Happy Baht" opening price point quality house brand to imported upscale products such as the "Casino Brand" on offer at Big C Extra stores.

Our merchandise is divided in the following categories:

- ▶ **Fresh food** Meats, seafood, fresh fruits and vegetables, ready-to-eat and ready-to-cook meals, frozen food, baked goods, and various herbs and spices
- ▶ **Dry food** Seasonings and condiments, beverages (soft drinks and liquor), snack foods, personal items, household chemicals, and pet food and accessories
- ▶ **Soft line** Clothing (men's, women's, and children's) and accessories
- ▶ **Hard line** Wide range of electrical appliances including white goods, kitchen appliances, home entertainment equipments, automobile and motorcycle accessories, and home improvement and maintenance tools and supplies
- ▶ **Home line** Home décor and accessories, furniture, kitchenware, plastic storage items and utensils, decorative items, sporting goods, and toys.



Big C's longstanding philosophy and commitment is to deliver maximum savings to our customers via low price items. We are proud to be Thailand's low-price leader. Our "Check Price Tuk Sure" lowest-price guaranteed campaign offers our customers peace-of-mind that the daily 300 items are price-checked and marked down to guarantee to be cheaper or at least equal to other retailers' prices.

Apart from low prices, Big C also places great emphasis on selecting quality products and offering freshness and satisfaction guarantee to our customers. Through Big C's "Jud Tem Duay Jai" total satisfaction guarantee campaign, customers are able to return any product bought from Big C if the product does not meet their expectations. This campaign has earned loyalty and repeated traffic among Big C customers.

On fresh food, in 2012 Big C started working with 70 suppliers and 300 farms to initiate the "Big C Quality Line – BQL" that controls every production step of 12 fresh food categories from farm to kitchen to ensure consumers that the items are 100% high-quality, fresh, clean and safe from pesticide, contaminants and toxins. BQL items receive "Q-Mark" standard guarantee from Ministry of Agriculture and Cooperatives, and can be traced back to their production origins. The program also helps guarantee regular and predictable flow of income to farmers who can confidently plan their production cycles.

Outstanding service

Big C always strives to be "more than just a retailer" and the destination of choice for "one-stop-shopping" for the whole family. The 27,000 members of the Big C family are enthusiastic, friendly and eager to go beyond their normal mandates to satisfy customers. At Big C, we treat our customers as our "extended families" and always try to do our best to be of service in every way we can – both in happy and trying times.



Big C also brings our services to customers' doorsteps through innovations and technologies. We are the first Thai hypermarket to launch a fully-integrated online shopping platform that offers over 10,000 low-price and high demand items of all categories to customers with digital lifestyle through online shopping site, smart phone mobile application, QR code scanning system and Thailand's first virtual stores both at mass transit platform and in popular transportation means such as BTS sky train and underground transit system.

Our online customers can pick up their orders from 113 Big C hypermarkets nationwide. We also offer free home delivery to customers in Bangkok and vicinity as well as major cities such as Khon Kaen, Udon Thani, Pattaya, and Chonburi.

Fun shopping experience

In addition to our low-price leadership and value for money, Big C places great emphasis on being "fun shopping destination" by consistently creating excitement and fun shopping experience for our customers. Throughout 2012, our home-grown marketing campaigns -- such as Big C Anniversary, Big C Festival and One-Day-One-Price campaign -- generated fun and exciting shopping atmosphere for customers nationwide. We also launched several first-of-the-kind consumer experience initiatives in Thailand such as the Golden Saturday and Golden Week (similar to the Black Friday in the US), fashion show around Victory Monument, a fully-integrated smart phone shopping application through QR code and Thailand's first-ever virtual stores.

Big Card, Big C's loyalty program, grew constantly and reached 7.2 million members in 2012. Big Card members enjoy instant cash coupons without having to wait for coupons or collect and redeem points. The strong growth in Big Card membership is the result of constant development in Big Card's benefits, convenience and savings that it offers to the members. Big Card members' sales contributions have increased from 25% of total sales in 2009 to nearly 70% at the end of 2012. The members' basket size is almost two times larger when compared to non-members.

In 2012 Big C has also teamed up with EYC, world's leading analytical and customer centric technology company, to understand our loyal customers even better and to be able to offer individual customer exactly what they need.

With all the hard works, Big C received numerous awards and recognitions from our customers in 2012. Big C was voted by customers nationwide to be the "Most Popular Hypermarket" and awarded the "No. 1 Brand Thailand" in a survey conducted by Video Research International (Thailand) and Marketeer Magazine. We were also voted in the Reader's Digest survey to receive the "Trusted Brand Award" based on our quality, value, understanding of customers needs, innovation, credibility, and social responsibility.



Merchandising

Our suppliers are an integral part of Big C's operations. In 2012, Big C had 3,645 suppliers providing over 100,000 SKUs of products -- 98.6% of which are sourced locally. We consider our suppliers as our long-term partners for growth. During 2012, Big C hosted three Supplier Summits to share our vision, strategy, and plan for growing together.

The 2011 flood affected production of a large number of our supplier causing high-level of out-of-stock throughout Thailand. In its aftermath, during the beginning of 2012, our merchandising team worked very hard with our suppliers, who did their bests to get their operation and delivery back up and running, to best serve the needs of our customers. By mid-2012, the flows of products from most of our suppliers were back to normal.

To enhance the effectiveness of our merchandising, we conducted category reviews by using information gathered through various sources and means in order to pinpoint the preferences of our customers. For example, we started working with EYC customer insight and analysis software to enhance our understanding of our 7.2 million customers in our loyalty program. We used these insights to improve our merchandising processes as well as to determine joint business plans with our suppliers. Our brand new merchandising center in Rangsit, where we can conduct tests on new concepts in a mockup store before actual implementation, also offers us valuable information in order to make our store displays more effective.



store. We are working to increase the number of centralization to optimize our costs, improve service levels to stores, and to reduce our inventory days.

Currently, Big C has four distribution centers located close to the vicinity of Bangkok in Ayutthaya and Nonthaburi. In 2012, we reorganized our distribution centers to rationalize our DC operations and increase their capacities to serve higher number of stores.

In Ayutthaya, we have ambient stocking and fresh food distribution center in Wang Noi, fresh food distribution center in Bang Pa-in, and cross-dock deliveries at T-Park. In Nonthaburi, we have a designated a distribution center for Mini Big C in Bang Yai. All our distribution centers are outsourced to a third party operators.

Supply Chain

Distribution centers

Products from over 3,600 suppliers make their way to Big C stores nationwide either through one of our distribution centers or through direct delivery to store. Approximately 65% of our volume is delivered to our distribution center and 35% direct to

We will support our store expansion from 2012 and beyond with our new distribution center development plan. We are targeting to open one large fresh food distribution center, and one purposely-built Mini Big C distribution center designed for "pick-and-pack" type of operation to increase operational efficiency. These two new distribution centers are targeted to be opened in 2014. A new cross dock distribution center is also being planned.



Business segment among subsidiaries

Big C and its subsidiaries are **one of the leading Thai modern retailer operating under “Dual retail-property model”**. This successful dual model has been implemented by Big C and some of its subsidiaries. However majority of our subsidiaries are doing only property business, as a property owner and lease space to Big C or to its subsidiaries.

The detail of subsidiaries and their business from our direct and indirect investment are shown below.

Name	Business	% Holding	Paid-up Capital (Million)
Phisanulok Big C Limited 97/11 6th floor, Ratchadamri Road, Lumpini, Pathumwan, BKK	Retail	92.38	1,050
Big C Fairy Limited 97/11 6th floor, Ratchadamri Road, Lumpini, Pathumwan, BKK	Retail	96.82	440
Chiang Rai Big C Limited 184 Moo 25, Robwieng Sub-district, Muang District, Chiangrai	Rental of immovable assets	100.00	180
Central Superstore Limited 96 Moo 1 Tungsohong Laksi Bangkok	Rental of immovable assets and holding company	100.00	1,220
Inthanon Land Co.,Ltd 97/11 6th floor, Ratchadamri Road, Lumpini, Pathumwan, BKK	Rental of immovable assets	100.00	841
Surat Big C Limited 97/11 6th floor, Ratchadamri Road, Lumpini, Pathumwan, BKK	Rental of immovable assets	100.00	140
Central Pattaya Co.,Ltd 97/11 6th floor, Ratchadamri Road, Lumpini, Pathumwan, BKK	Rental of immovable assets	100.00	80
Theparak Big C Limited 97/11 6th floor, Ratchadamri Road, Lumpini, Pathumwan, BKK	Rental of immovable assets and holding company	100.00	80
Phraram II Big C Co.,Ltd 97/11 6th floor, Ratchadamri Road, Lumpini, Pathumwan, BKK	Rental of immovable assets	99.99	5
Udon Big C Co.,Ltd 97/11 6th floor, Ratchadamri Road, Lumpini, Pathumwan, BKK	Rental of immovable assets	100.00	738
Chiang Mai Big C (2001) Co.,Ltd 208 Moo 3 Tarsala Tambol, Maung Chiang Mai Amphur, Chiang Mai	Dormant	100.00	300
Big C Distribution Co.,Ltd 97/11 6th floor, Ratchadamri Road, Lumpini, Pathumwan, BKK	Dormant	100.00	1
CenCar Limited 70/3 Moo 15, Phaholyothin Road,T. Khukhot, A. Lamukka, Pathumthani	Retail	100.00	8,951
Nava Nakarintr Limited 97/11 6th floor, Ratchadamri Road, Lumpini, Pathumwan, BKK	Holding company	100.00	1
SSCP (Thailand) Limited 97/11 6th floor, Ratchadamri Road, Lumpini, Pathumwan, BKK	Holding company	100.00	162
Big C Supercenter (Lao) Co., Ltd Hatsady Village, Chanthaboury District, Vientiane Capital City, Laos	Retail and wholesales	100.00	31

Revenue Structure

The main source of our income is generated from retail and property businesses. From below you can see year 2012 and 2011 in comparison.

(หน่วย : ล้านบาท)

	2012		2011		2010	
Revenue from Sales	112,136	90.6%	102,563	90.2%	69,859	91.7%
Revenue from Rental	7,926	6.4%	6,985	6.1%	4,200	5.5%
Other Revenue	3,670	3.0%	4,131	3.7%	2,150	2.8%
Total Revenue	123,732	100.0%	113,678	100.0%	76,209	100.0%

Capital Structure

In 2011, the Company's authorized share capital was 825,000,000 shares, but issued only 801,386,574 shares.

As at December 31, 2012, our fully paid and registered share capital is 825,000,000 shares or 8,250,000,000 Baht. During 2012, the company allocated 23,613,426 authorized but unissued ordinary shares with par value of 10 Baht to specific investors and/or institutional investors under a private placement. The transaction was fully subscribed and it increased the total share capital to 825,000,000 shares.

Market Cap of the Company as of February 28, 2013 is 179,025 million baht. (Refer to www.set.or.th)

Characteristics of Company's shareholders

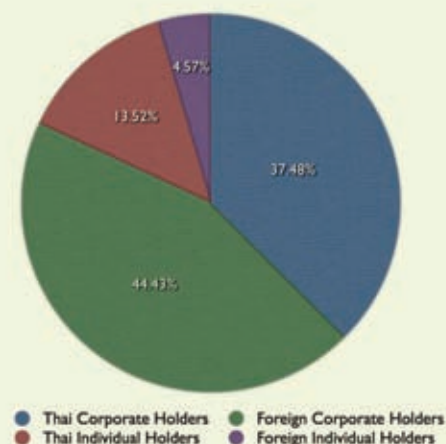
As of 28 February 2013

- ▶ There were 4,497 shareholders
- ▶ 63.38 of them hold shares in scripless holding
- ▶ 4,149 of them are Non-Strategic shareholders, representing 41.44% free float

Shareholders in following subcategory classified by our registrar (TSD) are shown in the following graph

1. Thai Corporate Holders are accounted for 37.48 %
2. Foreign Corporate Holders are accounted for 44.43 %
3. Thai Individual Holders are accounted for 13.52 %
4. Foreign Individual Holders are accounted for 4.57 %

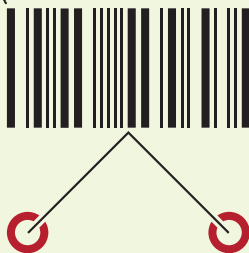
The largest shareholder is Geant International B.V. which owns 32.1% of the share capital as of 28 February 2013. Geant International B.V. comes under the Casino Group, one of the world's leading food retailers based in France with operations in retail business in many countries around the world.





The Competitive Situation

Expansion



By successfully integrating Carrefour Thailand operations Big C has moved into co-leader position in Thailand's hypermarket sector. An overall competitive landscape in the retail business for the year 2012 has continued intense and has intensified more in small store format sector.

In 2012, overall expansion in hypermarket sector has stabilized and major retailers have emphasized their focus in small store formats. During 2012 Big C opened 5 hypermarkets (including 1 Big C Extra), 7 Big C Markets (closed 1 Big C Market) and 76 Mini Big Cs. At the same time Tesco Lotus opened: 11 hypermarkets (including 2 stores as Tesco Lotus Value), 35 supermarkets and 316 Express stores. Makro, considered as our indirect competitor, opened 5 new stores and begun to penetrate into small store format by launching its first "Siam Frozen" store in Chiangmai in the late 2011 and opened 4 more stores in 2012.

Multi-format strategy

Large store formats

In multi-segmentation, 'Differentiation' is the key strategy in competitive retail landscape. Big C has continuously expanded stores to multiple store formats in order to fulfill various customer demands, to maintain its market share, and to strive towards its vision to be the number one modern retailer in Thailand through strong business strategies. In hypermarkets Big C has its traditional "Supercenter" and higher-end "Extra" introduced in 2011. Extra stores differ from traditional supercenters by offering more top-of-the-range items, more imported products (including Casino private label products), destination universes in electronics and health and beauty aids, and wider selections in areas such as fine wine and alcohol.

Tesco Lotus divides its branches into hypermarket, extra, and department store.

Small store formats

An intense competition can be clearly seen in small store formats arising from significant number of new players and with the entry of Central group through acquisition of 'Family Mart' operation, and by the announcement of a joint venture between the Japan's 2nd largest convenience store chain 'Lawson' and Sahapat Group the competitive landscape in this sector is very dynamic.

Another movement in the coming year 2013 is going to be an influx of many new format developments to match local demand along BTS line, condominium developments and in upcountry locations. Furthermore, a small store attached to 'Petrol Station' will become a new growth avenue for major retailers like Mini Big C with Bangchak, Tesco Lotus Express with Esso, Tops Daily with Caltex, and CP Food Market with Shell. Thus cooperation with major petrol operator is considered a key strategy in an aggressive expansion program for small store format.

Operator	Type	Number of Branches**		
		As of 31 December 2011	New Branches	As of 31 December 2012
Big C	Big C Extra	15	1	16
	Big C	92	4	96
	Big C Jumbo	1	-	1
	Big C Market	12	7	18*
	Mini Big C	50	76	126
Tesco Lotus	Tesco Lotus	99	9	108
	Tesco Lotus Value	36	2	38
	Talad Lotus	130	35	165
	Tesco Lotus Express	755	316	1,071
Makro	Makro	52	5	57
	Siam Frozen	1	4	5

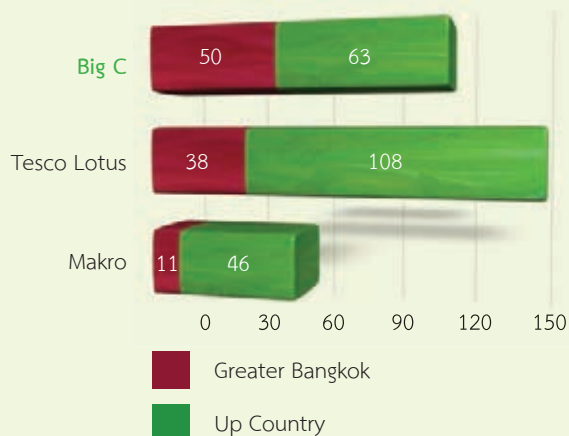
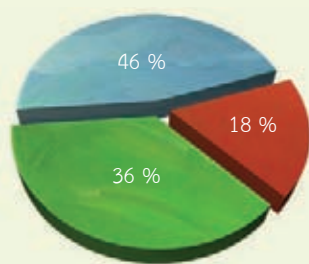
* Remark : Big C Closed 1 store

** Source : The Nielsen Company (Thailand) Limited

At the end of 2012,

- **Big C** store network consisted 113 hypermarkets (Big C-96, Big C Extra-16, and Big C Jumbo-1), 18 Big C Markets, 126 Mini Big Cs and 91 Pure branches.
- **Tesco Lotus** had 146 hypermarkets (Tesco Lotus-108 and Tesco Lotus Value-38), 165 Talad Lotus, and 1,071 Tesco Lotus Express stores.
- **Makro** had 57 hypermarkets and 5 Siam Frozen stores.

Location details shown in the following maps.





Management

Management Structure

The Company's management structure is comprised of five board and committees;

- (1) the Board of Directors,
- (2) the Audit Committee,
- (3) the Corporate Governance Committee,
- (4) the Risk Management Committee and
- (5) the Executive Committee.



I. The Company's Board of Directors

The Company's Board of Directors as of December 31, 2012, are as follows:

No. Name-Surname	Position	Remark
1. Mr. Akani Thapthimthong	<ul style="list-style-type: none"> Chairman of the Board Independent Director 	Non Executive Director
2. Mr. Paitoon Taveebhol	<ul style="list-style-type: none"> Chairman of Audit Committee Corporate Governance Committee member Independent Director 	Non Executive Director
3. Mr. Nontaphon Nimsomboon	<ul style="list-style-type: none"> Chairman of Corporate Governance Committee Independent Director 	Non Executive Director
4. Mr. Suthiluk Samranyoo	<ul style="list-style-type: none"> Independent Director 	Non Executive Director
5. Dr. Chiradet Ousawat Ph.D.	<ul style="list-style-type: none"> Audit Committee member Independent Director 	Non Executive Director
6. Dr. Uttama Savanayana Ph.D.	<ul style="list-style-type: none"> Audit Committee member Independent Director 	Non Executive Director
7. Mr. Praphan Eamrunroj	<ul style="list-style-type: none"> Director 	Executive Director Authorized Director
8. Mr. Ian Longden	<ul style="list-style-type: none"> Director 	Executive Director
9. Ms. Rumpa Kumhomreun	<ul style="list-style-type: none"> Corporate Governance Committee member Director Company Secretary 	Executive Director
10. Mr. Yves Bernard Braibant	<ul style="list-style-type: none"> Director (CEO & President of the Executive Committee) 	Executive Director Authorized Director
11. Mr. Strasser Arnaud Daniel Charles Walter Joachim	<ul style="list-style-type: none"> Director 	Non Executive Director Authorized Director
12. Mr. Pedro Antonio Arias Douce	<ul style="list-style-type: none"> Director 	Non Executive Director
13. Mr. Jacques Dominique Ehrmann	<ul style="list-style-type: none"> Director 	Non Executive Director Authorized Director
14. Mr. Guillaume Pierre Antoine Marin Humbert	<ul style="list-style-type: none"> Director 	Non Executive Director Authorized Director
15. Mr. Philippe Henri Alarcon	<ul style="list-style-type: none"> Director 	Non Executive Director Authorized Director

From the above table, there are 6 independent directors or 40%, and 11 non-executive directors or 73%.

Binding Signatories: Joint signatures of one member of Group 1, and one member of Group 2, and affix with the Company's seal.

Group 1

Mr. Yves Bernard Braibant
Mr. Strasser Arnaud Daniel Charles Walter Joachim
Mr. Jacques Dominique Ehrmann

Group 2

Mr. Praphan Eamrunroj
Mr. Guillaume Pierre Antoine Marin Humbert
Mr. Philippe Alarcon

Term of the Company's Board of Directors

The Board of Directors has specified a 3-year term for a position on the Board. The Company's Articles of Association require that one-third of the entire board must retire at every Annual General Meeting. The director who has served the longest has to retire at the expiration of his or her 3-year term. Retired directors may be reelected.

The powers and duties of the Company's Board of Directors

1. To oversee the Company's business administration and operations.
2. To supervise and perform the Company's operations to be in accordance with the law, objectives, and the Articles of Association of the Company as well as the resolutions of the shareholders' meetings.
3. To determine the policies and direction for the Company's operations and to supervise the management to effectively perform their duties as stated in the policies in order to maximize economical value for the Company and create added value for the shareholders.

Board of Directors Meetings

Meeting schedules have been made in advance for the whole year, in order to facilitate all directors, especially to those directors who reside abroad. Extra meeting is per business need. Notice of meeting was sent 7 days in advance. Meeting duration was at the average of 3 hours. In 2012, there were 5 board meetings. Written minutes of meetings adopted by the Board have been recorded and maintained, to be ready for inspection by directors and relevant parties.

Self-assessment of the Board of Directors

The Company had employed a self-assessment system for all members of the Board of Directors to review their performance after every meeting. This assessment enables the Board of Directors to review their own performance, recognize problems, and various challenges of the previous year. Its goal is to enhance the Board of Directors' performance in alignment with good corporate governance principles and responsibilities. Therefore,

the Company compiled the results of the self-assessment to further develop the Board's performance for the benefit of the Company.

Independent Directors, which comprises 40 percent of the Board of Directors

Mr. Akani Thapthimthong
Mr. Paitoon Taveebhol
Dr. Chiradet Ousawat
Mr. Nontaphon Nimsomboon
Mr. Suthiluk Samranyoo
Dr. Uttama Savanayana

The Company has defined the requirements for an independent director to be equivalent to those established by the Securities and Exchange Commission and the Stock Exchange of Thailand, regarding the qualifications of an independent director as follow:

1. Hold not more than 1 percent of the total number of shares of the parent company, subsidiaries, affiliates, or a juristic entity that may have a conflict of interest. This also includes having shares of any person related to that independent director.
2. Does not have a role in the company's management, nor is a contracted or permanent employee, advisor who receives a monthly salary, or a controlling person of the parent company, subsidiaries, affiliates, or a juristic entity that may have a conflict of interest for a period of 2 years prior to being appointed as a director.
3. Is not a person who is related in any way by family or marriage to a member of an executive, major shareholder, a controlling person, or been nominated for an executive or management position of the parent company or its subsidiaries.
4. Does not have any business relationship with the parent Company, subsidiaries, affiliates, or a juristic entity that may have a conflict of interest that may impact his/her independency.
5. Is not or never been an external auditor of the parent company, subsidiaries, affiliates, or a juristic entity that may have a conflict of interest, and is not a major shareholder, a director that is not independent, executive, or managing partner of an auditing firm in which he/she is the auditor of the main company, subsidiaries, affiliates, or a juristic entity that may have a conflict of interest.
6. Is not a director who has received the position as a representative of a director of the company, major shareholder, or a person related to a major shareholder of the company.
7. Does not display any other characteristics that prevent him/her from making independent opinion in relation to operations of the Company.

2. The Audit Committee

The Audit Committee was appointed by the Board of Directors or shareholders (as relevant to such situation) from 3 independent directors. These 3 members hold positions in independent committees of the Company in accordance with the nomination process. At least 1 member must have knowledge in accounting and finance, in accordance with regulations of the Securities and Exchange Commission. In 2012, the Audit Committee consists of:

1. Mr. Paitoon Taveebhol	Chairman of Audit Committee
2. Dr. Chiradet Ousawat	Member
3. Dr. Uttama Savanayana	Member

The Audit Committee number 1 and 3 have adequate expertise and experience to review creditability of the financial reports

Ms. Nantavadee Santibanyut, Internal Audit Director acts as Secretary to the Audit Committee.

Term of the Audit Committee

Each member of the Audit Committee has a 3-year term for a position as a member on the committee.

The Details of Audit Committee Charter are as follows:

1. Objectives

- 1.1. The Board of Directors has appointed the Audit Committee consisting of independent directors as an important tool or mechanism leading the Company to good corporate governance.
- 1.2. To ensure efficient performance of functions, compliance with law, adherence to operational practice and code of ethics and proper, effective, fair and transparent business management.
- 1.3. To ensure quality financial reporting, disclosure of complete and accurate information which meet the standards and relevant requirements so as to build confidence to and creditability with investors and stakeholders.

2. Composition and Qualifications

- 2.1. The Audit Committee comprises three independent directors of the Company.
- 2.2. At least one Audit Committee member shall have knowledge, comprehension or experience in accounting or finance and shall be continuously aware of a cause of change to financial reports.



2.3. Qualifications of Audit Committee members are as follows:

- ▶ Possess qualifications as required by relevant laws, in particular the law on securities and exchange and regulations of the Stock Exchange of Thailand.
- ▶ Hold not more than one percent share of the paid-up capital of the Company, its subsidiaries, affiliated companies or related companies, including shares held by their related persons.
- ▶ Act as members of the Board of Directors but without participation in management of the Company, its subsidiaries, affiliated companies, related companies or major shareholders.
- ▶ Not serve as employees, staff members or advisors receiving salaries from the Company, its subsidiaries, affiliated companies, related companies or major shareholders.
- ▶ Not have any personal benefit or interest, directly or indirectly, both in finance and management of the Company, its subsidiaries, affiliated companies, related companies or major shareholders, including benefit or interest in any Company transactions for the period of two years before being appointed as Audit Committee members.
- ▶ Not be related persons or close relatives of the Company's executives or major shareholders.

- ▶ Not be appointed as representative to protect the benefit of the Company's directors, major shareholders or shareholders who are related persons of the Company's major shareholders.
- ▶ Be capable of independently performing the duties and providing opinions or reporting the result of performance of duties as assigned without being under control of any executives or major shareholders, including their related persons or close relatives.
- ▶ Not serve as political officials, political position holders, local council members, local administrators, political advisors, executive directors of political parties or officers of political parties.
- ▶ Be generally reliable and accepted.
- ▶ Be able to devote themselves sufficiently in performance of duties as Audit Committee member.

3. Appointment, Term of Office and Termination

3.1 Appointment of the Audit Committee

- ▶ The Board of Directors shall appoint independent directors of the company as Audit Committee members.
- ▶ The Audit Committee members shall elect among themselves a member to act as the Chairman of the Audit Committee.
- ▶ The Director of Internal Audit Department of the Company shall act as Secretary to the Audit Committee.

3.2 Term of Office

- ▶ The term of office of each Audit Committee member shall be three years, subject to the term of office as a director. In case of vacancy for any other reason than retirement by rotation, the Board of Directors shall appoint a qualified individual to act as an Audit Committee member to ensure that the Audit Committee members are in the number as stipulated in this Audit Committee Charter, and the replacement member shall hold office for the remaining term of the member whom he/she replaces.

3.3 Termination

- ▶ Retirement by rotation
- ▶ Lack of qualifications of Audit Committee member
- ▶ Death



- ▶ Resignation
- ▶ Removal
- ▶ Imprisonment by a final court judgment or legitimate order of imprisonment, except for the case of negligent or petty offence
- ▶ Incompetence or quasi-incompetence
- ▶ Bankruptcy

4. Duties and Responsibilities

- 4.1 To review whether the Company's financial reports are prepared in accordance with the generally accepted accounting standards and relevant specific laws, including the adequate disclosure of complete, accurate and sufficient information and related party transactions and/or conflicts of interest.
- 4.2 To promote the development of financial reporting system so as to be consistent with and meet the requirements of the generally accepted accounting standards.
- 4.3 To select the external auditor by considering the independence, competency and experience in performance of duties for appointment and determination of auditor remuneration; and nominate to the Board of Directors for the approval in the Annual General Meeting.
- 4.4 To review the external and internal auditors' observations on related party transactions and transactions which may cause a conflict of interest, in compliance with law and regulations of the Stock Exchange of Thailand so as to ensure reasonableness of such transactions and maximum benefit of the Company.
- 4.5 To review internal control and internal audit systems and provide recommendations to ensure the appropriateness, effectiveness and efficiency and in accordance with the international standards by considering worthiness and covering all key processes.
- 4.6 To oversee the Company's preventive control system to reduce or suspend a loss or waste of the Company's resources for the benefit and enhancement of effectiveness and efficiency in performance of the Company's functions.
- 4.7 To review the appropriateness of the information technology system related to the internal control system and the financial report preparation and to provide the recommendations for improvement in accordance with the international standards and appropriateness of the Company's business.
- 4.8 To jointly consider with the CEO and President the appropriateness of the appointment, transfer, replacements of the Internal Audit Head including an annual performance evaluation. If any opposing view, it shall be considered by the Board of Directors or any person delegated by the Board of Directors. The decision of the Board of Directors or any person delegated by the Board of Directors will be final.
- 4.9 To coordinate with the external auditor for independence and fairness of auditing.



- 4.10 To review that the Company has established an appropriate risk management system and to provide recommendations to ensure that it is always up-to-date.
- 4.11 To review the Company's compliance with the law on securities and exchange, regulations of the Stock Exchange of Thailand, and the laws related to the Company's business.
- 4.12 To perform self-assessment annually in a manner as it deems appropriate and present results to the Board of Directors
- 4.13 To approve the Internal Audit Charter and to regularly review it in an appropriate period determined by the Audit Committee.
- 4.14 To approve an annual audit plan and evaluate the performance of the internal audit function.
- 4.15 To approve an annual budget and a manpower planning of the internal audit function and present it to the Board of Directors or any person delegated by the Board of Directors for additional comment, if any. Then the approved budget and manpower of the internal audit function shall be submitted to the CEO and President for execution.
- 4.16 To have the power, subject to an approval of the Board of Directors or any person delegated by the Board of Directors, to engage any professional advisor to seek independent opinions if it deems necessary at the Company's expense, provided that the engagement shall be in adherence to the Company's procedures and rules on this matter.
- 4.17 To have the authority to invite Executives, Management and employees of the Company and related persons to attend a meeting with or to provide information to the Audit Committee. It shall be deemed as the duty of such persons to cooperate with the Audit Committee.
- 4.18 To determine the remuneration of secretary to the audit committee and assistant secretary, if any, and propose to the Board of Directors for the approval.
- 4.19 To perform other duties as assigned by the Board of Directors of the Company with the consent of the Audit Committee.

5. Meeting

- 5.1 Number of meetings
 - ▶ The Audit Committee shall hold at least 5 meetings a year.
 - ▶ The Chairman of the Audit Committee may convene a special meeting upon request by an Audit Committee member, the auditor or the Chairman of the Board of Directors so as to consider any critical issue.
- 5.2 Meeting participants
 - ▶ Not less than half of all Audit Committee members shall participate in each meeting to constitute a quorum. The Chairman of the Audit Committee shall preside over a meeting.
 - ▶ The Audit Committee may invite any Company executive or related party to participate in a meeting and provide information.



5.3 Voting

- ▶ The Audit Committee's resolution shall be passed by a majority vote. One member shall have one vote. In case of a tie vote, the Chairman of the meeting shall have the casting vote. The Secretary to the Audit Committee shall have no right to vote.
- ▶ Any Audit Committee member who has interest in any matter to be considered shall abstain from voting on such matter.

5.4 The Secretary to the Audit Committee

- ▶ The Secretary to the Audit Committee or any designated person shall be in charge of taking the minutes at a meeting.

6. Reporting

- 6.1 The Audit Committee shall prepare an Audit Committee's report which will be disclosed in the Company's annual report and signed by the Chairman of the Audit Committee.
- 6.2 In performance of duties, if it is found or suspected that any of the following transactions or actions is undertaken or done which may materially affect the Company's financial status or operational result, the Audit Committee shall report to the Board of Directors in order to remedy within a specified period as will be mutually agreed:
 - ▶ Conflict of interest
 - ▶ Fraud or irregular circumstance or significant fault in the internal audit system.
 - ▶ Violation of any law or regulation of the Stock Exchange of Thailand or other relevant regulations
- 6.3 Should the Audit Committee find any negligence of said remedy within the period as mutually agreed without any reasonable ground, any Audit Committee member may report such circumstance directly to the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand.

7. Performance Evaluation

The Audit Committee shall, on a yearly basis, perform self-evaluation and report to the Board of Directors the evaluation result and performance difficulties which may prevent the Audit Committee from achieving the objectives in its establishment.

8. Remuneration

The Board of Directors shall consider and determine the remuneration for the Chairman and members of the Audit Committee as it deems appropriate and to be approved at the Annual General Shareholders' Meeting

Meetings of the Audit Committee

The Audit Committee meets on regular basis, per advanced scheduling and report to the Board of Directors. Secretary to the Audit Committee sent 7 days advance notice of meeting with agenda and reading material for their consideration. The Audit Committee reviewed the preparation of financial statement, internal control and internal audit plan to ensure the effective system. There were 6 meetings of the Audit Committee in 2012. Their performance is specified in the Report of the Audit Committee.



3. The Corporate Governance Committee

The Corporate Governance Committee (CG Committee) is comprised of the following 4 people:

1. Mr. Nontaphon Nimsomboon	Chairman of the CG Committee
2. Mr. Paitoon Taveebhol	Member
3. Rumpa Kumhomreun	Member and Secretary
4. Phatchada Muenthong ⁽¹⁾	Member and Assistant Secretary

Remarks

(1) Replaced Ms. Umawadee Rattana-Udom during the year

Details of the Corporate Governance Committee Charter are as follows:

1. Objectives

- 1.1 To set the criteria for establishment of concrete practice of good corporate governance of the Company
- 1.2 To built up the efficient internal operation of the Company with transparency, accountability and verifiability.
- 1.3 To create understanding and knowledge of the principle of good corporate governance to the Board of Directors, management, staff and employee of the Company and to raise consciousness and awareness of importance of implementation of the principle good corporate governance.
- 1.4 To supervise the performance of the Board of Directors, management, staff and employee of the Company to be efficient and in accordance with the principle of good corporate governance so as to build confidence in its excellence to investors and stakeholders.

2. Composition and Qualifications

- 2.1 The Corporate Governance Committee comprises at least 4 members or as determined by the Board of Directors of the Company.
- 2.2 Members of the Corporate Governance Committee should have knowledge, experience and comprehension in their duties and responsibilities as well as are able to devote themselves sufficiently in performance of duties as members of the Corporate Governance Committee for achievement of its objectives.

3. Appointment and Term of Office

- 3.1 The Chairman and members of the Committee shall be appointed by the Board of Directors of the Company.
- 3.2 The members of Corporate Governance Committee shall elect among themselves 2 members to act as a secretary and an assistant secretary to the Committee respectively.
- 3.3 The member of Committee shall vacate office upon;

- (1) Completion of term of office
 - (2) Death
 - (3) Resignation
 - (4) Being removed by the Board of Directors' resolution
 - (5) Having been imprisoned by a final judgment or legitimate order of imprisonment, except for an offence committed through negligence or a petty offence.
 - (6) Being an incompetent or quasi-incompetent person
 - (7) Being a bankrupt
- 3.4 In the case the member of Committee is also a Director of the Company, membership on the Committee shall automatically end as the member cease to be a Director of the Company.
- 3.5 Members of Committee shall be in office for a term of 2 years and can be re-appointed.
- 3.6 For resignation from the Committee, the resignation letter shall be submitted to the Chairman of the Company at least 30 days in advance except for the case of necessity.

4. Duties and Responsibilities

- 4.1 To regularly review the good corporate governance policy of the Company at least once a year so as to be in accordance with the international guideline and recommendation of supervisory institution or relevant agencies.
- 4.2 To report to the Board of Directors on the good corporate governance of the Company and make suggestion on the guidelines.
- 4.3 To set the direction for supervision policy, make suggestion and support for building of efficient risk management.
- 4.4 To hire external expert to act as advisor and to participate in the meeting of the Committee under approval of the Board of Directors or a person designated by the Board of Directors.
- 4.5 To gather information regarding remuneration of the Board of Directors and other sub-committee in order to present to the Board of Directors for consideration and to get approval from the annual general meeting of shareholders accordingly.
- 4.6 To perform any other duties as assigned by the Board of Directors.

5. Meeting

- 5.1 The Committee shall hold at least 2 meetings a year as deemed necessary and appropriate.
- 5.2 The agenda of the meeting and any supporting documents shall be sent to the Corporate Governance Committee in advance.
- 5.3 Not less than a half of all members of the Committee shall participate in each meeting to constitute a quorum.
- 5.4 In the case the Chairman of the Committee is not present in the meeting or are not able to perform his duty, the members present may elect one of their to be chairman.
- 5.5 The Committee may invite any relevant person to participate in a meeting and provide any related information.

- 5.6 The resolution of the Committee shall be passed by majority of votes. One member of the Committee shall have one vote. In case of equality of votes, the Chairman of Committee has a casting vote.
- 5.7 Any member of Committee who has interest in any matter to be considered shall abstain from voting on such matter.
- 5.8 The Secretary to the Committee or any designated person shall be in charge of taking the minutes at a meeting.
- 5.9 The Committee may request the Board of Directors to consider any special issue which it deems necessary.

6. Reporting

- 6.1 The Committee shall report to the Boards of the Directors the resolution of the meeting or any matter which is deemed to be known by the Board of Directors in the next meeting of the Board of Directors.
- 6.2 The Chairman of the Committee shall report to shareholders on the practice of good corporate governance of the Company by disclosing in the Company's annual report with the following information;
 - ▶ Number of meeting
 - ▶ Frequency of attending meeting of each member of the Committee
 - ▶ Performance of the Committee according to the Charter

7. Performance Evaluation

The Committee shall, on a yearly basis, perform self-evaluation and report to the Board of Directors the evaluation result and performance difficulties which may prevent the Committee from achieving the objectives in its establishment.

8. Remuneration

The Board of Directors shall present the remuneration for the Chairman and members of the Committee to the annual general meeting of the shareholders for approval.

Meetings of the CG Committee

The CG Committee met on regular basis per advanced scheduling and reported to the Board of Directors. They consider matters under the CG Charter (as per details shown in the Report from the CG Committee). In 2012, there were 5 meetings of CG Committee.

4. Risk Management Committee

In 2012, in order to improve structure of the Risk Management Committee to be more focus and aligned with annual Risk Mitigation Plan, composition of the Risk Management Committee has been adjusted to involve only those members of the Executive Committee who supervise functions that have been identified with high risk. The President or Chief Executive Officer (CEO) chairs the Risk Management Committee. Chief Risk Officer has been appointed together with senior manager as Risk Manager to drive effective implementation

of Risk Mitigation Plan. The Executive Committee will review composition of the Risk Management Committee on a yearly basis in order to ensure involvement of related functions that is the key success factor for Risk Mitigation Implementation.

The risk management process starting from risk identification which has significant impact to the principal management plan. The risk has been categorized into 3 levels; High risk, Medium risk and Low risk. The measure to prevent all risks has been set up in order to provide the control levels; Good, Moderate or Poor. Then, the risks which need active management have been determined and the risk treatment plan and key risk indicator has been set up to regularly monitor such risk management. The Company has assigned a Risk Manager to periodically monitor such risk management and report to the management.

In addition, effective crisis management has been established to recognize the types of crisis to which the Company could be exposed. It incorporates a crisis plan with business/ disaster recovery plans, complete with an associated crisis communication strategy.

Details of the Risk Management Committee Charter are as follows:

1. Objectives

- 1.1. To establish and implement an enterprise-wide risk management framework that is suitable and practical for efficient business management with international standard.
- 1.2. To support the Good Corporate Governance Committee or the Board of Directors in overseeing risk management activities
- 1.3. To build confidence and credibility with investors and stakeholders in the Company's business, as risk management is an integral part of good corporate governance.

2. Composition and Organization

- 2.1. The Risk Management Committee ("RMC") is established at the Executive Level.
- 2.2. RMC Members shall include Executives who are responsible for key risk areas of such particular period in order to fulfill the Company's objectives on risk management. RMC will review its member composition at least every other year, in order to align with the updated risk areas reviewed and proposed by the Risk Manager.
- 2.3. Chief Executive Officer (CEO) shall be the Chairman of RMC and Chief Financial Officer (CFO) shall be the Chief Risk Officer and Vice-Chairman of RMC.
- 2.4. Chief Risk Officer may appoint Secretary to the RMC for arrangement of meeting agenda, materials and minutes.
- 2.5. In the case that any RMC Member leaves the Office, or unable to perform the duties as RMC Member, the Executive Committee shall appoint replacement thereof within three (3) months.

3. Duties and Responsibilities

- 3.1. To approve Risk Management Policy for Big C and its subsidiaries and review the same at least on bi-annually basis, or promptly when there is any significant change.
- 3.2. To approve Risk Management Framework and Process for Big C and its subsidiaries and review the same on annually basis.
- 3.3. To monitor adequacy and efficiency of risk management processes and act as sponsors in promotion of risk management awareness across organization.
- 3.4. To ensure that each risk area has Risk Representative(s) and Risk Treatment Plan has been implemented appropriately and adequately, in accordance with the identified risk areas.
- 3.5. To make a summary report to the Good Corporate Governance Committee regarding efficiency on system, process, and implementation status of the Company's risk management.

4. Meeting

- 4.1. The Risk Management Committee shall hold at least 1 meeting per quarter.
- 4.2. Agenda of the Meeting shall be proposed by the Chief Risk Officer and approved by the Chairman of the Risk Management Committee.
- 4.3. Quorum of RMC Meeting requires a simple majority of the RMC Members.
- 4.4. The Chairman of the RMC shall chair the Meeting. If the Chairman of the RMC is not available, the Vice-Chairman shall chair the Meeting, or attending RMC Members may elect one of them to chair the Meeting.

5. Reporting and Disclosure

- 5.1. The RMC shall appoint a representative to present its report to the Good Corporate Governance on a regular basis.
- 5.2. The RMC shall promote transparency and awareness of the Company's risk management by disclosure its report in the Annual Report and Company's website.



5. The Executive Committee

The Management Team at 31 December, 2012, is as follows:

No.	Name-Surname	Position
1.	Mr. Yves Bernard Braibant	Chief Executive Officer & President
2.	Mr.Philippe Prejent	Vice President, Operations
3.	Ms. Rumpa Kumhomreun	CFO & Vice President, Accounting & Finance
4.	Mr. Praphan Eamrunroj	Executive Vice President, Properties
5.	Mr. Stephen Camilleri	Vice President, Human Resources
6.	Mr. Arnaud Dupont	Vice President, Merchandise
7.	Mr. Ian Longden	Senior Vice President, Small Store Format
8.	Mr. Regis Prigent	Vice President, Marketing & Communications
9.	Mr. Neil McCann	Vice President, Supply Chain Management
10.	Mr. Prawet Prungtangki	Vice President, Management of Information System
11.	Sarinthip Satitsatien, Ph.D.	Vice President, Business Development
12.	Mr. Bruno Jouselin	Vice President, General Merchandise
13.	Mr. Ross Farnsworth	Vice President, Food Merchandise



The powers, duties and responsibilities of the Management Team

The executives under the leadership of the Chairman and the Managing Director are responsible for supervising the operations of the Company that are in accordance with the specified objectives and strategies in line with the related legal framework and within the scope of power assigned by the Board of Directors. The Chairman and the Managing Director will present the strategic plan to the Board of Directors for approval, manage the operations of the Company as well as represent the company in matters related to third parties.

Remuneration for directors and executives

The Company established a policy for the remuneration for the Board of Directors, which was conducted in a reasonably fair and transparent manner in which it assigned the Corporate Governance Committee to consider the rate of remuneration to be in line with the industry. The rate should be sufficient to encourage and retain Directors who have the required qualifications and are suitable in conducting the Company's business operations. In 2012, the Good Corporate Governance Committee took into consideration the remuneration for the committees to be equal with that of the industry, and this included the responsibilities and obligations of the Company and proposed the same rate as year 2011 to each Committee, Secretary and Assistant Secretary. The details are as follows:



**Annual Remuneration:

a payment to persons serving in a position.

- ▶ Honorary Chairman: payable once a year.
- ▶ Company's Directors: payable by quarter.
- ▶ The Audit Committee and the Corporate Governance Committee: payable twice a year.

In the case whereby any member of the Board of Directors, Audit Committee, and the Corporate Governance Committee is not serving in a position and is replaced by a new member, the proportion of payment will be in accordance with the time in that position.

**Meeting Allowance:

A payment to members of the Board of Directors or the Audit Committee who attending a meeting.

Remuneration

Payable to	Remuneration			Meeting Allowance	Meeting Allowance for Audit Committee
	(Payable quarterly)	(Payable twice a year)	(Payable/monthly)	(Baht/ Meeting)	(Baht/ Meeting)
Board of Directors					
▶ Chairman	71,500	–	–	38,500	–
Traveling expense for Chairman not over 1 MB / year					
▶ Director	49,500	–	–	38,500	–
Audit Committee					
▶ Chairman	–	68,000	–	–	24,000
▶ Member	–	60,000	–	–	20,000
Corporate Governance Committee					
▶ Chairman	–	68,000	–	–	–
▶ Member	–	60,000	–	–	–
▶ Member who is an employee	–	25,000	–	–	–
Honorary Chairman	(Baht/Year) 100,000				

** Other Remuneration: None

The details of the number of attendance including the total remuneration of each board/committee members.

Name-Surname	Position in relation to director remuneration	No. of Attendance	Quarterly (Baht)	Meeting Allowance (Baht)	Total Remuneration (1) (Baht)
Mr. Akani Thapthimthong	Chairman of the Board	5/5	286,000	192,500	478,500
Mr. Paitoon Taveebhol	Director	5/5	198,000	192,500	390,500
	Chairman of Audit Committee	6/6	136,000	144,000	280,000
		5/5	120,000	–	120,000
					790,500
Mr. Nontaphon Nimsomboon	Director	5/5	198,000	192,500	390,500
	Chairman of Corporate Governance Committee	5/5	136,000	–	136,000
					526,500
Mr. Suthiluk Samranyoo	Director	5/5	198,000	192,500	390,500
Dr. Chiradet Ousawat Ph.D.	Director	5/5	198,000	192,500	390,500
	Audit Committee Member	6/6	120,000	120,000	240,000
					630,500
Dr. Uttama Savanayana Ph.D.*	Director	3/5	148,500	115,500	264,000
	Audit Committee Member	4/6	90,000	80,000	170,000
					434,000
Mr. Praphan Eamrungraj	Director	5/5	198,000	192,500	390,500
Mr. Ian Longden*	Director	5/5	198,000	192,500	390,500
Ms. Rumpa Kumhomreun*	Director	3/5	148,500	115,500	264,000
	Corporate Governance Committee Member/ Company Secretary (and employee)	5/5	50,000	–	50,000
					314,000
			300,000	–	300,000
Mr. Yves Bernard Braibant	Director	5/5	198,000	192,500	390,500
Mr. Strasser Arnaud Daniel					
Charles Walter Joachim	Director	1/5	198,000	38,500	236,500
Mr. Pedro Antonio Arias Douce	Director	3/5	198,000	154,000	352,000
Mr. Jacques Dominique Ehrmann	Director	2/5	198,000	115,500	313,500
Mr. Guillaume Pierre Antoine Marin Humbert	Director	2/5	198,000	115,500	313,500
Mr. Philippe Henri Alarcon*	Director	3/5	148,500	115,500	264,000
Director retiring from office by rotation					
Mr. Ulisses Kameyama**	Director	1/5	49,500	38,500	88,000
Mr. Suthitham Chirathivat**	Director	3/5	49,500	–	49,500
รวม					6,526,500

(1) some payments made in 2013

* New directors appointed at AGM 2012 (April 30, 2012)

** Directors retired from office by rotation at AGM 2012

Compensation of Executives:

The Company has a policy to compensate the executives in a fair and reasonable manner including compensation in salary, bonus, and other benefits. Hence, this corresponds to the Company's performance as well as that of each individual based on their position and level of responsibility.

	Number of Persons	Total Amount (Baht)
2011		
Salary, bonus and other remuneration	14	208,406,532.22
2012		
Salary, bonus and other remuneration	13	213,704,047.88

Other non-monetary remuneration that is not cash. None.

Audit Fees & Expenses

The Annual General Meeting of Shareholders for the year 2012 has approved the appointment of the following auditors from Ernst & Young Office Ltd. as the auditors of the Company and its subsidiaries and fixed his/her remuneration for the year 2012:

For the Company:

- (1) Ms. Kamontip Lertwitworatop,
auditor license no. 4377 and/or
- (2) Mr. Wichart Lokatekrawee,
auditor license no. 4451 and/or
- (3) Ms. Siriwan Suratepin,
auditor license no. 4604

For the Company's subsidiaries (15 companies):

- (1) Ms. Kamontip Lertwitworatop,
auditor license no. 4377 and/or
- (2) Mr. Wichart Lokatekrawee,
auditor license no. 4451 and/or
- (3) Ms. Siriwan Suratepin,
auditor license no. 4604

And fixed the remuneration for auditing of Baht 3,552,000 for the Company only and Baht 3,966,000 for the Company's subsidiaries (15 companies). The total of Baht 7,518,000 was fixed for the group as a whole.

There was no extra expenses.

The Company's Secretary

In accordance with the good corporate governance principles of the Company's registered responsibilities of the Board of Directors and the regulations of the Securities and Exchange Act, the Board of Directors is responsible for appointing qualified persons in the position of Secretary of the Company. Currently, the Company Secretary is Miss Rumpa Kumhomreun, the Executive Director and CFO (please see her qualifications and experience in the section of Education and Working Experience of Directors and Executives, with Mrs. Phatchada Muenthong, Director of Governance, Risk Management and Compliance(1), with experience as Company Secretary of listed company for more than 10 years, acts as the Assistant Company Secretary. She supports the Company Secretary in providing recommendations in legal and regulatory aspects to the Board of Directors and management that they need to acknowledge for the Company's benefit, as well as oversee and coordinate all matters for the Board of Directors' meetings and shareholders' meeting. She also arranges for the collection of the Company's important documents including the records pertaining to the Board of Directors, letters of invitation to the meetings, and minutes of the Board of Directors' and shareholders' meetings, Annual Report, as well as maintaining reports of any profits and losses of the Board or shareholders, administer, evaluate and make suggestions for the Company and the Board to perform in accordance with the related regulations, rules, and laws.

Remarks *Hold position of Assistant to Company Secretary in October 2012, in replacement of Mrs. Umawadee Rattana-Udom



Corporate Governance Report

Following is the CG Policy Statement proposed by the CG Committee to the Board of Directors

CG Policy Statement

The Board of Directors of Big C Supercenter Plc. ("the Board") believes that good corporate governance will enhance and support the objective of maximizing shareholder value.

Our CG practices will be the enablers for the above objective. We will conduct business under high ethical standards and in accordance with the laws, whilst keeping competitiveness in our retail business.

As a leading Retail Operator in Thailand, our good governance approach shall encompass the following elements:

- ▶ accountability
- ▶ transparency
- ▶ responsibility
- ▶ equality
- ▶ community support
- ▶ ethics

The Company believes that the above CG Policy Statement is clearly communicating the CG direction from the Board of Directors to all stakeholders regarding our CG commitment.

Corporate Governance Performance

Category I :The Rights of Shareholders

We protect and facilitate the exercise of shareholders' rights.

- ▶ The Company has selected TSD as the Company's share registrar to ensure security of our shareholders holdings. We take good care of basic shareholder rights, for example; our shareholders obtain relevant and material information on the Company on a timely and regular basis. We ensure that process in general shareholder meetings facilitates participation and voting from the shareholders. Election of directors is done on individual basis and we collect for each type of vote, not only for objection and abstain. We set our dividend payment policy and strive for shareholders wealth and value added so that shareholders can enjoy economic benefit from dividend as well.
- ▶ Our shareholders have the right to participate in, and to be sufficiently informed on, decisions concerning fundamental corporate changes such as:
 - 1) amendments to the statutes, or articles of incorporation or similar governing documents of the company;
 - 2) the authorization of additional shares; and

- 3) extraordinary transactions, including the transfer or receipt of transfer of all or substantially all assets, that in effect result in the sale of the company. We did not propose the Shareholders to consider matter during agenda "Other Business", in order to circumvent the obligation to inform our shareholders in advance.

Notice of AGM 2012 and its Minutes had evidenced on our performance on this matter well, where we proposed the addition to company objective, issuance of unissued shares. We also involved our shareholders when deciding cancellation of dividends on non-eligible shareholders. We did this to educate our shareholder about the importance of having shares held at the correct category so they will not become non-eligible shareholders.

- ▶ Shareholders have the opportunity to participate effectively and vote in general shareholder meetings and have been informed of the rules, including voting procedures that govern general shareholder meetings. We remind our shareholders in various places regarding voting procedures, both in writing and by reading out loud for shareholders at the beginning

of meeting. We expected that our communication will encourage the shareholders to effectively witness our vote counting, at the same time; it should reduce the rate of invalid votes. Vote counting was also done in very transparent way, having a third party from reputable law firm to witness and ensure that vote counting has done correctly to protect rights of minority shareholders. In terms of providing sufficient time for shareholders, once the Board of Directors decided on date, location and agenda of general meetings, we disclose such information to SET online and the Company's website. The Notice of Meeting included objective together with opinion of the Board of Directors on each agenda to support decision making of the Shareholders. The Company offered the opportunity for shareholders to ask questions from the board, including questions relating to the annual external audit, to place items on the agenda of general meetings, and to propose resolutions, subject to reasonable limitations as shown in our criteria for minority shareholders to propose agenda, director nomination and questions to AGM which provide a much more lenient condition on number of shares entitled to proposing agenda. For example, while the law requires the share holding of at least 5% of total shares outstanding, our criteria requires only holding of 100,000 shares which is 0.000118%. At the AGM 2012, we will place the appointment of audit committee as part of agenda in order to ensure effective shareholder participation in key corporate governance decisions. Every year, we propose shareholders to make their views known on the remuneration of board of directors and subcommittees. Our shareholders are able to vote in person or in absentia through proxy with equal effect. The Company offered options for the shareholders to appoint the Audit Committee or CEO as their proxy-holders.

- ▶ We disclosed Capital structures in detail as shown in top 10 shareholders table and our shareholding in subsidiaries.
- ▶ We allowed markets for corporate control to function in an efficient and transparent manner. When we acquired Carrefour's Thailand operations we disclosed information to our shareholders on sufficient and transparent manner.
- ▶ The exercise of ownership rights by all shareholders, including institutional investors, has been well facilitated. We ensure that dissemination of company information includes both Thai and English versions. Please see more information on facilitation of institutional shareholders in our Investor Relation section.

- ▶ We don't create any obstacles to prevent shareholders to consult with each other on issues concerning their basic shareholder rights.

Category 2 :The Equitable Treatment of Shareholders

We ensure the equitable treatment of all shareholders, including minority and foreign shareholders.

- ▶ We treat all shareholders equally. All shares of Big C carry the same rights, one share one vote. Vote cast by custodians has been facilitated to reflect our equitable treatment of all shareholders. Our procedures don't make casting vote unnecessarily difficult or expensive.
- ▶ We prohibit insider trading and abusive self-dealing as part of the Confidential Agreement that is required to be signed on a yearly basis.
- ▶ The Company requires members of the board and key executives to disclose to the board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the Company. We also disclose such information in the Annual Report.
 1. There was no financial assistance provided for companies that were not subsidiaries of the Company.
 2. No reports were made between Company partners that could have had any significant conflicts of interest.

Investor Relations

Guiding principles

"We believe in equitable treatment of all our shareholders and we shall ensure that our policy and practice provide adequate assistance to minority shareholders of the Company."

To us all our shareholders opinions are important and we strive to make it easy for them to be heard. For example, we hold our shareholders annual general meetings in venues that are easily accessible, we make it easy for our shareholders to vote whether they are present in a meeting or voting through proxy, we encourage our minority¹ shareholders to propose agenda for our annual general meeting by having low shareholding requirements,² and we don't have separate classes of shares with different voting rights (except non voting depository rights "NVDR")

¹ Minority shareholders include the following shareholders holding less than ten percent of the Company's shares:

- ▶ Individual or legal entity shareholders, both Thai and foreign nationalities
- ▶ Institutional shareholders, both Thai and foreign nationalities

² Requirement to propose AGM agenda is 100,000 shares or 0.012% of total shares (this compares to 20% requirement by law). These shares can be owned by one shareholder or be combined.

As a listed company on the Stock Exchange of Thailand, we recognize the importance of disclosing the information related to financial and non-financial issues that may impact investors' decision making process and we strive to disclose such information in an accurate, complete, regular, and timely manner.

Company's investor relations contact person is Mr. Rami Piirainen, Director of Investor Relations. Investors can enquire any information disclosed by the company by telephone: 02-655-0666 ext: 7416 or via email at: pirami@bigc.co.th. Company's media

contact is Mr. Kudatara Nagaviroj, Director of Corporate Image. Any enquiries related to television, printed media, or advertising should be directed to him by telephone: 02-655-0666 ext: 7192 or via email at: nakudatara@bigc.co.th. Our Call Center also provides effective service in terms of responding to any inquiry or complaint from customers, suppliers, employees, and any interested person. The compliance report is monitored by management on routine basis, in order to ensure continuous development and customer satisfaction.

The Company will disclose information to general public via the Stock Exchange of Thailand as well as through various channels to offer more choice to shareholders, investors, stakeholders, and other interested persons. These channels are:

www.bigc.co.th	Through its website company disseminates its quarterly performance, annual reports, shareholders meeting reports, financial information, annual information disclosure form (Form 56-1), news reported to the Stock Exchange of Thailand, and corporate news. Shareholders can also find information related to shareholders meeting under "Investor Relations".
Periodic Report	For example, Quarterly Financial Result and MD&A have been disclosed on SET website on timely basis.
Non Periodic Report	We follow disclosure guideline and ensure that our shareholders and public have received equal and adequate information. In 2012, we reported 19 items of non-periodic reports on SET website.
Investor Presentation	The Company holds quarterly investor presentation to strengthen its relation with investors and analysts and to give them an opportunity to learn more about Company's business and ask related questions. In these presentations Company announces its quarterly performance and operational developments. High-ranking Company executives join these events. The presentation slides are uploaded to Company's website.
Shareholders Meeting	Annual General Meeting of Shareholders is organized on an annual basis to give shareholders an opportunity to obtain relevant information, offer opinions, ask questions, and vote. We encouraged the shareholders to share their opinion, under standard procedure to ensure that all shareholders are facilitated on a fair basis.
Company Visit	The Company offers an opportunity for institutional investors and analysts to request a meeting with the Company's management to learn about Company, its performance, and trends. During 2012 we conducted 137 company meetings at our head office.
International Road Show	The Company conducts road shows to meet with foreign institutional investors who are interested to learn more about the Company. During 2012 company conducted total of 15 road shows to Hong Kong, Singapore, Kuala Lumpur, Paris, London, New York, Boston, and Toronto.
Conference Call	The Company provides conference calls for foreign institutional investors and analysts to give them a chance to learn more about the Company and its business. During 2012 we conducted 26 scheduled calls with institutional investors and analysts.
Conferences	The Company chooses to attend some conferences during the year to meet with many institutional investors during the event in one-on-one or small group meetings. During 2012 company attended 5 conferences held in Bangkok.

During the past year company conducted the following activities between shareholders, investors, analysts and Company's high-level executives:

Month	Investor presentation	Shareholders' meeting	Company visit	Conference Call	Road show	Conference
January			9	1		1
February	1		12	3		
March			12	3		2
April		1	7		2	
May	1		11	7	1	1
June			16	1		
July	1		6	2	2	
August			9	1	2	1
September			18	2	2	
October	1		11	4		
November			19	1	1	
December			7	1		

Category 3: The Role of Stakeholders in Corporate Governance

The company has set up the policy and measures, placing significant importance on all stakeholders as follows:

Employees:

The Company treated employees in a fair and just manner, as well as provided appropriate compensation that was similar to other industries in accordance with employees' knowledge, performance, skills, and nature of work as well as increased the benefits to be in line with the changing economic situation. Moreover, the Company continually promoted and developed its human resources.

Trading partners:

The Company had procedures for supporting the prices, selection of suppliers/vendors/facilitators, and entered into agreements with each group in accordance with trading conditions that were equally transparent and fair. Each step of the process had a mediating committee who considered the various issues. The Company increased the principles for all parties to report their profit and loss in the way that the Company had specified, so to reaffirm the facts relating to the relations with the Company, Committee and/or management depending on the circumstances.

Creditors:

The Company strictly adhered to the terms and conditions of loans in accordance with the agreements and contracts with the creditors.

Customers:

The Company offered customers good quality products and listened customers feedback. We have division in place that oversaw and rapidly dealt with customers' complaints.

Competitors:

The Company conducted its operations within the appropriate framework for fair competition among competitors, and did not utilize any unfair tactics against them. The Company adhered to the principles that support free and fair trade.

Corporate social responsibility:

The Company demonstrated responsibility by focusing on the environment, community, and society. This was organized by establishing and funding the Big C Foundation to support community infrastructure and education for youth that would generate long-term benefits for society.

Communication channels:

In overseeing all stakeholders including shareholders, customers, and other groups, the Company took into consideration and gave importance to having a cooperative mechanism.

Current contact channels for all stakeholders include email, website (www.bigc.co.th), call center (1756), whistle blower box at all branches, and post. Contact persons for each group of stakeholders are:

- ▶ Shareholders: Company Secretary and GRC function
- ▶ Investors / Analyst: CFO and Investor Relations function
- ▶ Media: VP-Marketing and Corporate Affairs function

- ▶ All stakeholders including customers, business partners, employees and communities: Business Development function (for Call Center, Website, and Post), Loss Prevention function (for whistle blower boxes)

In late 2012, we reviewed our Contact Channels for All Stakeholders, per recommendation of the CG Committee (see details in Report from the Corporate Governance Committee Year 2012). We will report the progress in the Annual Report 2013.

Whistle Blowing – Ensuring the information escalation to the Board of Directors

In the case where there are complaints lodged against the Company's Management, the Secretary to the Corporate Governance Committee will scrutinize and compile the facts from related functions, then report to the CEO. However, if the complaints relate to fraudulence and/or misconduct by management or employees in management level, the Secretary to the Corporate Governance Committee will also report the investigation result to the Chairman of the Audit Committee. Either the CEO or the Chairman or the Audit Committee shall report to the Chairman of the Board, so that the Chairman of the Board will bring the same to the consideration of the Board of Directors.

Category 4: Disclosure and Transparency

We ensure timely and accurate disclosure on all material matters regarding the Company, including its financial situation, performance, ownership, and governance.

- ▶ Main channels for our information disclosures are
 - (1) SET website www.set.or.th
 - (2) the Company website www.bigc.co.th. Our Annual Report (form 56-2) and Annual Statement (form 56-1) complied with the requirements.
- ▶ We prepared and disclosed information in accordance with high quality standards both in the category of (i) accounting and financial disclosure and (ii) non-financial disclosure.
- ▶ The audit of Company's financial statements have been conducted by an independent, competent and qualified, auditor in order to provide an external and objective assurance to the board and shareholders that the financial statements fairly represent the financial position and performance of the company in all material respects. (For more details, please refer to Report from the Audit Committee Year 2012 to Shareholders.)

- ▶ Our external auditors are accountable to shareholders and exercised due professional care in the conduct of the audit. For example, the external auditors requested for a meeting with the CEO in order to review the case of major fraudulence (if any).
- ▶ Our channels for disseminating information mentioned above provide equal, timely and cost efficient access to relevant information.
- ▶ We support the work of analysts, brokers, rating agencies and others parties whose work might affect the investment making process of investors, by providing them information free from material conflicts of interest that might compromise the integrity of their analysis or advice. Materials disseminated to analyst have been uploaded to our company website to be accessible to any interested party.

Category 5: The Responsibilities of the Board

We ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board's accountability to the Company and shareholders.

- ▶ Our board members act in good faith, with due diligence and care, and in the best interest of the company and the shareholders. During the acquisition of Carrefour Thailand operations, they facilitated the Company's need to hold frequent Board Meetings as the matter is very important to the Company's growth strategy. More evidences are shown in the Reports from the Audit Committee and from the CG Committee
- ▶ Where board decisions may affect different shareholder groups differently, the board treated all shareholders fairly.
- ▶ Big C's board applies high ethical standards and takes into account the interests of stakeholders, as shown in the CG Policy Statement that becomes CG guideline for the Company.
- ▶ In addition to the Board of Directors and the Executive Committee, the Board appoints 2 subcommittees that contributed by the independent directors; (i) the Audit Committee and (ii) the Corporate Governance Committee, both at the board level. Both the Board of Directors and subcommittees fulfill certain key functions, including:
 - (1) Reviewing and guiding corporate strategy, major plans of action such as new projects, risk policy and risk management charter, annual budgets and business plans
 - (2) Monitoring the effectiveness of the company's governance practices and making changes as needed.

Conflicts of interest

In order to prevent any conflicts of interest, the Board of Directors oversaw and considered various issues that could cause a conflict of interest when they arose. Thus, the Board of Directors announced the measures for reporting of any conflicting matters of all committees and management, and that these matters must be reported within a period of 7 days as from the day of the incident. The Board of Directors also set a policy and approval process of the related transactions in accordance with the rules and regulations of the Stock Exchange of Thailand, including the setting of a policy and methods of supervision for the management and related persons to prepare the Company's internal information to be utilized in a beneficial way. The Audit Committee will report the related transactions with a potential conflict of interest, or those with juristic persons or related persons, to the Board of Directors. Each matter will be considered and processed in accordance with the rules and regulations of the Stock Exchange of Thailand with the stipulated costs and conditions, which is to be equivalent to that of an external vendor (Arm's Length Basis). Moreover, the disclosure of cost lists, contractual parties and rationales were sufficiently shown in the Company Annual Report and Form 56-1.

For the supervision of internal information, the Board of Directors and high-level management were required to report any changes of the Company's stock trading to the Security Exchange Commission in compliance with Section 59 of the Stock Exchange of Thailand Act (No.3) B.E. 2535 within 3 business days from the date of purchase, sale, transfer, or receipt. In addition, the Corporate Governance Committee recommended that the Board of Directors and high-level management report the number of shares they hold in the Board of Directors' Meeting each quarter. This procedure has been continually conducted since the previous year.

Code of ethics and business conduct

The Company has a policy to conduct its business operations by abiding by a high code of ethics including complying with the law, trusting the sincerity of employees, maintaining the good relationship with suppliers, disclosing corporate information, ensuring fair competition, and maintaining the Company's assets. Therefore, the directors, executives, and employees gave importance and had a responsibility to conduct the business operations in an appropriate manner on a regular basis to be in accordance with the written declaration of the set business standards of the Company. Consequently, the Company will continually follow up its performance and campaign to promote organizational culture and working values to be recognized by all related parties.

Balance of power

In 2012, the Company's Board of Directors comprises 15 members as follows:

- ▶ 11 Non-Executive Directors (5 are independent directors)
- ▶ 4 Executive Directors

There was a change of the Chairman of the Board of Directors from a representative of shareholders (Mr. Sudhitham Chirathivat to an outside director (Mr. Akani Thapthimthong). The Board of Directors has asked the CG Committee to review the qualifications of independent director of the new Chairman in early 2013 and will update the information at the AGM 2013.

The Chairman of the Board of Directors is not the same person as the President of the Executive Committee. Therefore, balance of power between the Board of Directors and Executive Committee functions effectively.

Director Nomination

Sources of Nominations.

The Company shall consider suggestions for potential director candidate to the Board of Directors from any source, including current members of the Board of Directors, the Company's management, advisors to the Company and shareholders of the Company. Qualifications for consideration as a candidate of the Board of Directors may vary according to the particular areas of expertise being sought as a complement to the composition of the existing Board of Directors.

Opportunity for Minority Shareholder to Propose Candidate. Procedures have been communicated to shareholders more than 3 months before the board meeting to consider agenda for AGM 2013 (October to end January 2013). Unfortunately, no minority shareholders proposed director candidate.

Nominee Selection Process.

The Chairman shall propose names and qualifications of director candidates to the CG Committee. The CG Committee shall review qualifications of nominees and render opinion to the Board of Directors.

The full Board of Directors shall select and recommend candidates for nomination as directors for shareholders to consider and vote upon at the annual shareholders' meeting.

Director Remuneration

The CG Committee shall gather information on director remuneration in the companies with similar business and render opinion to the Board of Directors. CG Committee made recommendation that remuneration for the Board and subcommittee should reflect work and responsibility and competitive among similar industries.

The full Board of Directors shall consider and further propose to shareholders for consideration and approval at the annual shareholders' meeting.

Internal Control and Risk Management

Internal Control

To ensure an effective internal control system, company has designed the internal control system to cover all scopes of business activities. The Company's Audit Committee, whose members are independent directors, has regularly monitored and regulated all operational, financial and compliance aspects, to promote efficiency and effectiveness. To assure that company will comply with Good Corporate Governance policy, the audit committee also gives advice to management team periodically for improving internal control system as well as detecting any possible risk that could be a threat to the Company.

Referring to The Committee of Sponsoring Organizations of The Treadway Commission (COSO), our key practices of internal control are

1. Control environment

Control environment is the key foundation for other components of internal control. Therefore, to create efficiency, company has conducted the structure with visible reporting lines, appropriate authorities and responsibilities in the pursuit of objectives, whereas all employees are informed and are aware of their own roles and responsibilities.

Code of Conduct is designed as a guideline for all employees to help them to follow Corporate Governance policy. Code of Conduct is set as a manual for board of directors and management level to transparently act and perform at regular with ethics.

2. Risk assessment

Risk assessment involves the process of identifying and analyzing risks by determining the risk level into 3 classes (high, medium and low). This process also includes the preventive actions and evaluates the control level of preventive measures. After this the residual risk will be considered and managed by risk treatment plan.

The key risk indicators are set for constant monitoring under risk manager's responsibility who also evaluates the results and reports to management.

Risk identification is considered across the company including the risks in operational functions. The company plans to focus more on operational risks, particularly in-store processes by reflecting them in our internal control plan.





3. Control activities

As an assurance, company has ascertained the following actions

- ▶ set policies and regulations in writing and communicate to all employees to create same practices and understandings
- ▶ established the policy of “authorized approval” in each management level
- ▶ determined visibly of each function’s responsibility under compliance policy. For example, the approval of asset booking and asset’s custody are under different functions to segregate the authority to ensure check-and-balance.
- ▶ Board of Directors set that any “related party transaction” have to be under regulated company’s authorized policy and comply with SET rules and regulations. Company’s Board of Directors, all directors and management team have been constantly and strictly complying with this policy.

4. Information & Communication

The company’s management information system is to serve an internal communication under constantly development. MIS is a tool for protecting company information from any unauthorized access.

Company has set several efficient channels to assure effective internal and external communication.

5. Monitoring & Evaluation

Internal audit function is responsible for governance and auditing all business activities under an annual audit plan. Moreover, the audit team has to submit audit reports, monitoring report, recommendations and follow-up report to head of function, CEO and Audit Committee. In case of any significant issue, an Audit committee will report to Board of Directors.

Three members of Audit Committee attended the Board of Directors meeting no.1/2555 on 21 March 2012, the Committee who previously approved the evaluated form of internal control summarized that according to the 5 key principles of internal control system

- ▶ control environment
- ▶ risk assessment
- ▶ control activities
- ▶ information & communication
- ▶ monitoring & evaluation

The committee have an opinion that the internal control over transactions between major shareholders, directors and management team and other internal controls are satisfactory. The committee agreed with the Board of Directors opinion. Furthermore, according to auditor report, auditors have not detected any significant concerns that could affect financial internal control of company.

Risk Management

The Company adopted Enterprise Risk Management as a tool to handle with uncertainty that may have impact on business goals, together with the development on Business Continuity Plan to ensure that the Company can accomplish its goals, to deal with the changes and risks that may occur immediately, to create more shareholders and stakeholders confidence, to ensure that the Company runs the business properly and transparently relating to Good Corporate Governance by implementing Enterprise Risk Management.

Board of Directors approved Risk Management Policy and authorized Risk Management Committee for this responsibility. Also note that the Company's executives have to do the Risk Assessment on yearly basis. Risk Manager will be a coordinator who analyzes and evaluates the results whether particular risk is at acceptable level or not. Risk Manager is required to report and provide the solution (if any) to Risk Management Committee for consideration and then to propose to Good Corporate Governance Committee and Board of Directors respectively.

Adequacy Assessment Form

This form was prepared by the Board of Directors and represented the opinion of the Board on the adequacy of the Company's internal control system for the year 2012 (please see in Appendix).



Corporate Governance Practices that the Company cannot comply

In 2012, the Company has improved its CG framework in various aspects as mentioned in the Report from the Corporate Governance Committee 2012. There are certain items that we cannot comply at this point and time. However, we would like to explain as follows:

1. Establishment of Nomination and Remuneration Committee

Nonetheless, the Charter of the Corporate Governance Committee and direction from the Board of Directors Company allows the CG Committee to oversee this area. Therefore, although the form is different, but the substance has been delivered by the CG Committee. Currently, majority of CG Committee are independent directors. Therefore, nomination and remuneration is done without conflict of interest.

2. Multi-directorship Policy that prevents directors to serve more than 5 companies

The business module of the company is retail-rental. As seen in the shareholding in subsidiaries, we have many subsidiaries, and the executives directors of Big C serve as board members of subsidiaries. However, those subsidiaries do not have separate office or personnel. The reason that our executive directors have to be on the board of the subsidiaries is to ensure alignment with the Company. Therefore, the limit number of 5 companies, either other listed companies and its subsidiaries, is not achievable now. However, the Company can ensure that those directors have adequate time and effort spent to the Company, with the objective alignment.

HR

At Big C, People Matter

At Big C, employees are the key drivers of the company's success. Our Human Resources Division is focused on developing our people throughout their careers, nurturing talents and encouraging professional development in tandem with the growth of the business. With this vision, we aim to attract and retain the best people in the retail industry.



An Employer of Choice

A cornerstone of Big C's HR policy is to become a renowned employer of choice - a place where people want to contribute their best - by transforming our company culture with employer branding initiatives.

In 2012, Big C's presence in the career market featured a very strong focus on employer branding. We participated in three major job fairs, including the JobsDB Career Expo, Your Career 2012 with The Nation, and Careers for the Disabled with the Ministry of Labour. We also implemented a university road show, student career fair with campus recruitment, and student internship programs. At the same time, we revamped the HR website and leveraged Big C's social network channels.

As a result of such employer branding activities, Big C was able to attract a new generation of employees with fresh, innovative ideas to enhance management, boost competencies, and strengthen our internal talent pool.

Championing Equal Opportunity and Diversity

We are committed to fostering equal opportunity in employment and promoting diversity in our work force. Our policies and practices focus on countering discrimination (in gender, age and nationality, etc.), and supporting persons with disabilities or other non-conventional issues.

As part of our commitment to **"removing barriers to employment for people with disabilities"**, we provide prejudice-free employment opportunities and proactively work with relevant government and civil society agencies to support activities for the disabled.



Hearing impaired staff at Big C Supercenter, Rayong

In 2012, Big C is proud to be the first and the only retailer to meet – and even exceed by 17% – the legally required ratio of disabled employment. The successful and sustainable integration of disabled persons into the Big C family earned us a Plaque of Honor from the Ministry of Social Development and Human Security recognizing Big C as the **"Outstanding Organization for Persons with Disabilities"**.

Rewarding the Right People

Big C's Compensation & Benefits program is an important part of the company's employment relationship. Along with challenging work and career development opportunities, we have also highlighted Big C's Compensation and Benefits policy when attracting, motivating, and retaining our high performers and key contributors. Our principle is to pay for performance, recognizing and rewarding employees whose accomplishments align with the company's goals. We also deliver a reward package based on relevant market practices, ensuring that our pay practice remains competitive within the industry.

2012 presented a huge challenge for Big C and other retailers, namely the new minimum wage increase to 300 baht per day. This took effect on April 1, 2012 and will be rolled out across the country by January 2013. We consider this to be a significant issue that impacts both small and large labour forces. Throughout the year, Big C has actively led and responded to the legal changes involved in the new wage structure, and we adopted a dynamic Compensation & Benefits strategy to support the changes.

In addition, we successfully developed a new job grading and pay structure to support and reward high levels of performance and contribution. This is to ensure that the pay and grading structure continues to meet both Big C's need for flexibility and our people's need for professional development. New job advancement guidelines were also developed and introduced, clarifying the new promotion concept that supports Big C's internal career progression and development drive.

To strengthen the implementation of performance management initiatives, a new merit tool will be introduced and applied to the Head Office's executives and non-executives in 2013's salary review. This new tool considers both employee performance and market positioning - an impartial approach to make certain that high performers are rewarded appropriately.

Investing in Talent

At Big C, we invest in our talent and believe that our success relies on having the best employees in our organization. The main purpose of the Talent Program is to attract, develop, and retain the most highly qualified and motivated individuals with the skills, drive, and leadership aptitude to take on roles and responsibilities that will be key to Big C's future success.



Our Talent Program is designed to provide an efficient and supportive structure for developing the inherent skills and qualities of our staff. Participants learn to excel through this program; in addition to being an important factor that helps us achieve our organizational goals, implementing a compelling model that reflects the company's values and culture also plays an important role in ensuring Big C's continued success.

In 2012, we launched a new performance management system that includes Leadership & Functional Competencies for Executive Level Staff. The system also includes working performance measures (KPIs), Big C core value behavior alignment, and competency development. We are also preparing to launch subsequent training and development roadmaps to further enhance leadership skills and functional competencies.

In 2013, we will apply this new performance approach to employees at the Management Level and plan to launch the Talent & Succession Planning program, including talent identification and talent development.

At Big C, We Grow Together

Encouraging Internal Career Progression

We offer our people numerous internal career opportunities throughout our Head Office and retail stores to enable them to progress at Big C. In addition to fostering equal opportunity for advancement, this helps promote diversity among our employees. Employees who have potential talent will find opportunities to be promoted within their group or across functions in the company. In 2012, over 3,900 employees, or 20% of our workforce, received such promotions.



Learning at Big C Academy

We provide an optimal environment for learning and development. Our aim is to develop our talented individuals, and to create a space for our employees to continuously work on the improvement of their skills and knowledge, thereby sustaining high performance.

In June 2012, we opened the Big C Academy, a new learning center for employee development. This facility boasts 1,800 square meters of space, with nine training rooms and an auditorium with 140 seats. It also includes a 240 square meters canteen that can be used as a dining or recreational area.

The Big C Academy fully supports leadership development and expansion of learning channels to further improve Big C's staff capacity, including the delivery of superior customer service. The Big C Academy offers several learning channels such as face-to-face training, e-Learning experiences, and access to e-books.

The e-Learning channel will be used to develop orientation content for all Big C business units and provide leadership courses such as General Managerial Skills, Decision Making, Problem Solving Skills, and Negotiation Skills to enhance employees' self-learning initiatives.

E-Books will be used to teach operational processes where employees are able to learn independently. Face-to-face educational programs will also be available to augment the knowledge provided by e-learning courses.

Under our direction, the Big C Academy has been geared toward improving the company's critical success factors through leadership development programs. In 2013, the Big C Academy Team plans to expand the Leadership Development Program to encompass two levels: the managerial level and supervisory level. The content of such programs are aligned with Big C's leadership competencies, including Engage, Work with Others, and Leading Change. Leadership programs will be implemented for both levels within the second half of 2013.

Every Voice Counts

We have undertaken an Employee Engagement Survey project in order to gather more information and evaluate our employee engagement levels in stores. This annual survey focuses on the formulation of action plans to enhance and foster an effective working environment, as well as to strengthen and promote employee engagement on a continuous basis. The survey is intended to assist Big C towards being recognized as an employer of choice in accordance with its aims.

Apart from this, we organize many activities for our employees such as the Big C Big Ideas program that provides staff with opportunities to come up with new ideas and initiatives that help increase organizational effectiveness and reward success. We also regularly organize recreational events such as Big C Core Values, the New Year Party Celebration, and functional team building outings.

Sustaining Environmental Health and Safety

Our most valuable asset is our people. Big C thus realizes that health and safety in the workplace is one of the most important factors. We aim to create a happy working environment for all, consistently focusing on maintaining high standards of occupational safety and health.

The work environments in all stores and the Head Office comply with National Safety Laws. Comprehensive safety measures were implemented across the organization. These include occupational health, safety and working environment policies, standard operating procedures and company-wide contest as well as natural disaster response committee and fire training and evacuation drill.





Corporate Social Responsibility Report: Being More Than Just a Retailer

For 20 years, Big C Supercenter has been an active contributor and long-term development partner of communities nationwide. We are not just a retailer. Our relationship with consumers and communities extend beyond normal trading relations. We are a friend and family to consumers and stakeholders across Thailand. Big C employees corporate-wide are encouraged and supported to take active role in doing what we can to improve quality of life for consumers and communities nationwide.



In 2012, Big C's corporate social responsibility has evolved to cover 4 main areas:

education, environment, health
and community development.

Education

Big C Foundation, the focal point of Big C's education initiatives, commemorated its 10th Anniversary in 2012. Under the philosophy **"Big C Foundation – fostering dreams, smiles and happiness for the Thai communities"**, the Foundation contributed over 230 million Baht to support and promote youth education by constructing 37 school buildings for underprivileged schools across Thailand, granting over 28,000 scholarships to students nationwide and constructing youth development facilities such as library, basketball courts and community hospital.

Big C Foundation's contribution to education and youth development in 2012 are:

- ▶ 10 Big C School Buildings worth 15 million Baht for schools nominated by Ministry of Education;
- ▶ 4,000 scholarships totaling 12 million Baht for secondary school students nationwide;
- ▶ A community hospital for hill tribes people in remote area of Northern Thailand
- ▶ Mini libraries and encyclopedias for underprivileged schools;
- ▶ Construction of the 10th basketball court in Nakhonsawan

As Big C Supercenter grows, so does the work of Big C Foundation. We will continue to do more to support education and development opportunities for children nationwide – because they are the future of Thailand.



Environment

Big C's nationwide presence and high customer traffics make us an integral part of consumers' daily life. This is why Big C always uses our store network to promote awareness and campaigns on reducing impact of daily consumption on environment.

In 2012, Big C launched the **“Easy things you can do to save the Earth”** concept that encouraged consumers and the general public nationwide to perform easy daily tasks to **“reduce, reuse, recycle”** as follows:

Reduce & Reuse

“Think-Do-Act Energy Saving”

Saving the environment begins at home. Throughout 2012, Big C employees practiced energy-saving tips such as turning off the lights and computers during lunchtime, use less elevators, print less and print on recycled paper. In all our stores, we inspected and maintained all refrigerators, chillers and air-conditioning systems to be in good order so that they can maintain the same temperature throughout the days. We also changed to use energy-saving light bulbs. These small and easy tasks saved significant amount of energy and resources.



“Save the Earth Bag”

Plastic bags pose significant impact on environment and cause environmental problems such as global warming, flood and toxic waste pollution. In Thailand, over 60,000 tonnes of plastic waste are generated every month. In 2012, Big C launched the **“Save the Earth Bag”** campaign to encourage customers to substitute the use of plastic bag with this durable, lightweight and high capacity reusable bag that can handle up to 20 kilograms. Save the Earth Bags were put on sale in all stores and received warm customer responses from both Thai and foreign customers.

Recycle

“Green Roof Project”

Since 2010, Big C and our green partners, Tetra Pak (Thailand) and Fiber Pattana, have continuously promoted recycling of used beverage cartons which would normally be discarded as garbage. Consumers can bring used cartons to Big C nationwide where they are collected, processed and turned into recycled paper products and **“green roof”** – a foil roof that can withstand heat, rain and reduce indoor temperature by 2 degrees Celsius. The roofs were donated to Friends of Pa Royal Foundation, who used the green roofs to build new houses for victims of natural disaster.

In 2012, Big C stores nationwide received over 216,000 kilograms of used beverage cartons. During the 3 year of the project, 453,000 kilograms of used cartons were collected and turned into green roofs for over 300 houses.



“Mobile-Battery-For-Life Recycling Point”

Electronic waste such as mobile battery, mobile phones and accessories contain both reusable material and toxic waste. In 2012, Big C teamed up with Total Access Communication PCL (DTAC), Thailand’s leading telecommunication services provider, to set up recycling points for mobile phones, batteries and accessories in Big C hypermarket and Big C Market stores nationwide.

“Green Supply Chain Initiatives”

Big C’s supply chain, operated 24 hours a day, uses efficient and environmentally conscious innovation and new technology to help reduce trips, carbon emission and fuel usage. In 2012, Big C’s “green supply chain” eco-friendly truck fleets operated in the most efficient and environment-friendly manner by using new energy-saving technology to transport more pallets in one truck, save energy and reduce carbon dioxide emission by 47%.

Health

Everyday, millions of customers visit Big C stores nationwide. Big C uses this opportunity to bring health services and healthy lifestyles to our customers throughout the year through the following campaigns:

Primary health check-up:

Big C worked with Ministry of Public Health, provincial health office and Bangkok Metropolitan Administration to set up health-inspection booth in Big C stores nationwide. Customers can have a check-up on diabetes, bone mass, blood pressure while they shop.

Healthy consumption:

Big C and Department of Health regularly set up booths to advice consumers of healthy consumption tips such as how to select and clean fresh produces, how to read nutritional labels, benefit of healthy food in various Big C stores nationwide. Big C also used popular social media channels such as Facebook to disperse health-related information and conduct below-the-line activities to promote healthy consumption such as the “Drink Milk for Health” campaign during World Milk Day.

Blood donation:

Every month, Big C invited the Thai Red Cross Society to set up blood donation booth in Big C stores. Blood donation has developed into one of the most popular activities for both Big C customers and employees.

Community Development & Assistance

Having been an integral part of communities nationwide for 20 years, Big C always strives to bring sustainable positive impacts to communities. Projects implemented in 2012 are:

Big C Smile Unit:

In cooperation with Ministry of Interior, Big C members in every store joined Ministry of Interior in 2012 to visit over 300 communities in 57 provinces to construct and renovate public facilities in local community and provide community members with everyday knowledge, entertainment, and necessities.

Supporting Disabled Persons:

As part of our commitment to “removing barriers to employment for people with disabilities”, we provide prejudice-free employment opportunities and proactively work with relevant government and civil society agencies to support activities for the disabled.

In 2012, Big C is proud to be the first and the only retailer to meet – and even exceed by 17% -- the legally required ratio of disabled employment. The successful and sustainable integration of disabled persons into the Big C family earned us a Plaque of Honor from the Ministry of Social Development and Human Security recognizing Big C as the **“Outstanding Organization for Persons with Disabilities”**. We also signed an MoU with the Ministry to work closely to promote opportunities and support reintegration of disabled persons into the society.



Big C Quality Line:

Big C worked with over 300 farmers to initiate **“Big C Quality Line Program (BQL)”** to develop quality-controlled farming that ensures high-quality and traceability of 12 fresh food categories in order to offer guarantee to the consumers that the produces are 100% high-quality, Q Mark-GAP-GMP certified, fresh, clean and safe from pesticide, contaminants and toxins. BQL helps guarantee regular and predictable flow of income to farmers who can then confidently plan their production cycles. It also helps bring farm-fresh produces to consumers nationwide.





Smile District (Amphur-Yim):

Starting in 2010, Big C's Smile District -- cooperation with Ministry of Interior to set up one-stop government's service office in 15 Big C stores -- continued to be increasingly popular among consumers who are looking for government documentation services with added convenience and without having to go to provincial office.

Economic Well-being Promotion Campaign:

In cooperation with Ministry of Commerce, Big C regularly helped handle shortage and oversupply of agricultural produces, basic commodities and prepared- food to curb rising consumers' cost of living and support Thai farmers.



Flood Relief and Assistance:

Big C stands by the side of the Thai communities both in happy -- and especially during trying times. In 2012, although there was no widespread flooding as in 2011, Big C Supercenter PCL and Big C Foundation continued to carry out flood-relief and restoration efforts for victims in affected areas nationwide.

Happy Rice Project:

In cooperation with Chaipattana Foundation, Big C helped flood-affected farmers grow toxin-free GAP- and GMP-certified rice to sell in Big C to guarantee stable income to revitalize their livelihoods.

Supporting Local Traditions:

Big C regularly supported promotion and preservation of local traditions through taking part in the organization of local events and providing complimentary event space and products.

OTOP Promotion Program:

Throughout 2012, in cooperation with Ministry of Interior, Big C regularly organized OTOP festivals at stores nationwide and carried over 300 SKUs of OTOP products;

Business Analysis & Report





Statement of Directors' Responsibilities

The Board of Directors is responsible for overall financial statements of the company and its subsidiaries and any financial information shown in the Annual Report. The financial statement was prepared in accordance with the accounting standard as generally accepted in Thailand, which comply with major international accounting standards. The Company chooses appropriate accounting policy and always acts accordingly together with careful discretion and the best estimation for such arrangements. This includes adequate disclosures of necessary information in remarks and appendix of the financial statements.

The Board of Directors maintains the efficiency of the internal audit control system in order to be reasonably confident that records of any accounting information are accurate, through, complete and enough to maintain the Company's assets. It is also aimed at substantially identify and acknowledge weaknesses to prevent malfeasance or inappropriate performances.

In this regard, the Board of Directors of the Company has appointed an Audit Committee, comprising the Independent Directors who are not Executives. The Audit Committees shall have the responsibilities relating to the quality of the report on financial statement and internal control system. The opinion of the Audit Committee with regards to these subjects appeared in the report of the Audit Committee as shown in the Annual Report.

The Board of Directors considered that, in general, the internal control system of the Company has achieved satisfactory level. It can also reasonably ensure the reliability of the Company and its subsidiaries' accounting system as of December 31, 2012.

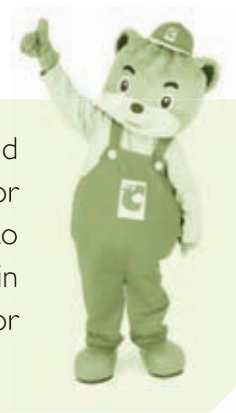


Mr. Akani Thapthimthong
Chairman of the Board



Mr. Yves Bernard Braibant
Chief Executive Officer & President

Year 2012 was the first year of accelerated small store format expansion and we can proudly say that we met or exceed all of our expansion targets set for 2012. As you are reading this report 2013 is well underway and we are closer to reach our 2015 store target numbers having ramped up our expansion speed again for 2013. But let's not get ahead of ourselves, from below you can find the major highlights, challenges, and changes we faced during 2012:



General

Business environment

Year 2012 was a year of many challenges; the recovery from the devastating floods at the end of 2011, increased cost pressures from increase of minimum wage, increased utility expenses, and increases to insurance premiums.

Flooding:

End of 2011 Thailand faced a worst flood crisis in decades with a large impact to whole country. Homes were flooded, businesses had to close doors, supply chains got severely impacted, which in turn resulted shortages of various items. At the beginning of 2012 flood waters had largely receded but the impacts of the flooding continued long into the year.

Impact on Big C

In our last year's report we already discussed about the devastating flooding during the fourth quarter of 2011 and major disruptions this event caused to our stores and our supply chain. By the beginning of 2012 we had been able to reopen most of our closed stores and distribution centers with only 3 mini Big C, and 1 fresh food distribution center in Bang Pa-In remaining closed. All 3 closed mini Big C were reopened during Q1 2012 and fresh food DC resumed its operations in mid May 2012. Flooding also caused major disruption to our suppliers and some of them faced major challenges well into the second half of 2012.

Damages from this event were covered under the Company's insurance contracts and the management believes that the Company will be able to recover for all losses from its insurance companies. Accordingly, the Company recorded the insurance recovery income in its financial statements for the year ended 31 December 2012. As of December 31st, 2012 total damages from the flooding are estimated at approximately Baht 1,324 million consisting of business interruption loss of Baht 561 million and other damages of Baht 763 million. In December 2012 the Company received first payment of Baht 400 million leaving the outstanding claim amount to Baht 924 million.

Cost pressures

During 2012 all Thai companies faced various cost pressures including first stage of minimum wage increase which took effect at 1st of April 2012. At first stage minimum wages in seven provinces (Bangkok, Nakorn Pathom, Nonthaburi, Pathum Thani, Samut Prakarn, Samut Sakorn, and Phuket) were increased to baht 300 per day or approximately 40%. In rest of the provinces minimum wages were also increased by approximately 40% but as their base was lower they did not reach baht 300 per day. Other main cost increases during the year were increases in electricity prices as government adjusted the fuel adjustment tariff (FT) rate which corresponds to increases in electricity charges. In face of increased occurrence of natural disasters it has also become more expensive for companies to insure against such events and 2012 saw a trend of increasing insurance premiums.

Impact on Big C

In preparation to minimum wage increase, we have been working on our operational excellence and cost optimizing initiatives since the beginning of 2012. During the year we launched several programs under these initiatives to improve our productivity and save costs. For full year 2012 our selling and administrative expenses were Baht 18,577 million or an increase of Baht 720 million or +4.0% over the 2011. This limited increase largely due to successful initiatives launched during the year and absence of Carrefour acquisition related expenses in 2012.



Business of Big C

Big C has been operating under dual retail-property model since the beginning, and we continue building rental areas to most of the hypermarkets and Big C Markets we open.

Retail

Even that hypermarket format continues to be our main source of retail sales, we operate in multiple store formats including Big C Supercenter and Big C Extra hypermarkets, Big C Market supermarkets, mini Big C proximity stores, and various specialty store under development such as Pure drugstores. During 2012 our total retail sales were Baht 112,136 million, which represented an increase of Baht 9,573 million, or +9.3% over the same period last year.

Rental

Rental areas at our Hypermarkets and Big C Market stores are the main sources of rental income with other formats such as mini Big C having very limited rental income contribution. During 2012 rental and service income from our tenants was Baht 7,926 million, an increase of Baht 941 million or 13.5% over the same period last year.

Business performance

We are pleased with our operational and financial performance during 2012 as we reached all our expansion and internal budget targets. For more information about our financial performance please refer to following financial analysis section.

Expansion strategy

Having put successful Carrefour integration behind us in 2011 we were ready to move on with our organic expansion and announced our 2012 – 2015 expansion plan. Under this plan we target our combined hypermarket and Big C Market numbers to reach approximately 300 stores in 2015 and mini Big C stores to reach total number of approximately 950 stores. 2012 was the first year of accelerated store expansion and during the year we opened 5 hypermarket, 7 Big C Market, 76 Mini Big C, and 41 Pure drugstores. This brought our store network to 113 hypermarkets, 18 Big C Market, 126 Mini Big C, and 91 Pure drugstores, or a total of 348 stores.

Auditor's recommendation

The Company's financial statements have received unqualified opinion which means that in auditor's opinion they present fairly the financial position of the Company.



Accounting policies

The Company's consolidated financial statements include the financial statements of Big C Supercenter Public Company Limited ("the Company"), and the various subsidiary companies¹. During 2012 the Company did not adopt or change any new accounting standards or policies. For more details about significant accounting policies please refer to note 4 in Notes' to Financial Statements.

Financial Analysis

Income Statement

The operating results of the Company and its subsidiaries for the year ended 2012 reflected a net profit of Baht 6,074 million, compared to a net profit of Baht 5,242 million over the same period last year, which represents an increase of Baht 832 million, or 15.9%. The operating profit for 2012 amounted to Baht 9,136 million, an increase of Baht 850 million or 10.3% as compared to last year. These excellent results reflect the continued good performance of the Company.

¹ For complete list of subsidiaries included in consolidated financial statements please refer to Notes to Financial Statements note 2.2.

This year's performance is based on the following items

1. Net Sales

Net sales in 2012 amounted to Baht 112,136 million for the Company and its subsidiaries, which represented an increase of Baht 9,573 million, or +9.3% over the same period last year. Retail sales growth in 2012 was driven by successful marketing campaigns conducted throughout the year, and the continuing opening of new stores (5 hypermarket, 7 Big C Market, 76 Mini Big C, and 41 Pure drugstores) as well as the full year impact of 2011 openings.

2. Rental and Service Income from tenants

	2555	2554	% Change
Rental and Service Income	7,926	6,985	13.5 %
Other Income	3,670	4,131	-11.2 %
Total	11,596	11,116	4.3 %

Rental and service income from tenants amounted to Baht 7,926 million in 2012 which represented an increase of Baht 941 million or 13.5% over the same period last year. This increase was mainly the result of successful management of lettable space, additional lettable space from 10 new shopping malls opened during 2012 and full impact from 5 new shopping malls opened in 2011.

3. Other Income

Other income includes such income as compensation income, advertising income from suppliers for the advertisements placed in the Company and its subsidiaries' brochures, cash discounts received from suppliers, after sale service income and interest income. It amounted to Baht 3,670 million in 2012, which represented a decrease of Baht 461 million or -11.2% over the last year as a result of the compensation income booked in 2011 relating to flooding and 2010 fire incident.

4. Gross Profit

Gross profit in 2012 stood at Baht 16,117 million, an increase of Baht 1,042 million or +6.9% over the same period last year. This reflects company's increased sales during 2012.

5. Selling and Administration Expenses

Selling and administration expenses amounted to Baht 18,577 million in 2012 which represented an increase of Baht 720 million or +4.0% over the last year. This limited increase reflects the Company's successful cost controls amid increases in wages, utilities and insurance premiums during the year.

6. Finance cost

Finance cost for 2012 amounted to Baht 1,295 million which represented an increase of Baht 24 million or 1.9% over the last year. This was due to increased funding fees during 2012.

7. Corporate income tax

The Company's corporate income tax for 2012 amounted to Baht 1,749 million, a decrease of Baht 6 million compared to last year. This is due to the 7% tax cut since the beginning of 2012 to offset the impact of minimum wage increase that took effect at the beginning of April 2012. The Company's effective tax rate was 22.3%.

Statement of Financial Position

Total Assets

As at December 31, 2012, the Company and its subsidiaries had total assets of Baht 94,163 million, an increase of Baht 3,437 million when compared to the year 2011.

Total Liabilities

The Company and its subsidiaries had total liabilities of Baht 62,276 million, a decrease of Baht 4,930 million when compared to the same period of last year. The decrease is mainly due to a partial repayment of the short term loan that the Company entered into when it acquired Carrefour's Thailand operations in 2011. Trade accounts payable increased by Baht 1,965 million from the previous year. Deferred tax liability increased by Baht 169 million. Accrued expenses increased by Baht 204 million due to the related expenses of new store expansion of 5 hypermarket stores and 7 Big C Market stores, 76 Mini Big C stores, and 41 Pure drugstores.

Cash Flow

The net cash flows from operating activities of the Company and its subsidiaries for year 2012 accounted for Baht 11,678 million or 10.4 % of sales with an increase of Baht 3,233 million or 38.3 % over 2011. An increase in cash flows allowed the Company and its subsidiaries to have more flexibility to invest in new stores, remit dividend payment and repay the loans. At the end of 2012, cash and cash equivalents of the Company and its subsidiaries increased by Baht 1,359 million to Baht 8,780 million at the end of 2012.



Selected Financial Ratios

Average inventory days and account payable days

In 2012, the Company and its subsidiaries have maintained the efficiency in working capital management during the year. Flooding at the end of 2011 impacted company's inventory days as it had to maintain larger emergency stock in face of difficulties its suppliers were experiencing when resuming their operations. In 2012 the Company's average account payable days were 99 days and the average inventory days were 34 days, an increases of 13 days and 5 days respectively over the last year.

Current ratio

The current ratio derived from current assets divided by current liabilities, was 0.6 times as of 31 December 2012, increase from 0.3 times in 2011. The reason was due mainly to a decrease of current liabilities from the repayment of the short term loan the Company entered into to finance Carrefour acquisition.

Total liabilities to shareholders equity

At of 31 December 2012, the capital structure of the Company and its subsidiaries was composed of total liabilities in the amount of Baht 62,276 million and total shareholders' equity of Baht 31,887 million. The ratio of total liabilities to shareholders equity was 2.0 times, a decrease from 2011 when this ratio was 2.9 times, largely due to a decrease in current liabilities from the repayment of the short term loan used to acquire Carrefour.

Profitability ratios

During 2012 the Company faced cost pressures from minimum wage increase, utility expenses, and insurance premiums. In the light of these pressures company's ability to maintain its profitability ratios at similar level to 2011 numbers is due to its successful cost controls and efficiency improvements. Gross profit margin decreased from 14.7% in 2011 to 14.4% in 2012 due to the unusual circumstances like "panic buying" arising from the flooding at the end of 2011. Operating profit margin remained at 8.1% in 2012, and net profit margin increased to 5.4% from 5.1% in 2011.



Management of company's assets

Debtor quality

Trade accounts receivable are stated at the net realizable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in the collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

Inventory management

Inventories are valued at the lower of cost on an average and net realisable value. Costs of inventories are presented net of cash receipts from suppliers which are related to the purchase of inventories. The determination of allowance for diminution in the value of inventory, requires management to make judgments and estimates. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business; and provision for obsolete, slow-moving and deteriorated inventories, is estimated based on the approximate useful life of each type of inventory. The allowance for diminution in value of inventory as determined is compared with the original balance in the books of account and the increase or decrease in allowance for diminution in value of inventory will be recognized as cost of sales and service in profit or loss.

Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any). Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives within 20 - 30 years or lease period. Depreciation of the investment properties is included in determining income. On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised. The fair value of investment properties are disclosed in the notes to the financial statements.

In determining depreciation of investment property, the management is required to make estimates of the useful lives and residual values of the investment property and to review estimated/useful lives and residual values when there are any changes. The management is also required to review investment property for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgment regarding forecast of future revenues and expenses relating to the assets subject to the review. At the end of December 2012 the Company's investment properties were Baht 15,778 million, an increase of Baht 195 million or 1.25% over the same period last year.

Property, plant and equipment

In property, plant and equipment land is stated at cost while building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets. Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over their estimated useful lives². Depreciation is included in determining income. No depreciation is provided for land and construction in progress and project under development. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in the profit or loss when the asset is derecognised.

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimated useful lives and residual values when there are any changes. In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgment regarding forecast of future revenues and expenses relating to the assets subject to the review. At the end of December 2012 the Company's property, plant and equipment were Baht 22,877million, an increase of baht 1,576 million or 7.40% over the same period last year reflecting the Company's store expansion during the year.

Capital expenditure

During 2012 the Company's net cash flow used in investing activities was Baht 5,219 million which was financed through company's internal cash flow as the Company's net cash flows from operating activities were Baht 11,678 million for the same period.

Capital Adequacy

Capital structure

The Company's capital structure changed during the year as it refinanced its short term loan it took to acquire Carrefour Thailand operations. At the end of 2012 the Company's net debt amounted Baht 20,220 million which represents a reduction of Baht 8,858 million or -30.5% from the previous year. This is due to debt repayments and increase in cash and cash equivalents. The gearing ratio the Company is following internally is net debt to recurring EBITDA. At the end of December 2012 this ratio was 1.6 times which represents a drop from 2.5 times at the end of same period in 2011.

Loans

On December 2010, the Company entered into a short term loan agreement with Krung Thai Bank Public Company Limited and TMB Bank Public Company Limited for the purpose of acquiring Carrefour Thailand operations. The tenor of this short term loan was 12 months with a 6-month extension option. Following the exercise of the extension option on 6 December 2011, the maturity was extended from 6 January 2012 to 7 July 2012.

To refinance this short term loan, the Company entered into 2 loan agreements on 28 June 2012: 1) A loan agreement for a total amount of Baht 27,000 million, the different tranches having maturities between 2 and 7 years; and 2) a 5-year bilateral loan agreement for an amount of Baht 5,000 million. On 6 July 2012, the Company settled the Baht 31,980 million remaining balance of the existing bridge loan by drawing down part of the new long-term loans, issuing short-term promissory notes and using the Company's own funds.

At the end of December 2012, the short-term promissory notes amounted to Baht 6,000 million with a maturity date on 3 January 2013 (will be subsequently extended to 3 April 2013). At the end of December 2012, the Company's total long-term loans from financial institutions amounted to Baht 23,000 million.

Under the terms of the loan agreements, the Company must comply with certain conditions and restrictions. However, the Company's management is confident on the fact that it will comfortably comply with them.

Private placement

On April 30th 2012 the Company's annual general meeting of shareholders approved allocation of up to 23,613,426 authorized but unissued ordinary shares to specific investors and/or institutional investors under private placement scheme, provided that such persons were not connected persons of the Company. On May 3rd 2012, the Company successfully priced its private placement at Baht 176 per share, equivalent to a total placement amount of THB 4,156 million. Shares were placed to a combination of domestic and international institutional investors in an overnight bookbuild process. The transaction received strong interest from high number of investors and was more than four times oversubscribed. The new shares started trading on May 14th, 2012 bringing number of common stock to 825 million shares. The proceeds from private placement after placement commission and registration cost were used for a loan repayment.

² Please see note 4.7 from the notes to financial statements for more details about estimated useful lives.





Strategic Risk

Risk on foreign investment plan

Investing in a foreign country requires proficient knowledge in Laws and Regulations of that particular country. The business cannot carry on if the Company is not abiding with all the Laws and Regulations. In that case, the Company may lose its investment and also its expected return on the investment. Therefore, the Company has hired an expert consultant on Laws and Regulation to consult on these matters.

Risk on Marketing and Competition

People shopping behavior is changing as a result of changing life styles to adapt with the new technologies and trends combined with high competition in the retail market. If the Company is unable to offer the goods and services that satisfy customer needs, the Company may lose revenue and market share to our competitors. In this respect, the Company is ready to handle the situation with flexible Marketing Strategy, by offering variety of products and services that match our customers changing life styles and circumstances, and by keeping our eyes on market situation in order to respond promptly with correct strategy to any situation arising.

Laws and Regulations Risk

In December 2009, the Thai government has approved a resolution for drafting a law to control the retail and wholesale business. It appointed the Council of State to consider adjusting the law to be in line with the recommendations offered by the related parties. At the present, the draft of the aforementioned law is with the Council of State. It is assumed that this will take some time before being considered by Parliament. With regard to this issue, the Company assigned the Legal and Taxation Division to closely follow up the progress, to ascertain if there would be any impact on the Company's business operations and plan.

Financial Risk

According to the Accounting Standards of Thailand No. 48 regarding Financial Instruments, the Company and its subsidiaries' financial instruments include cash and cash equivalents, account receivables, rental and other income, loans given to subsidiaries/loans from subsidiaries, short-term loans and trade accounts payable. The financial risks related to these financial instruments and risk management policies are as follows:

Credit Risk

Credit risk includes trade accounts receivable, loans given to subsidiaries/loans from subsidiaries, rental and other income. The Company has a strict administration policy and credit controls of an appropriate level with close monitoring of debt collection; thus, the Company's credit risk was low.

Interest rate risk

For the interest rate risk on the Company's bank deposits, short-term loans from financial institutions, assets and financial debts, during the year the Company had entered into 2 long term loans agreement with financial institutions for the propose of funding the business acquisition, Carrefour (Thailand). The first loan agreement carries interest rate at THBFIX 3 months or 6 months or BIBOR 3 months plus margin per annum, whereas, the second loan agreement carries interest at THBFIX 6 months plus margin per annum which was very close to the market rate. Consequently, the Company may have risk from the fluctuation of the interest rate. The above long term loan agreements were unsecured.

Exchange rate risk

Exchange rate risk arises from the exchange rate movements. Due to its import activities the Company experienced a risk from the exchange rate movements. However the total amount of its imports is relatively small when compared to its total sales. The Company doesn't have loans nominated in foreign currencies.

Business Risk

Business Interruption Risk

The Company realizes an importance of being able to continue its business under crisis conditions and so on the Company has hired consultant to prepare the Company's Business Continuity Plan (BCP) and Crisis Management Plan (CMP) covering all angles: head office, branches, and distribution centers. These are now under development and are expected to be completed during the first quarter of 2013. These plans will facilitate the Company's response to crisis situation promptly and solve the problem systematically so that operations can resume normal state as soon as possible.

Safety Risk

Customer safety is something that the Company pays close attention and is deeply concerned. The Company is taking various actions to ensure that our customers and employees are safe, such as changing and maintaining equipment in good condition and ready for use, arranging safety seminars for employees, and adding more security equipment like CCTV.

Regarding the abovementioned risks, the Company believes that the existing policy and Risk Management Plan together with the follow up and checking on BCP by Risk Manager and reporting to the executives, can control and reduce risks with minimum effect to the Company.



Audit Committee Report 2012

The Audit Committee of Big C Supercenter Public Company Limited consists of three independent directors with combined experience in accounting, finance, and business administration: Mr Paitoon Taveebhol as Chairman, Dr. Chiradet Ousawat Ph.D. and Dr. Uttama Savanayana Ph.D. as Committee members.

The Committee independently undertook its Board-assigned duties according to its own charter, which completely aligns with the requirements of the Security and Exchange Commission and Stock Exchange of Thailand.

The Committee held a total of 6 meetings in the fiscal year 2012. At those meetings, the Committee discussed and shared opinions with the external auditors, CFO & Vice President of Accounting and Finance, internal auditors, and when relevant with other members of management such as Vice President of Management Information System, Director of Governance, Risk Management and Compliance, and Director of Legal Service. Additionally, the Audit Committee had one meeting with the external auditor without any member of management being present, in order to freely discuss important issues and significant information to prepare the financial statements, external auditor's performance, key findings, and any difficulty during the course of audit. The Audit Committee submitted its quarterly reports to the Board of Directors.

The Committee's performance of its duties is summarized as follows:

Accuracy, Completeness and Reliability of Financial Statements

The Audit Committee reviewed the Company's quarterly and annual financial statements, significant accounting policies, adjustment of accounting transactions, coupled with the consideration of the audit scope and plans, audit methods, and detected issues, jointly with the management and the external auditor. The Audit Committee concluded that the Company's financial reports, prepared under generally accepted accounting procedures, were accurate, complete, as well as adequately and promptly disclosed for the benefit of shareholders, investors and other users of such statements for the purposes of making informed investment decisions.

Transactions with Potential Conflicts of Interest

The Audit Committee has given emphasis in reviewing, on a quarterly basis, all connected transactions as well as those transactions that may involve possible conflicts of interest in full compliance with all laws and regulations of the Stock Exchange of Thailand. It assigned the external auditor to undertake a full review of all these transactions. The Audit Committee considers these connected transactions part of the normal course of business with regular commercial conditions, sensible and fair conditions, and in the best interests for the Company.



Adequacy of Internal Control System, Internal Audit, Risk Management and Good Corporate Governance

The Audit Committee reviewed the adequacy of the Company's internal control system based on internal audit reports and assessment results on effectiveness of internal controls on a quarterly basis which corresponds to the external auditor's opinion stating that there were no material deficiencies impacting the Company's financial statements. Consequently, the Audit Committee concluded that internal control systems were effective, adequate, and appropriate.

As for the internal auditing, the Audit Committee reviewed that all internal audit activities were performed effectively and efficiently and its performance accomplished its approved annual plan. Furthermore, the Audit Committee approved the revised internal audit charter to conform to the International Standards and oversaw the implementation of sustainable and consistent value-added audit by applying integration audit method. The internal audit process also demonstrated continuous improvement in respect of employee development and conformity with the International Standards for the Professional Practice of Internal Auditing.

The Committee concluded that the internal audit processes and systems had been performed independently, sufficiently and appropriately.

In addition, the Audit Committee met with the Director of Corporate Governance, Risk Management and Compliance to review the Company's Good Corporate Governance and Risk Management policies, plans and guidelines to ensure its effectiveness. The Committee provided consistently recommendations in order to better improve such processes.

Compliance with Securities and Exchange Commission (SEC) Laws, The Stock Exchange of Thailand's (SET's) Requirements and Applicable Laws

The Audit Committee reviewed the Company's practices to ensure compliance with the SEC laws, SET's regulations and applicable laws as well as business commitments with third party agreements. From the meetings with the Compliance and Legal Departments, the Audit Committee determined that the Company was in full compliance with all applicable regulatory requirements.

Suitability, Consideration, Selection and Endorsement of the External Auditor

The Audit Committee took into consideration the nomination and appointment of the external auditor. This process entailed assessment of its independence, knowledge, competency, and experience including the competitiveness of the audit fee. After careful consideration, the Audit Committee concluded that Ernst & Young Office Limited, external auditors acted independently, demonstrated a high degree of expert knowledge and professional experience, performed with satisfactory result.

The Audit Committee recommended Ernst & Young Office Limited to the Board of Directors to seek approval at the Shareholders' Meeting for the appointment of Ms. Kamontip Lertwitworatep, CPA (Thailand)- Licence no. 4377, Mr. Wichart Lokatekrawee, CPA (Thailand)- Licence no. 4451, and Ms. Siriwan Suratepin, CPA (Thailand)- Licence no. 4604; all of Ernst & Young Office Limited, as the Company's auditors for the year 2013 with a total audit fee of Baht 7,518,000.

Overall View and Remarks as a result of Performance under the Charter

The Audit Committee has made a self-assessment of its overall performance for 2012 on December 11, 2012; whereby this assessment is in 2 parts: Firstly, the overall activities of the Audit Committee during the year. And secondly, the specific activities of the Committee, which in total consist of 6 activities, namely : (1) reviewing of the financial reports to ensure its accuracy and adequacy; (2) reviewing that both the internal control systems and internal audit functions are fully effective and efficient; (3) reviewing that the Company activities are in full compliance with all the requirements of the securities laws and regulations of the Stock Exchange of Thailand as well as the laws relevant to the business sector in which the Company operates; (4) reviewing and selecting the proposed appointment of the Company's external auditor; (5) reviewing all connected transactions; and (6) preparing and submitting the Report of the Audit Committee. It is the overall view of the Audit Committee that it had performed its duties adequately and completely.

February 20, 2013

On behalf of the Audit Committee



Mr. Paitoon Taveebhol

Chairman of the Audit Committee

Big C Supercenter Public Company Limited





Report of the Corporate Governance Committee Year 2012

The Corporate Governance Committee (“CG Committee”) performed its duties in accordance with the CG Committee Charter, which was approved by the Board of Directors. The CG Committee supported and aligned with the Audit Committee. Its roles are to provide opinion and suggestion on effectiveness and adequacy of the Company’s CG system, implementation plan and key activities which will facilitate and effectiveness for the good governance of the Company. According to the CG Charter and direction from the Board of Directors, scope of work for the CG Committee covers 4 areas as follow:

- ▶ Corporate Governance
- ▶ Risk Management
- ▶ Corporate Social Responsibility
- ▶ Nomination and Remuneration of Directors

During 2012 the Company’s CG Committee held 5 meetings with following attendance:

- ▶ Mr Nontaphon Niwisomboon, Chairman, 5/5 meetings
- ▶ Mr. Paitoon Taveebhol, Member, 5/5 meetings
- ▶ Miss Rumpa Kumhomreun, Member and committee secretary, 5/5 meetings
- ▶ Mrs. Umawadee Rattana-Udom, Member and committee assistant secretary, 3/3 meetings
(resigned from the Company after Meeting No. 3/2012)
- ▶ Mrs. Phatchada Muenthong, Member and committee assistant secretary, 2/2 meetings
(joined the Company for Meetings No. 4&5/2012)

From the following section, you will find 2012 summary of opinions and recommendations from the CG Committee during the year.

Summary of Opinions and Recommendations from the CG Committee 2012

Setting CG Framework and Gap Analysis

As the CG Committee is aware of CG development in Thailand and ASEAN region in 2013, it recommended the Company to study the additional expectations and incorporate changes into CG Framework for more complete CG working plan. The CG Framework will be used as a compass of the Company for ensuring continuous development in CG area.

Reviewing Composition of CG Committee

Evolving organization to reflect work expectation and responsibilities is a foundation for ensuring effective corporate governance. CG Committee recommended the Board of Directors to consider the composition of CG Committee to have independent directors as a majority of its members for the coming term (2013 to 2014), in alignment with CG principles for subcommittee at board level.

At the organization level, the Company established Governance, Risk Management and Compliance (GRC) function to drive key corporate governance activities. Head of GRC function is holding a secretariat office of the CG Committee in preparing information, providing progress report, and ensuring that recommendations from the CG Committee will be communicated and effectively implemented in the organization. The adjustment has reflected attention and support from Management in providing effective link between the CG Committee and Management.

Reviewing Composition of Risk Management Committee

In 2012, the Risk Management Committee (RMC) was composed solely of members of Executive Committee (EXCOM). The CG Committee recommended a review of composition of RMC to be more focused on risk management. Therefore, currently RMC is composed of 6 members from relevant functions who are key drivers of risk mitigation plan for 2013. The CG Committee also endorsed the Risk Management Policy and RMC Charter.

Reviewing CSR Policy and Responsible Function for CSR Reporting

The Company implemented various CSR activities, both through supporting Big C Foundation, and cooperation with employees, business partners and communities. There are wide ranges of programs; some are under international CSR standard; for example, Carbon Disclosure Program and Anti-Corruption Program under UN Global Compact, etc.

In this regard, the CG Committee recommended a working group to work on data collection, progress reports in order to propose to the CG Committee for review and feedback.

CG Mission and Direction

Following is the CG Policy Statement proposed by the CG Committee to the Board of Directors.

CG Policy Statement

The Board of Directors of Big C Supercenter Plc. (“the Board”) believes that good corporate governance will enhance and support the objective of maximizing shareholder value.

Our CG practices will be the enablers for the above objective. We will conduct business under high ethical standards and in accordance with the laws, whilst keeping competitiveness in our retail business.

As a leading Retail Operator in Thailand, our good governance approach shall encompass the following elements:

- ▶ Accountability
- ▶ Transparency
- ▶ Responsibility
- ▶ Equality
- ▶ Community Support
- ▶ Ethics

The Company believes that the above CG Policy Statement is clearly communicating the CG direction from the Board of Directors to all stakeholders regarding our CG commitment.

Reviewing Contact Channels for All Stakeholders

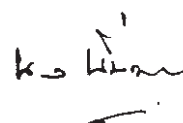
The CG Committee reviewed all contact channels and made helpful recommendations to the Company.

Current contact channels for all stakeholders include email, website (www.bigc.co.th), call center (1756), whistle blower box at all branches, and post. Contact persons for each group of stakeholders are:

- ▶ Shareholders: Company Secretary and GRC function
- ▶ Investors / Analyst: CFO and Investor Relations function
- ▶ Media: VP-Marketing and Corporate Affairs function
- ▶ All stakeholders including customers, business partners, employees and communities: Business Development function (for Call Center, Website, and Post), Loss Prevention function (for whistle blower boxes)

The Company was recommended to include Company Secretary or Management for the case that contacts were associated with fraud or misconduct of employees and executives in order to insure that critical contacts, in particular whistle blowing, have been investigated and responded. More importantly, related working procedures should be reviewed and improved on continuous basis in order to prevent reoccurrence of the incidents.

In 2012, the Company continued good development in governance area and like in 2011 was rated in the range of **“Very Good”**. The CG Committee believes that CG development at Big C Supercenter in 2012 will help the Company to sustain its value creation for the Shareholders and all stakeholders in the future.



Mr. Nontaphon Nimsomboon
Chairman of the Corporate Governance Committee





Report of the Risk Management Committee

Big c Supercenter Public Company Limited is aware of importance of risk management as it has impact on its business operation. Therefore, it ensured continuous risk assessment and risk management development of the Company, aiming to increase its effectiveness. Risk management activities in 2012 can be summarized as follow:

1. Improving Structure of Risk Management Committee

The Company improved structure of Risk Management Committee (RMC) by selecting all members of the Executive Committee from Executives of high risk areas. Members of RMC will be reviewed on a quarterly basis according to new risk assessment. In the RMC, the President of the Executive Committee or Chief Executive Officer is the Chairman and the Chief Financial Officer or Chief Risk Office is the Vice-Chairman. The new structure increased focus of the RMC and effectiveness of the Company's risk management, both in terms of implementation of Risk Treatment Plan and monitoring thereof.

2. Establishing RMC Charter

RMC has established RMC Charter to identify about composition or structure, duty and responsibility, meeting and reporting line of the Risk Management Committee, focusing on more effectiveness in risk management in accordance with principles of good corporate governance and international standard with the objective in adding confidence to its shareholders and all stakeholders.

3. Improving Risk Management Policy and Procedure

The Company's Risk Management Policy has been reviewed and improved. It is in alignment with the improvement of structure, duty and responsibility, and reporting line of the RMC under the new RMC Charter.

4. Improving Process of Risk Assessment and Risk Prevention/Treatment

Risk Assessment procedure was improved to cover wider criteria of risk factors which could have an impact on achievement of business goal and effectiveness of internal control. The process carefully prioritizes risk level and residual risk. The Risk Manager shall facilitate the risk owners for preparation of Risk Treatment Plan and ensure that risks and internal control have been managed appropriately and adequately.

5. Business Continuity Management

Past situation on political unrest and severe flood urged the Company to be aware of its business continuity management. The Company is developing Business Continuity Plan: BCP and Crisis Management Plan: CMP together with outside consultant who has expertise in this area. It is anticipated that such development will be completed in the first quarter of 2013. The plans will cover head office, branches and distribution centers. The Company believes that an effective plan management will help it to respond to crisis situations with a structured and systematic process, in order to ensure its business continuity.

The above improvements are evidence of the Company's determination in having adequate and effective risk management and internal control to support the achievement of its business goals.

Mr. Yves Bernard Braibant

Chairman of the Risk Management Committee

Financial Data



Independent Auditor's Report

To the Shareholders of Big C Supercenter Public Company Limited

I have audited the accompanying consolidated financial statements of Big C Supercenter Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2012, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Big C Supercenter Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big C Supercenter Public Company Limited and its subsidiaries and of Big C Supercenter Public Company Limited as at 31 December 2012, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Wichart Lokatekrawee

Certified Public Accountant (Thailand) No. 4451

Ernst & Young Office Limited
Bangkok: 11 February 2013



Summary of Financial Data Analysis

Statements of financial position

(Unit : Million Baht)

	2012	%	2011	%	2010	%
					(Adjusted) ¹	
Assets						
Cash and cash equivalents	8,780	9%	7,421	8%	5,132	13%
Inventories	9,196	10%	8,941	10%	5,129	13%
Other current assets	4,435	5%	4,539	5%	2,241	6%
Total current assets	22,411	24%	20,901	23%	12,502	32%
Property, plant and equipment	22,877	24%	21,300	23%	14,640	37%
Goodwill	26,722	28%	26,722	29%	361	1%
Other non-current assets	22,153	24%	21,803	24%	12,030	30%
Total assets	94,163	100%	90,726	100%	39,533	100%
Liabilities and shareholders' equity						
Short-term loans	6,000	6%	36,500	0%	–	0%
Trade and other payables	26,944	29%	24,980	28%	16,442	42%
Other current liabilities	4,036	4%	2,462	3%	1,608	4%
Total current liabilities	36,980	39%	63,942	70%	18,050	46%
Other non-current liabilities	25,295	27%	3,264	4%	1,388	4%
Total liabilities	62,276	66%	67,206	74%	19,438	49%
Shareholders' equity	31,887	34%	23,520	26%	20,095	51%
Total liabilities and shareholders' equity	94,163	100%	90,726	100%	39,533	100%

¹The Company and its subsidiaries adopted the revised and new accounting standards and the changes in accounting policies

Consolidated Income Statements

(Unit: Million Baht)

	2012	%	2011	%	2010	%
					(Adjusted) ¹	
Sales	112,136	100%	102,563	100%	69,859	100%
Cost of sales and service	96,019	86%	87,489	85%	60,602	87%
Gross profit	16,117	14%	15,074	15%	9,257	13%
Rental, service and other income	11,596	10%	11,116	11%	6,350	9%
Total income	27,713	25%	26,190	26%	15,607	22%
Selling, services and administrative expenses	18,577	17%	17,904	17%	11,619	17%
Profit before finance cost and income tax expenses	9,136	8%	8,286	8%	3,988	6%
Finance cost	1,295	1%	1,271	1%	6	0%
Profit before income tax expenses	7,841	7%	7,015	7%	3,982	6%
Income tax expenses	1,749	2%	1,754	2%	1,149	2%
Profit of the year	6,093	5%	5,261	5%	2,833	4%
Profit attributable to non-controlling interests of the subsidiaries	-19	0%	-19	0%	-17	0%
Profit attributable to equity holders of the Company	6,074	5%	5,242	5%	2,816	4%

¹The Company and its subsidiaries adopted the revised and new accounting standards and the changes in accounting policies





Summary of Financial Data Analysis

Statements of cash flows

(Unit: Million Baht)

	2012	2011	2010
			(Adjusted) ¹
Cash flows from operating activities			
Profit before tax	7,841	7,015	3,981
Adjustment to reconcile profit before tax to net cash provided by operating activities	1,302	2,184	1,368
Operating liability increase	2,535	-753	1,434
Net cash flows from operating activities	11,678	8,446	6,783
Net cash flows used in investing activities	-5,219	-41,069	-2,016
Cash flows from financing activities			
Loans	-3,513	36,500	-
Dividend paid	-1,571	-1,571	-1,570
Dividend paid to non-controlling interest of the subsidiaries	-17	-16	-16
Net cash flows from financing activities	-5,101	34,913	-1,586
Net increase (decrease) in cash and cash equivalents	1,358	2,290	3,181
Cash and cash equivalents at the beginning of year	7,422	5,132	1,951
Cash and cash equivalents at the end of year	8,780	7,422	5,132

¹The company and its subsidiaries adopted the revised and new accounting standard and the changes in accounting policies

Financial Ratios

	2012	2011	2010	2009	2008
			(Adjusted) ¹		
Average inventory days	34.0	29.0	33.0	31.0	30.0
Average account payable days	99.0	86.0	90.0	73.0	71.0
Current ratio	0.6	0.3	0.7	0.6	0.4
Gross profit margin	14.4	14.7	13.3	6.3	7.5
Net profit margin	5.4	5.1	4.1	4.2	4.3
Return on equity	21.9	24.0	14.4	15.8	17.3
Return on assets	6.6	8.0	7.4	7.8	7.9
Debt to equity ratio	0.9	1.6	-	-	0.2
Earning per share	7.4	6.5	3.5	3.6	3.6
Net book value per share	38.7	29.3	25.1	23.6	21.7

¹The Company and its subsidiaries adopted the revised and new accounting standards and the changes in accounting policies



Big C Supercenter Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Assets					
Current assets					
Cash and cash equivalents	6	8,780,405,551	7,421,571,489	8,615,024,740	4,701,240,886
Trade accounts receivable	7	314,894,779	274,292,171	1,103,572,966	3,554,985,934
Rental and other service receivable	9	1,677,599,632	2,255,955,856	1,645,307,703	1,984,170,561
Inventories	10	9,195,808,305	8,941,111,269	8,890,432,724	6,260,407,882
Other current assets	11	2,442,124,066	2,007,713,269	2,031,392,297	1,611,715,085
Total current assets		22,410,832,333	20,900,644,054	22,285,730,430	18,112,520,348
Non-current assets					
Loans to subsidiary companies	8	–	–	4,631,979,007	4,798,762,664
Investments in subsidiaries	13	–	–	36,615,618,137	36,615,863,347
Investment properties	14	15,777,653,954	15,582,276,683	8,503,696,270	8,029,992,821
Property, plant and equipment	15	22,876,691,505	21,300,354,337	15,607,168,276	13,361,901,837
Goodwill	13.1, 16	26,722,032,240	26,722,032,240	–	–
Leasehold rights	17	5,150,538,690	5,046,726,892	3,420,135,600	3,184,441,590
Other intangible assets	18	95,939,139	114,405,129	95,633,992	113,193,400
Deferred tax assets	30.3	648,993,169	689,811,500	472,897,708	361,818,095
Other non-current assets	12	480,120,101	369,839,704	411,672,294	320,819,241
Total non-current assets		71,751,968,798	69,825,446,485	69,758,801,284	66,786,792,995
Total assets		94,162,801,131	90,726,090,539	92,044,531,714	84,899,313,343

The accompanying notes are an integral part of the financial statements.



Big C Supercenter Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2012

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	19	6,000,000,000	36,500,000,000	6,000,000,000	36,500,000,000
Trade and other payables	20	26,944,261,120	24,979,652,895	27,507,714,497	21,449,294,685
Current portion of unearned leasehold rights		19,331,973	9,848,185	16,876,800	6,853,834
Current portion of long-term loans from financial institutions	21	1,675,000,000	–	1,675,000,000	–
Loans from subsidiary companies	8	–	–	1,797,419,079	2,567,414,144
Income tax payable		379,115,824	660,831,452	308,385,062	390,008,994
Short-term provisions		131,592,396	251,038,142	81,914,529	134,427,212
Other current liabilities	22	1,831,034,165	1,540,989,963	1,581,064,765	1,278,138,632
Total current liabilities		36,980,335,478	63,942,360,637	38,968,374,732	62,326,137,501
Non-current liabilities					
Unearned leasehold rights - net of current portion		175,115,209	168,581,328	160,241,622	151,252,568
Long-term loans from financial institutions - net of current portion	21	21,325,000,000	–	21,325,000,000	–
Liabilities under a finance lease agreement - net of current portion	23	255,325,758	–	255,325,758	–
Provision for long-term employee benefits	24	335,575,430	211,915,816	326,736,762	182,673,058
Deferred tax liabilities	30.3	1,476,224,630	1,307,586,294	427,871,727	322,241,087
Other non-current liabilities	25	1,727,978,021	1,575,491,507	1,492,239,264	1,194,344,506
Total non-current liabilities		25,295,219,048	3,263,574,945	23,987,415,133	1,850,511,219
Total liabilities		62,275,554,526	67,205,935,582	62,955,789,865	64,176,648,720

The accompanying notes are an integral part of the financial statements.



Statement of financial position (continued)

As at 31 December 2012

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
Shareholders' equity					
Share capital	26				
Registered 825,000,000 ordinary shares of Baht 10 each		<u>8,250,000,000</u>	<u>8,250,000,000</u>	<u>8,250,000,000</u>	<u>8,250,000,000</u>
Issued and fully paid up 825,000,000 ordinary shares of Baht 10 each (31 December 2011 : 801,386,574 ordinary shares of Baht 10 each)		8,250,000,000	8,013,865,740	8,250,000,000	8,013,865,740
Share premium		5,955,654,575	2,245,689,584	5,955,654,575	2,245,689,584
Retained earnings					
Appropriated - statutory reserve	27	901,959,479	901,959,479	825,000,000	825,000,000
Unappropriated		16,821,600,484	12,402,118,303	14,058,087,274	9,638,109,299
		17,723,559,963	13,304,077,782	14,883,087,274	10,463,109,299
Other components of shareholders' equity		<u>(65,753,698)</u>	<u>(65,753,698)</u>	<u>—</u>	<u>—</u>
Equity attributable to owners of the Company		31,863,460,840	23,497,879,408	29,088,741,849	20,722,664,623
Non-controlling interests of the subsidiaries		<u>23,785,765</u>	<u>22,275,549</u>	<u>—</u>	<u>—</u>
Total shareholders' equity		<u>31,887,246,605</u>	<u>23,520,154,957</u>	<u>29,088,741,849</u>	<u>20,722,664,623</u>
Total liabilities and shareholders' equity		<u>94,162,801,131</u>	<u>90,726,090,539</u>	<u>92,044,531,714</u>	<u>84,899,313,343</u>

The accompanying notes are an integral part of the financial statements.



Big C Supercenter Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Revenues					
Sales		112,136,114,369	102,563,018,206	105,790,456,832	78,678,245,671
Rental and service income		7,926,276,510	6,985,260,406	6,745,976,387	4,556,849,217
Dividend income	13.3	–	–	1,952,012,798	1,849,189,639
Other income	28	3,670,137,075	4,130,855,104	4,269,809,191	3,581,200,977
Total revenues		123,732,527,954	113,679,133,716	118,758,255,208	88,665,485,504
Expenses	29				
Cost of sales and service		96,019,494,869	87,488,514,233	92,539,412,712	68,616,027,318
Selling and services expenses		16,477,262,202	15,275,528,611	15,326,460,445	10,073,040,912
Administrative expenses		2,099,603,400	2,581,476,656	2,184,816,877	2,083,434,376
Acquisition related cost	13.1	–	47,715,817	–	47,715,817
Total expenses		114,596,360,471	105,393,235,317	110,050,690,034	80,820,218,423
Profit before finance cost and income tax expenses		9,136,167,483	8,285,898,399	8,707,565,174	7,845,267,081
Finance cost		(1,294,877,798)	(1,271,169,177)	(1,416,621,839)	(1,457,946,568)
Profit before income tax expenses		7,841,289,685	7,014,729,222	7,290,943,335	6,387,320,513
Income tax expenses	30	(1,748,651,763)	(1,754,232,098)	(1,202,234,832)	(1,235,676,251)
Profit for the year		6,092,637,922	5,260,497,124	6,088,708,503	5,151,644,262
Profit attributable to:					
Equity holders of the Company		6,073,767,966	5,241,756,058	6,088,708,503	5,151,644,262
Non-controlling interests of the subsidiaries		18,869,956	18,741,066		
		6,092,637,922	5,260,497,124		
Earnings per share	31				
Basic earnings per share					
Profit attributable to equity holders of the Company		7.44	6.54	7.46	6.43
Weighted average number of ordinary shares		816,612,717	801,386,574	816,612,717	801,386,574

The accompanying notes are an integral part of the financial statements.



Big C Supercenter Public Company Limited and its subsidiaries

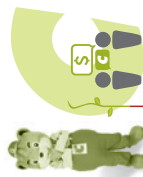
Statement of comprehensive income

For the year ended 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2012
Profit for the year		<u>6,092,637,922</u>	<u>5,260,497,124</u>	<u>6,088,708,503</u>	<u>5,151,644,262</u>
Other comprehensive income:					
Net loss on cash flow hedges		–	(835,327,082)	–	(835,327,082)
Transfer net loss on cash flow hedges to investment in subsidiaries		–	633,788,046	–	633,788,046
Actuarial loss	24	(99,246,016)	(67,219,185)	(119,978,854)	(45,803,921)
Income tax effect	30.1	15,677,916	20,165,755	21,966,011	13,741,176
Other comprehensive income for the year		<u>(83,568,100)</u>	<u>(248,592,466)</u>	<u>(98,012,843)</u>	<u>(233,601,781)</u>
Total comprehensive income for the year		<u><u>6,009,069,822</u></u>	<u><u>5,011,904,658</u></u>	<u><u>5,990,695,660</u></u>	<u><u>4,918,042,481</u></u>
Total comprehensive income attributable to:					
Equity holders of the Company		5,990,199,866	4,993,163,592	<u>5,990,695,660</u>	<u>4,918,042,481</u>
Non-controlling interests of the subsidiaries		18,869,956	18,741,066		
		<u><u>6,009,069,822</u></u>	<u><u>5,011,904,658</u></u>		

The accompanying notes are an integral part of the financial statements.



Big C Supercenter Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2012
(Unit: Baht)

Consolidated financial statements										
	Equity attributable to the Company's shareholders									
			Retained earnings		Other components of shareholders' equity					
					Other comprehensive income					

*The accompanying notes are an integral part of the financial statements.



Big C Supercenter Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2012
(Unit: Baht)

Separate financial statements							
	Note	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity	Total shareholders' equity
				Appropriated	Unappropriated		
				Other comprehensive income			
Balance as at 31 December 2010		8,013,865,740	2,245,689,584	825,000,000	6,089,245,467	201,539,036	17,375,339,827
Dividend paid	32	-	-	-	(1,570,717,685)	-	(1,570,717,685)
Total income for the year		-	-	-	5,151,644,262	-	5,151,644,262
Total other comprehensive income for the year		-	-	-	(32,062,745)	(201,539,036)	(233,601,781)
Balance as at 31 December 2011		8,013,865,740	2,245,689,584	825,000,000	9,638,109,299	-	20,722,664,623
Dividend paid	32	-	-	-	(1,570,717,685)	-	(1,570,717,685)
Increase share capital by issuing ordinary shares	26	236,134,260	3,709,964,991	-	-	-	3,946,099,251
Total income for the year		-	-	-	6,088,708,503	-	6,088,708,503
Total other comprehensive income for the year		-	-	-	(98,012,843)	-	(98,012,843)
Balance as at 31 December 2012		8,250,000,000	5,955,654,575	825,000,000	14,058,087,274	-	29,088,741,849

The accompanying notes are an integral part of the financial statements.





Cash flows statement

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash flows from operating activities				
Profit before tax	7,841,289,685	7,014,729,222	7,290,943,335	6,387,320,513
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	3,411,001,799	3,307,076,114	2,258,373,212	2,090,573,593
Amortisation of deferred expenses (income)	16,017,669	1,770,750	19,012,020	(9,001,042)
Allowance for doubtful debt (reversal)	(78,435,676)	82,911,659	12,103,529	10,193,396
Decrease of inventory to net realisable value (reversal)	(157,470,056)	154,079,178	90,542	66,749,992
Provision for contingent liabilities (reversal)	(119,445,746)	22,150,202	(52,512,683)	(21,741,814)
Provision for long-term employee benefits	33,652,497	20,690,868	33,142,069	19,515,535
Unrealised gain on exchange	(144,920)	(707,154)	(144,920)	(707,154)
Loss on disposals/written off of property, plant and equipment and investment properties	17,457,758	52,595,995	4,674,572	2,961,439
Reversal of allowance for impairment of property, plant and equipment and leasehold rights	(75,679,966)	(14,087,751)	(13,474,709)	(5,525,291)
Loss on leasehold rights written off	6,318,896	–	6,287,383	–
Loss on intangible assets written off	3,308	96,079,957	3,308	–
Dividend income from subsidiaries	–	–	(1,952,012,798)	(1,849,189,639)
Interest income	(67,151,374)	(73,301,013)	(214,229,466)	(248,041,242)
Interest expenses	1,257,555,880	1,261,632,700	1,379,299,921	1,448,410,092
Profit from operating activities before changes in operating assets and liabilities	12,084,969,754	11,925,620,727	8,771,555,315	7,891,518,378

The accompanying notes are an integral part of the financial statements.



Big C Supercenter Public Company Limited and its subsidiaries

Cash flows statement (continued)

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash flows from operating activities (continued)				
Operating assets (increase) decrease				
Trade accounts receivable	(40,296,688)	(23,889,247)	2,457,361,296	(2,804,780,040)
Rental and other service receivable	656,480,165	(1,381,270)	326,447,594	(1,012,959)
Inventories	(97,226,980)	(2,010,030,353)	(2,630,115,384)	(1,367,873,806)
Other current assets	(522,007,855)	(1,885,215,346)	(506,389,164)	(1,822,130,389)
Other non-current assets	(9,629,531)	(17,711,536)	(45,280,923)	(19,826,095)
Operating liabilities increase (decrease)				
Trade and other payables	2,111,815,271	2,929,449,909	6,142,143,004	5,146,750,237
Other current liabilities	282,935,817	67,371,641	295,817,748	191,746,167
Other non-current liabilities	152,486,514	188,536,334	297,894,758	215,703,213
Cash flows from operating activities	14,619,526,467	11,172,750,859	15,109,434,244	7,430,094,706
Cash paid for interest expenses	(1,164,153,130)	(1,238,387,525)	(1,262,024,894)	(1,436,306,578)
Cash paid for employee benefits	(9,238,899)	(16,812,640)	(9,057,219)	(16,370,640)
Cash paid for corporate income tax	(1,767,650,612)	(1,471,982,275)	(1,229,759,530)	(750,418,752)
Net cash flows from operating activities	11,678,483,826	8,445,568,419	12,608,592,601	5,226,998,736
Cash flows from investing activities				
Decrease in loans to subsidiary companies	–	–	166,783,657	1,116,806,212
Cash paid for acquisition of subsidiary companies (Note 13.1)	–	(34,285,112,489)	–	(34,285,112,489)
Increase in investments in subsidiary (Note 13.2)	–	–	245,210	(31,342,500)
Repayment debt of acquired subsidiary company	–	(2,983,486,281)	–	(5,913,426,685)
Proceeds from disposal of property, plant and equipment and investment properties	5,789,798	47,779,009	2,510,693	3,014,622
Acquisition of property, plant and equipment and investment properties	(4,881,633,153)	(3,693,412,506)	(4,760,229,791)	(3,377,517,467)
Increase in leasehold rights	(391,615,714)	(171,459,936)	(391,615,714)	(194,659,936)
Increase in intangible assets	(21,812,900)	(39,546,423)	(22,053,058)	(36,447,409)
Cash received from interest income	70,734,819	56,296,810	211,285,397	225,968,114
Dividend income from subsidiaries	–	–	1,952,012,798	1,849,189,639
Net cash flows used in investing activities	(5,218,537,150)	(41,068,941,816)	(2,841,060,808)	(40,643,527,899)

The accompanying notes are an integral part of the financial statements.



Cash flows statement (continued)

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash flows from financing activities				
Increase in short-term loans from financial institutions	6,000,000,000	38,500,000,000	6,000,000,000	38,500,000,000
Repayment of short-term loans from financial institutions	(36,500,000,000)	(2,000,000,000)	(36,500,000,000)	(2,000,000,000)
Increase (decrease) in loans from subsidiary companies	–	–	(769,995,065)	117,244,961
Payment of liabilities under a finance lease agreement	(5,565,857)	–	(5,565,857)	–
Increase in long-term loans from financial institutions	24,000,000,000	–	24,000,000,000	–
Repayment of long-term loans from financial institutions	(1,000,000,000)	–	(1,000,000,000)	–
Proceed from increase in share capital	4,155,962,976	–	4,155,962,976	–
Cash paid for transaction costs relating to increase share capital	(163,432,308)	–	(163,432,308)	–
Dividend paid	(1,570,717,685)	(1,570,717,685)	(1,570,717,685)	(1,570,717,685)
Dividend paid to non-controlling interest of the subsidiaries	(17,359,740)	(16,137,653)	–	–
Net cash flows from (used in) financing activities	(5,101,112,614)	34,913,144,662	(5,853,747,939)	35,046,527,276
Net increase (decrease) in cash and cash equivalents	1,358,834,062	2,289,771,265	3,913,783,854	(370,001,887)
Cash and cash equivalents at beginning of year	7,421,571,489	5,131,800,224	4,701,240,886	5,071,242,773
Cash and cash equivalents at end of year	8,780,405,551	7,421,571,489	8,615,024,740	4,701,240,886
Supplemental cash flow information:				
Non cash items:				
Acquisition of property, plant and equipment and investment properties for which no cash has been paid	295,055,135	535,514,196	277,302,714	478,150,198
Acquisition of property, plant and equipment under a finance lease agreement	262,434,143	–	262,434,143	–

The accompanying notes are an integral part of the financial statements.



Big C Supercenter Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2012

1. General information

Big C Supercenter Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Casino Guichard Perrachon which was incorporated in France. The Company is principally engaged in the hypermarket business. The registered address of the Company is at 97/11, 6th Floor, Rajadamri Road, Lumpini, Pathumwan, Bangkok.

As at 31 December 2012, the Company and its subsidiaries operate 348 stores (the Company only: 341 stores) (2011: 221 stores and the Company only: 176 stores).

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547

and their presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Big C Supercenter Public Company Limited (“the Company”), and the following subsidiary companies (“the subsidiaries”):



Subsidiaries which were directly held by the Company

Company's name	Nature of business	Country of incorporation	Registered share capital		Equity interest of the Company	
			2012 Million Baht	2011 Million Baht	2012 Percent	2011 Percent
Chiangmai Big C (2001) Co., Ltd.	Dormant	Thailand	300	300	100.00	100.00
Central Superstore Ltd.	Rental of immovable assets and holding company	Thailand	1,300	1,300	100.00	100.00
Theparak Big C Ltd.	Rental of immovable assets and holding company	Thailand	80	80	100.00	100.00
Chiengrai Big C Co., Ltd.	Rental of immovable assets	Thailand	180	180	100.00	100.00
Surat Big C Ltd.	Rental of immovable assets	Thailand	200	200	100.00	100.00
Big C Distribution Co., Ltd.	Dormant	Thailand	1	1	100.00	100.00
CenCar Ltd.	Retail	Thailand	10,000	10,000	39.00	39.00
SSCP (Thailand) Ltd.	Holding company	Thailand	162	162	49.00	49.00
Nava Nakarintr Ltd.	Holding company	Thailand	1	1	100.00	100.00
Big C Supercenter (Lao) Co., Ltd.	Retail and wholesales business	Lao People's Democratic Republic	157	157	100.00	100.00

Indirect subsidiaries which were held by the Company's subsidiaries

Company’s name	Nature of business	Country of incorporation	Registered share capital		Equity interest of the Company	
			2012 Million Baht	2011 Million Baht	2012 Percent	2011 Percent
Investment through Central Superstore Ltd.						
Central Pattaya Co., Ltd.	Rental of immovable assets	Thailand	80	80	100.00	100.00
Udon Big C Co., Ltd.	Rental of immovable assets	Thailand	850	850	100.00	100.00
Inthanon Land Co., Ltd.	Rental of immovable assets	Thailand	841	841	100.00	100.00
Investment through Theparak Big C Ltd.						
Big C Fairy Limited	Retail	Thailand	440	440	96.82	96.82
Pharam II Big C Co., Ltd.	Rental of immovable assets	Thailand	5	5	99.99	99.99
Pitsanulok Big C Ltd.	Retail	Thailand	1,050	1,050	92.38	92.38
Investment through SSCP (Thailand) Ltd.						
CenCar Ltd.	Retail	Thailand	10,000	10,000	61.00	61.00
Investment through Nava Nakarintr Ltd.						
SSCP (Thailand) Ltd.	Holding company	Thailand	162	162	51.00	51.00

- b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- d) The assets and liabilities in the financial statements of overseas subsidiary company are translated to Baht using the exchange rate prevailing on the end of reporting period.

The financial statements of Big C Supercenter (Lao) Co., Ltd., whose total assets included in the consolidated financial position as at 31 December 2012 and 2011 amounted to approximately Baht 31 million, or 0.03% of the consolidated assets, were the management accounts which had not been audited by the auditor of this subsidiary.

- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) For the books of account, upon acquisition of additional shares of subsidiaries (repurchase shares from minority interest), the excess of cost of the investment at the acquisition date over the fair value of the net asset has been presented as other components of shareholders' equity in statement of changes in shareholder's equity under "Difference resulting from additional purchase of investments in a subsidiary at a price higher than the net book value".
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements, which present investments in subsidiaries under the cost method, have been prepared solely for the benefit of the public.

3. New accounting standards not yet effective

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

SIC 10	Government Assistance - No Specific Relation to Operating Activities
SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied. However, the Company and its subsidiaries have early adopted TAS 12 since 1 January 2010.

In addition, the Federation of Accounting Professions has issued Notification No. 30/2555 - 34/2555, published in the Royal Gazette on 17 January 2013, mandating the use of accounting treatment guidance and accounting standard interpretations as follows.

		Effective date
Accounting Treatment Guidance for Transfers of Financial Assets		1 January 2013
Accounting Standard Interpretation:		
SIC 29	Service Concession Arrangements: Disclosures	1 January 2014
Financial Reporting Standard Interpretations:		
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014

The management of the Company is evaluating the first-year impact to the financial statements of the accounting treatment guidance and accounting standard interpretations and has yet to reach a conclusion. However, the Company and its subsidiaries have early adopted TFRIC 13 since 1 January 2010.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Sales of goods - Customer loyalty programmes

The Company and its subsidiaries operate a loyalty programme which allows customers to accumulate points when they purchase products in the Company's and its subsidiaries' retail stores. The points can then be redeemed for discounted goods or services in the future.

Certain sales consideration is allocated to the points issued, at their fair value. The fair value of the points issued is deferred and recognised as revenue when the points are redeemed and the Company and its subsidiaries fulfill their obligations to supply awards.

Rental and service income

Rental and service income are recognised proportionately over the term of the lease and service agreements.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in the collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

4.4 Inventories

Inventories are valued at the lower of cost on an average and net realisable value. Costs of inventories are presented net of cash receipts from suppliers which are related to the purchase of inventories.

4.5 Investments

Investments in subsidiaries are accounted for in the separate financial statements using cost method.

4.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives within 20 - 30 years or lease period. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

The fair value of investment properties are disclosed in the notes to the financial statements.

4.7 Property, plant and equipment and depreciation

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets. (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Land improvements	5 - 20 years
Leasehold improvements	5 years or lease period (maximum of 30 years)
Freehold and leasehold building and improvements	5 years and 30 years or lease period (maximum of 30 years)
Furniture, fixtures and office equipment	3 - 20 years
Utility systems	5 years and 20 years or lease period (maximum of 20 years)
Vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided for land and construction in progress and project under development.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in the profit or loss when the asset is derecognised.

4.8 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other case are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

The useful lives of intangible assets is 5 years.

4.9 Business combinations and goodwill

Business combinations are accounted for using the acquisition method with the cost of the acquisition being the fair value at the acquisition date of consideration transferred, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest, if any, in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related cost are accounted for as expenses in the periods in which the costs are incurred and the services are received.

Goodwill is initially recorded at cost, being the excess of cost of business combination over the fair value of the net identifiable assets, of the acquired business.

Goodwill is subsequently carried at cost less any accumulated impairment losses with impairment being tested annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.10 Related party transactions

Related parties comprise enterprises and individuals that control or are controlled by the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.11 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The property, plant or equipment acquired under finance leases is depreciated over the useful life of the asset.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.12 Leasehold rights

Leasehold rights are amortised on the straight-line basis over the lease period.

4.13 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.14 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

4.15 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company, its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income or loss.

The defined benefits liability comprises the present value of the defined benefit obligation less unrecognised past service cost.

4.16 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.17 Income Tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred tax is provided on temporary differences between their carrying amounts at the end of each reporting period and the tax bases of assets and liabilities by using the tax rates enacted at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and carry forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or in profit or loss.

4.18 Derivatives

The Company and its subsidiaries have no policy to speculate in or engage in the trading of any financial derivative instruments, other than for hedging purposes. The Company has entered into cash flow hedge to mitigate the exposure to variability in cash flows that is attributable to the foreign currency risk in forecasted transaction related to business combination by using the forward exchange contracts.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

At the inception of a hedge relationship, the Company documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Company will assess the effectiveness. The Company has assessed hedge effectiveness to ensure that the hedges are highly effective on an ongoing basis throughout the financial reporting periods for which they were designated.

The effective portion of the gain or loss on changes in the fair value of the hedging instrument designated as cash flow hedge is recognised directly in the shareholders' equity in accordance with hedge accounting criteria, while any ineffective portion is recognised immediately as gain or loss in the profit or loss. Amounts recognised in shareholders' equity are transferred to the profit or loss when the hedged transaction affects profit or loss.

Derivatives that do not meet the criteria for hedge accounting are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. Any gains or losses arising from changes in fair value of derivatives are taken directly to the profit or loss.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect amounts reported in the financial statements and related notes. Actual results could differ from these estimates. Significant judgments and estimates are as follows:

5.1 Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

5.2 Allowance for diminution in value of inventory

The determination of allowance for diminution in the value of inventory, requires management to make judgments and estimates. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business; and provision for obsolete, slow-moving and deteriorated inventories, is estimated based on the approximate useful life of each type of inventory. The allowance for diminution in value of inventory as determined is compared with the original balance in the books of account and the increase or decrease in allowance for diminution in value of inventory will be recognized as cost of sales and service in profit or loss.

5.3 Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

5.4 Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

5.5 Investment property

In determining depreciation of investment property, the management is required to make estimates of the useful lives and residual values of the investment property and to review estimate/useful lives and residual values when there are any change.

In addition, the management is required to review investment property for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgment regarding forecast of future revenues and expenses relating to the assets subject to the review.

In determining the fair value disclosure of investment property, that is estimated by an independent appraiser. The independent appraiser valued the investment property using the income approach because there is no market price that could be used to apply a comparative approach. The key assumptions used in estimating the fair value are described in Note 14.

5.6 Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimated useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgment regarding forecast of future revenues and expenses relating to the assets subject to the review.

5.7 Goodwill and intangible assets

The initial recognition and measurement of goodwill and other intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

5.8 Deferred tax assets

Deferred tax assets are recognised in respect of temporary differences only to the extent that it is probable that taxable profit will be available against which these differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be utilised, based upon the likely timing and level of estimated future taxable profits.

5.9 Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

5.10 Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The Company and its subsidiaries' management have used judgment to assess the results of the litigation and believes that the Company and its subsidiaries will receive favorable ruling for the cases. However for prudent reason the management has used judgment to set up certain provision for litigation as at the end of reporting period.

5.11 Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgement whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

6. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash	2,745,950	1,256,294	2,642,229	889,229
Bank deposits	<u>6,034,455</u>	<u>6,165,277</u>	<u>5,972,796</u>	<u>3,812,012</u>
Total	<u>8,780,405</u>	<u>7,421,571</u>	<u>8,615,025</u>	<u>4,701,241</u>

As at 31 December 2012, bank deposits in saving accounts carried interests between 0.10 and 2.50 percent per annum (2011: between 0.10 and 2.50 percent per annum).

7. Trade accounts receivable

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Trade accounts receivable - related parties (Note 8)				
Aged on the basis of due date:				
Not yet due	127,641	123,094	669,492	2,628,200
Past due				
Up to 3 months	2,879	3,153	254,198	853,463
3 - 6 months	36	184	2,655	8,976
6 - 12 months	247	102	564	180
Over 12 months	183	2,298	297	3,478
Total trade accounts receivable - related parties	130,986	128,831	927,206	3,494,297
Trade accounts receivable - unrelated parties				
Aged on the basis of due date:				
Not yet due	159,550	145,461	152,518	60,689
Past due				
Up to 3 months	24,260	–	23,774	–
3 - 6 months	46	–	46	–
6 - 12 months	53	–	29	–
Over 12 months	–	312	–	312
Total	183,909	145,773	176,367	61,001
Less: Allowance for doubtful debts	–	(312)	–	(312)
Total trade accounts receivable - unrelated parties, net	183,909	145,461	176,367	60,689
Total trade accounts receivable - net	314,895	274,292	1,103,573	3,554,986

8. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties. Pricing policy is summarised below:

1. Sales and cost of goods transactions, the prices will be based on the agreed prices between the parties.
2. Rental and service income and expenses will be based on the contract prices between the parties and according to market price.
3. Management fee income and expenses will be based on the agreed prices between the parties and/or market price.
4. Interest rate of inter-company loan will be based on the interest rate close to those charged by commercial bank to normal customer.
5. Dividend income is recognized when declared.

Significant transactions between the Company and its subsidiaries and related companies are summarised below:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Transactions with subsidiary companies (eliminated from the consolidated financial statements)				
Sales of goods	–	–	8,184	8,191
Inventory management fee income	–	–	70	120
Rental and service income	–	–	79	4
Interest income	–	–	165	190
Management fee income	–	–	722	242
Dividend income (Note 13.3)	–	–	1,952	1,849
Purchases of goods	–	–	3,797	601
Rental and service expenses	–	–	1,515	469
Interest expense	–	–	122	196
Transactions with related companies				
Other income	121	120	127	119
Rental and service income	385	360	331	255
Purchases of goods	21	28	20	24
Rental and service expenses	248	231	223	208
Management fee expense and other expenses	101	154	100	153
Tax consulting fee	2	2	2	2

As at 31 December 2012 and 2011, those balances of the accounts are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Trade accounts receivable - related parties (Note 7)				
Subsidiary companies	–	–	798,071	3,380,066
Related companies (related by common shareholders)	130,986	128,831	129,135	114,231
Total trade accounts receivable - related parties	130,986	128,831	927,206	3,494,297
Other payables - related parties (Note 20)				
Subsidiary companies	–	–	1,435,809	1,752,356
Related companies (related by common shareholders)	118,896	190,907	108,874	176,904
Total other payables - related parties	118,896	190,907	1,544,683	1,929,260

Loans to and loans from subsidiary companies

As at 31 December 2012 and 2011, the balance of loans to and loans from subsidiary companies and the movements are as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December	During the year		Balance as at 31 December
	2011	Increase	Decrease	2012
Loans to subsidiary companies				
Central Superstore Ltd.	–	42,780	(42,780)	–
Udon Big C Co., Ltd.	–	16,392	(16,392)	–
Pitsanulok Big C Ltd.	46	1,615,957	(1,615,275)	728
Big C Fairy Ltd.	344	1,964,720	(1,962,756)	2,308
Surat Big C Ltd.	–	10,074	(10,074)	–
Theparak Big C Ltd.	–	10,234	(10,234)	–
Chiengrai Big C Ltd.	1,957	17,257	(17,257)	1,957
Phraram II Big C Co., Ltd.	–	1,289	(1,289)	–
Chiengmai Big C (2001) Co., Ltd.	–	4,143	(4,143)	–
Central Pattaya Co., Ltd.	–	20,498	(20,498)	–
Inthanon Land Co., Ltd.	–	15,325	(15,325)	–
Big C Distribution Co., Ltd.	–	32	(32)	–
Cencar Ltd.	502,134	22,855,021	(22,084,449)	1,272,706
Nava Nakarintr Ltd.	93,600	153	(153)	93,600
SSCP (Thailand) Ltd.	4,200,682	1,224	(941,226)	3,260,680
Total loans to subsidiary companies	4,798,763	26,575,099	(26,741,883)	4,631,979
Loans from subsidiary companies				
Central Superstore Ltd.	510,609	290,400	(510,275)	290,734
Surat Big C Ltd.	140,017	32,370	(123,301)	49,086
Theparak Big C Ltd.	1,208,800	1,467,540	(1,752,851)	923,489
Chiengrai Big C Ltd.	162,577	50,521	(114,846)	98,252
Big C Distribution Co., Ltd.	3,415	4,018	(4,015)	3,418
Chiengmai Big C (2001) Co., Ltd.	312,299	16,069	(15,404)	312,964
Pitsanulok Big C Ltd.	45	832	(618)	259
Big C Fairy Ltd.	103	652	(521)	234
Cencar Ltd.	209,902	1,444,850	(1,546,013)	108,739
Nava Nakarintr Ltd.	173	335	(483)	25
Udon Big C Co., Ltd.	–	1	(1)	–
SSCP (Thailand) Ltd.	19,474	66,370	(75,625)	10,219
Total loans from subsidiary companies	2,567,414	3,373,958	(4,143,953)	1,797,419

Directors and management's benefits

During the year ended 31 December 2012 and 2011, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Short-term employee benefits	897	886	901	849
Post-employment benefits	32	22	32	22
Total	929	908	933	871

9. Rental and other service receivable

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Age on the basis of due date				
Not yet due	1,388,522	1,890,082	1,336,393	1,626,920
Past due				
Up to 3 months	333,916	381,185	329,831	361,482
3 - 6 months	22,910	35,194	21,423	26,003
6 - 12 months	13,492	37,615	8,026	12,079
Over 12 months	51,173	122,417	21,802	17,438
Total	1,810,013	2,466,493	1,717,475	2,043,922
Less: Allowance for doubtful debts	(132,413)	(210,537)	(72,167)	(59,751)
Total rental and other service receivable, net	1,677,600	2,255,956	1,645,308	1,984,171

In 2012, the Company sold accounts receivables of approximately Baht 1,805 million (2011: Baht 550 million) at a discount to a financial institution without recourse. The Company derecognised such accounts receivables from the financial statements.

10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements

	Cost		Reduce cost to net realisable value		Inventories - net	
	2012	2011	2012	2011	2012	2011
Finished goods	9,485,827	9,246,820	(373,784)	(531,254)	9,112,043	8,715,566
Goods in transit	83,765	225,545	–	–	83,765	225,545
Total	9,569,592	9,472,365	(373,784)	(531,254)	9,195,808	8,941,111

(Unit: Thousand Baht)

Consolidated financial statements

	Cost		Reduce cost to net realisable value		Inventories - net	
	2012	2011	2012	2011	2012	2011
Finished goods	9,171,776	6,463,691	(361,898)	(361,808)	8,809,878	6,101,883
Goods in transit	80,555	158,525	–	–	80,555	158,525
Total	9,252,331	6,622,216	(361,898)	(361,808)	8,890,433	6,260,408

11. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Insurance claim receivable (Note 11.1)	1,339,389	1,060,422	1,017,611	789,943
VAT refundable	719,393	677,229	699,089	607,872
Prepaid insurance	192,265	27,863	184,794	19,928
Deferred expenses	–	84,014	–	84,014
Others	191,077	158,185	129,898	109,958
Total other current assets	2,442,124	2,007,713	2,031,392	1,611,715

11.1 Insurance claim receivable

Political unrest event

Due to the political unrest in Bangkok during April to May 2010, one store of the Company had faced a negative impact as a result of the fire incident on 19 May 2010. The damages from the fire incident are estimated to be approximately Baht 1,478 million which consist of damages to fixed assets of Baht 946 million (net from unclaimed portion), damage to inventory of Baht 96 million, business interruption loss of Baht 352 million and other damages of Baht 84 million.

For all of the above stated damages, the management is virtually certain that there is insurance recovery for all of the losses and had therefore recorded the insurance recovery income in the financial statements in the same period.

During the year 2010 and 2011, the Company received cash recovery for the insurance claim of approximately Baht 401 million and Baht 662 million, respectively. The Company recorded such advance as a reduction from insurance claim receivable in the statements of financial position as at 31 December 2010 and 2011.

As at 31 December 2012 and 2011, insurance claim receivable from the political unrest event amounted to approximately Baht 415 million.

Flood event

As a result of the critical flood in many provinces during October to November 2011, 4 distribution centers, 5 hypermarkets and 15 small stores of the Company and its subsidiaries had faced a negative impact as a result of the flood incident. The damages from the flood incident are estimated to be as follows:

(Unit: Million Baht)				
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Business interruption loss	561	441	268	222
Others damages	763	204	607	153
Total damages	1,324	645	875	375

The estimated damages mentioned above were determined on a conservative basis and the management is virtually certain that all of the losses are recoverable under the insurance policies. The Company and its subsidiaries therefore recorded the insurance recovery income in the financial statements.

In December 2012, the Company and its subsidiaries received cash recovery for the insurance claim of approximately Baht 400 million (The Company only: Baht 272 million). The Company and its subsidiaries recorded such advance as a reduction from insurance claim receivable in the statements of financial position as at 31 December 2012.

As at 31 December 2012, insurance claim receivable from the flood event amounted to approximately Baht 924 million (The Company only: Baht 603 million) (2011: Baht 645 million and the Company only: Baht 375 million).

12. Other non-current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Prepaid services	195,408	174,028	175,541	174,028
Rental guarantee	137,802	106,494	94,899	63,592
Project advance	66,109	–	66,109	–
Deposits	58,117	58,823	58,084	58,742
Others	22,684	30,495	17,039	24,457
Total other non-current assets	480,120	369,840	411,672	320,819

13. Investments in subsidiaries

13.1 Acquisition of subsidiary companies during the year 2011

On 13 November 2010, the Company entered into the share purchase agreement for acquiring shares of CenCar Limited, Nava Nakarintr Limited, and SSCP (Thailand) Limited (collectively “CenCar Group”) from Carrefour Nederland B.V. and Mildew B.V. The objectives of this business acquisition are to increase its branch network throughout the Bangkok Metropolitan Area, accelerate the dual retail-property model, achieve significant synergies with current business, and expand the customer base.

On 5 January 2011, the Extraordinary General Meeting No.1/2011 approved the acquisition of 100 percent shareholding in CenCar Group. On 7 January 2011 (the acquisition date), the Company paid Euro 851 million (equivalent to Baht 34,030 million) for such business and settled liabilities to the financial institutions amounting to Baht 5,913 million on behalf of Nava Nakarintr Limited and SSCP (Thailand) Limited, under the conditions specified in the share purchase agreement.

On 21 September 2011, the Company entered into settlement agreement to adjust purchase price on business acquisition amounting to approximately Euro 6 million or equivalent to approximately Baht 255 million (exchange rate at the acquisition date was Baht 39.6671 per Euro). The payment was made on 3 October 2011.

The Company assessed the fair value of identifiable assets acquired and liabilities assumed at the acquisition date. The assessment was completed in the fourth quarter of 2011 and within the period of twelve months from the acquisition date allowed by Thai Financial Reporting Standard number 3 (revised 2009). During the measurement period, the Company obtained further information on the fair value of part of the assets and liabilities and has retrospectively adjusted the provisional amount recognised at the acquisition date. The adjustments caused property, plant and equipment and investment property to increase by approximately Baht 4,228 million, leasehold right to decrease by approximately Baht 591 million, deferred tax assets to increase by approximately Baht 255 million, short-term provisions to increase by approximately Baht 51 million and deferred tax liabilities to increase by approximately Baht 1,268 million.

Fair value amount of the assets acquired and the liabilities of the CenCar Group as at the acquisition date are as follows:

	(Unit: Thousand Baht)
Cash and cash at banks	2,929,940
Trade accounts receivable	69,195
Inventories	1,956,188
Other current assets	620,469
Investment properties	6,624,673
Property, plant and equipment	6,676,499
Intangible assets	107,174
Leasehold rights	1,929,143
Deferred tax assets	434,572
Other non-current assets	51,136
Trade accounts payable	(4,544,225)
Short-term loans from the Company	(5,913,427)
Short-term provisions	(72,719)
Other current liabilities	(1,299,166)
Deferred tax liabilities	(1,268,368)
Other liabilities	<u>(377,382)</u>
Net assets from acquisition of subsidiary companies	7,923,702
Cash paid for acquisition of the subsidiary companies	<u>34,285,113</u>
Goodwill (Note 16)	<u>26,361,411</u>

The total cost of acquisition of Baht 439 million was recorded as expense under the caption of "Acquisition related cost" in the income statements of the consolidated and separate financial statements for the years ended 31 December 2011 and 2010, of Baht 48 million and Baht 391 million, respectively.

Goodwill of approximately Baht 26,361 million comprises the value of expected synergies and cost saving arising from the acquisition and other benefits from combining the acquirer's and acquiree's businesses.

For the period from 7 January 2011 to 31 December 2011, CenCar Group has contributed revenue and profit of approximately Baht 32,564 million and Baht 1,094 million, respectively, to the consolidated statement of comprehensive income. There is no significant difference had CenCar Group been included in the consolidated financial statements from 1 January 2011 to 31 December 2011.

13.2 Registration of Subsidiary in foreign country

On 26 July 2011, the Company obtained Foreign Investment License (FIL) from Lao People's Democratic Republic to conduct trading activities in the form of wholesale and retail of food supplies and household articles in the Country. The investment term is thirty years.

On 2 August 2011, the Company had registered Big C Supercenter (Lao) Company Limited under the laws of Lao People's Democratic Republic with the registered share capital of USD 5 million which is to be wholly-owned by the Company. Subsequently, in the Board of Directors' meeting held on 19 October 2011, the board approved the fund transfer of USD 1 million (or equivalent to approximately Baht 31 million) to Big C Supercenter (Lao) Company Limited.

At 31 December 2012 and 2011, the Subsidiary has not started its commercial operations.

13.3 Details of investments in subsidiaries as presented in separate financial statements are as follows:

Separate financial statements

Company name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2012 Million Baht	2011 Million Baht	2012 %	2011 %	2012 Thousand Baht	2011 Thousand Baht	2012 Thousand Baht	2011 Thousand Baht
Local subsidiaries								
Chiangmai Big C (2001) Co., Ltd.	300	300	100.00	100.00	190,979	190,979	7,200	3,360
Central Superstore Ltd.	1,220	1,220	100.00	100.00	1,301,998	1,301,998	431,409	78,000
Theparak Big C Ltd.	80	80	100.00	100.00	380,137	380,137	599,995	592,123
Chiengrai Big C Ltd.	180	180	100.00	100.00	284,994	284,994	105,120	15,660
Surat Big C Ltd.	140	140	100.00	100.00	140,300	140,300	116,645	12,400
Big C Distribution Co., Ltd.	1	1	100.00	100.00	1,000	1,000	–	–
CenCar Ltd.	8,950	8,950	39.00*	39.00*	13,370,949	13,371,194	691,644	1,147,647
SSCP (Thailand) Ltd.	162	162	49.00*	49.00*	19,868,223	19,868,223	–	–
Nava Nakarintr Ltd.	1	1	100.00	100.00	1,045,696	1,045,696	–	–
Foreign subsidiary								
BigC Supercenter (Lao) Company Limited	31	31	100.00	100.00	31,342	31,342	–	–
Total investment in subsidiary companies					<u>36,615,618</u>	<u>36,615,863</u>	<u>1,952,013</u>	<u>1,849,190</u>

* These shareholding percentage are directly held by the Company while the remaining portions are held by Nava Nakarintr Limited and SSCP (Thailand) Limited.

14. Investment properties

The net book value of investment properties as at 31 December 2012 and 2011 is presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
31 December 2012		
Cost	25,816,876	12,455,870
Less Accumulated depreciation	(10,039,222)	(3,952,174)
Net book value	15,777,654	8,503,696
31 December 2011		
Cost	24,906,352	11,576,542
Less Accumulated depreciation	(9,324,076)	(3,546,549)
Net book value	15,582,276	8,029,993

A reconciliation of the net book value of investment properties for the years 2012 and 2011 is presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Net book value at beginning of year	15,582,276	7,977,774	8,029,993	6,881,132
Acquisition of a subsidiary during the year (Note 13.1)	–	6,624,673	–	–
Acquisitions	172,729	838,824	162,675	850,609
Transfer from property, plant and equipment - net	821,472	951,470	735,689	724,455
Disposals/written-off - net book value	(197)	(4,151)	(122)	(124)
Depreciation charged	(798,626)	(806,314)	(424,539)	(426,079)
Net book value at end of year	15,777,654	15,582,276	8,503,696	8,029,993

The fair value of the investment properties of the Company and its subsidiaries as at 31 December 2012 was approximately Baht 34,802 million (The Company only: Baht 21,469 million) (2011: Baht 33,671 million and the Company only: Baht 20,338 million).

The fair values of the above investment properties have been determined based on valuations performed by an accredited independent valuer. The fair value of the leasehold land and building has been determined based on the income approach. The main assumptions used in the valuation are yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.

As at 31 December 2012, certain investment property items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 2,718 million (2011: Baht 2,597 million) (The Company only: Baht 721 million (2011: Baht 604 million)).

As at 31 December 2012, two subsidiaries have land with easement to other companies for passageway, pathway, road, tunnel of approximately 2 rai 3 ngan 89.3 sq.wah since 1997 and 2000 without finite term. Their carrying value amounted to approximately Baht 33 million (2011: Baht 33 million).

15. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements

	Land	Land improvements	Leasehold improvements	Freehold and leasehold building and improvements	Furniture, fixture and office equipment	Utility systems	Vehicles	Construction in progress and projects under development	Total
Cost values:									
31 December 2010	4,172,470	83,986	1,337,054	9,290,770	6,615,896	5,976,335	7,333	414,060	27,897,904
Acquisition of a subsidiary during the year	1,077,819	7,537	352,945	5,436,548	4,078,487	3,097,245	797	3,714	14,055,092
Acquisitions/Transfer in	228,809	24,418	320,353	426,718	1,586,598	516,044	522	2,279,330	5,382,792
Transfer to investment properties	(431,350)	(6,609)	-	(703,309)	-	(232,730)	-	-	(1,373,998)
Depreciation on disposals/Transfer out/Written off	-	-	(2,893)	(23,377)	(728,200)	(31,458)	(7,496)	(2,257,071)	(3,050,495)
31 December 2011	5,047,748	109,332	2,007,459	14,427,350	11,552,781	9,325,436	1,156	440,033	42,911,295
Acquisition	367,784	4,213	110,849	325,110	947,445	207,611	15	2,773,418	4,736,445
Transfer in	16,048	63,643	175,856	538,320	402,730	535,205	-	277	1,732,079
Transfer to investment properties	(61,448)	-	-	(17,610)	-	-	-	(679,313)	(758,371)
Transfer to other assets	-	-	-	-	-	-	-	(93,353)	(93,353)
Depreciation on disposals/Transfer out/Written off	-	-	(19,759)	(16,895)	(671,401)	(67,048)	-	(1,706,978)	(2,482,081)
31 December 2012	5,370,132	177,188	2,274,405	15,256,275	12,231,555	10,001,204	1,171	734,084	46,046,014
Accumulated depreciation:									
31 December 2010	-	40,435	778,389	4,129,674	5,233,277	3,008,233	4,429	-	13,194,437
Acquisition of a subsidiary during the year	-	4,266	104,721	1,555,566	3,383,450	2,220,046	746	-	7,268,795
Depreciation for the year	-	13,823	88,022	529,995	1,029,724	436,194	911	-	2,098,669

Transfer to investment properties	-	(2,814)	-	(318,337)	-	(101,377)	-	-	(422,528)
Depreciation on disposals/ Transfer out/Written off	-	(549)	(1,764)	(22,314)	(640,116)	(25,314)	(5,437)	-	(695,494)
31 December 2011	-	55,161	969,368	5,874,584	9,006,335	5,537,782	649	-	21,443,879
Depreciation for the year	-	21,487	135,699	499,866	1,130,938	479,982	112	-	2,268,084
Transfer to (out) investment properties	-	528	-	(2,700)	-	65,273	-	-	63,101
Reclassify	-	-	302	3,293	123,978	(127,573)	-	-	-
Depreciation on disposals/ Transfer out/Written off	-	-	(15,531)	(15,997)	(651,337)	(44,365)	-	-	(727,230)
31 December 2012	-	77,176	1,089,838	6,359,046	9,609,914	5,911,099	761	-	23,047,834

Allowance for impairment loss:

31 December 2010	63,000	-	-	-	-	-	-	-	63,000
Acquisition of a subsidiary during the year	-	-	-	75,490	6,255	28,053	-	-	109,798
Increase (decrease) during the year	-	-	-	1,993	-	(7,730)	-	-	(5,737)
31 December 2011	63,000	-	-	77,483	6,255	20,323	-	-	167,061
Decrease during the year	-	-	-	(18,995)	(6,255)	(20,323)	-	-	(45,573)
31 December 2012	63,000	-	-	58,488	-	-	-	-	121,488

Net book value:

31 December 2011	4,984,748	54,171	1,038,091	8,475,283	2,540,191	3,767,331	507	440,033	21,300,355
31 December 2012	5,307,132	100,012	1,184,567	8,838,741	2,621,641	4,090,105	410	734,084	22,876,692

Depreciation for the year:

2011 (Baht 10 million included in cost of sales and service, and the remaining balance in selling and administrative expenses)	2,098,669
2012 (Baht 9 million included in cost of sales and service, and the remaining balance in selling and administrative expenses)	2,268,084



(Unit: Thousand Baht)

Separate financial statements

	Land	Land improvements	Leasehold improvements	Freehold and leasehold building and improvements	Furniture, fixture and office equipment	Utility systems	Vehicles	Construction in progress and projects under development	Total
Cost values:									
31 December 2010	3,063,864	68,440	1,329,419	7,391,347	6,341,391	5,115,194	7,333	410,740	23,727,728
Acquisitions/Transfer in	228,809	25,004	307,510	396,867	1,175,668	570,333	468	2,029,258	4,733,917
Transfer to investment properties	(286,130)	(5,741)	-	(499,559)	-	(180,272)	-	-	(971,702)
Disposals/Transfer out/ Written off	-	-	(2,424)	-	(286,325)	(4,411)	(6,700)	(2,025,481)	(2,325,341)
31 December 2011	3,006,543	87,703	1,634,505	7,288,655	7,230,734	5,500,844	1,101	414,517	25,164,602
Acquisitions	367,784	4,470	110,935	324,869	918,694	197,862	15	2,740,078	4,664,707
Transfer in	16,048	61,092	175,856	508,430	371,882	531,183	-	-	1,664,491
Transfer to investment properties	(64,482)	-	-	-	-	-	-	(671,207)	(735,689)
Transfer to other assets	-	-	-	-	-	-	-	(93,353)	(93,353)
Disposals/Transfer out/ Written off	-	-	(15,580)	(16,894)	(119,587)	(39,071)	-	(1,666,674)	(1,857,806)
31 December 2012	3,325,893	153,265	1,905,716	8,105,060	8,401,723	6,190,818	1,116	723,361	28,806,952
Accumulated depreciation:									
31 December 2010	-	26,641	773,644	2,771,985	4,973,428	2,313,079	4,429	-	10,863,206
Depreciation for the year	-	12,280	76,618	269,515	721,819	330,594	909	-	1,411,735
Transfer to investment properties	-	(1,953)	-	(185,787)	-	(59,507)	-	-	(247,247)

Disposals/Transfer out/ Written off	-	-	(1,470)	-	(280,308)	(4,354)	(4,688)	-	(290,820)
31 December 2011	-	36,968	848,792	2,855,713	5,414,939	2,579,812	650	-	11,736,874
Depreciation for the year	-	19,953	107,673	242,455	858,932	357,050	98	-	1,586,161
Disposals/Transfer out/ Written off	-	-	(14,364)	(16,244)	(117,754)	(37,889)	-	-	(186,251)
31 December 2012	-	56,921	942,101	3,081,924	6,156,117	2,898,973	748	-	13,136,784
Allowance for impairment loss:									
31 December 2010	63,000	-	-	-	-	-	-	-	63,000
Increase during the year	-	-	-	1,722	-	1,104	-	-	2,826
31 December 2011	63,000	-	-	1,722	-	1,104	-	-	65,826
Decrease during the year	-	-	-	(1,722)	-	(1,104)	-	-	(2,826)
31 December 2012	63,000	-	-	-	-	-	-	-	63,000
Net book value:									
31 December 2011	2,943,543	50,735	785,713	4,431,220	1,815,795	2,919,928	451	414,517	13,361,902
31 December 2012	3,262,893	96,344	963,615	5,023,136	2,245,606	3,291,845	368	723,361	15,607,168
Depreciation for the year:									
2011 (Baht 7 million included in cost of sales and service, and the remaining balance in selling and administrative expenses)	1,411,735								
2012 (Baht 9 million included in cost of sales and service, and the remaining balance in selling and administrative expenses)	1,586,161								

As at 31 December 2012, the Company had a building under a finance lease agreement with net book value of approximately Baht 262 million (2011: nil).

As at 31 December 2012, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 12,667 million (The Company only: Baht 8,062 million) (2011: Baht 12,347 million and the Company only: Baht 7,473 million).



16. Goodwill

(Unit: Thousand Baht)

	Consolidated financial statements	
	2012	2011
Balance at the beginning of year	26,722,032	360,621
Goodwill acquired from business combination during the year (Note 13.1)	–	26,361,411
Balance at end of year	<u>26,722,032</u>	<u>26,722,032</u>

17. Leasehold rights

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
As at 31 December 2012:		
Cost	8,837,311	5,158,292
Less: Accumulated amortisation	(3,652,707)	(1,738,156)
Allowance for impairment	<u>(34,065)</u>	<u>–</u>
Net book value	<u>5,150,539</u>	<u>3,420,136</u>
As at 31 December 2011:		
Cost	8,643,692	4,867,268
Less: Accumulated amortisation	(3,498,659)	(1,672,177)
Allowance for impairment	<u>(98,306)</u>	<u>(10,649)</u>
Net book value	<u>5,046,727</u>	<u>3,184,442</u>

A reconciliation of the net book value of leasehold rights for the years 2012 and 2011 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Net book value at beginning of year	5,046,727	3,261,161	3,184,442	3,168,950
Acquisition of a subsidiary during the year (Note 13.1)	–	1,929,143	–	–
Acquisitions	391,615	171,461	391,615	194,660
Transfer of construction in progress from property, plant and equipment	23,410	–	23,410	–
Transfer out	(89,214)	–	–	–
Written-off - net book value	(6,319)	(1)	(6,288)	–
Amortisation charged	(279,921)	(323,388)	(183,692)	(187,519)
Decrease in provision for impairment	28,589	8,351	10,649	8,351
Reclassification of provision for impairment	<u>35,652</u>	<u>–</u>	<u>–</u>	<u>–</u>
Net book value at end of year	<u>5,150,539</u>	<u>5,046,727</u>	<u>3,420,136</u>	<u>3,184,442</u>

18. Intangible assets

Intangible assets which are computer software are presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
As at 31 December 2012:		
Cost	456,510	450,242
Less: Accumulated amortisation	(360,571)	(354,608)
Net book value	95,939	95,634
As at 31 December 2011:		
Cost	421,144	414,358
Less: Accumulated amortisation	(306,739)	(301,165)
Net book value	114,405	113,193

A reconciliation of the net book value of intangible assets for the years 2012 and 2011 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Net book value at beginning of year	114,405	126,095	113,193	125,612
Acquisition of a subsidiary during the year (Note 13.1)	–	107,174	–	–
Acquisitions	21,813	39,546	22,053	36,447
Transfer of construction in progress from property, plant and equipment	13,835	5,242	13,835	5,242
Transfer out	(277)	–	–	–
Disposals - net book value	(3)	(96,079)	(3)	–
Amortisation charged	(53,834)	(67,573)	(53,444)	(54,108)
Net book value at end of year	95,939	114,405	95,634	113,193

As at 31 December 2012, certain intangible assets have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated amortisation of those assets amounted to approximately Baht 233 million (2011: Baht 133 million) (The Company only: Baht 232 million (2011: Baht 133 million)).

19. Short-term loans from financial institutions

On 20 December 2010, the Company had entered into Baht 38,500 million unsecured loan agreement with financial institutions for the purpose of funding the business acquisition (as mentioned in Note 13.1 to the financial statements). This loan carried interest at THBFIX 1 month plus margin per annum. Full settlement of this loan was to be made within one year with an option to extend the term for another 6 months. On 6 December 2011, the Company had extended the settlement date from 6 January 2012 to 7 July 2012. Under the terms of the above agreements, the Company must comply with certain conditions and restrictions stipulated in the agreements. During 2011, the Company had repaid the loan of Baht 2,000 million and as at 31 December 2011, the short-term loan amounted to Baht 36,500 million.

During 2012, the Company had repaid the loan of Baht 4,520 million, and subsequently, on 6 July 2012, the Company had settled the short-term loan of Baht 31,980 million by drawing down part of the long-term loans (as mentioned in Note 21 to the financial statements), using the Company's own funds and issuing short-term unsecured promissory notes with four local financial institutions.

As at 31 December 2012, the short-term promissory notes of Baht 6,000 million carries interest at 3.18 - 3.29 percent per annum with a maturity on 3 January 2013 (subsequently extended the maturity date to 3 April 2013).

20. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Trade payables - unrelated parties	22,820,300	21,015,351	22,213,897	16,755,440
Other payables - related parties (Note 8)	118,896	190,907	1,544,683	1,929,260
Other payables - unrelated parties	1,655,772	1,628,353	1,570,282	1,279,849
Accrued expenses	2,349,293	2,145,042	2,178,852	1,484,746
Total trade and other payables	26,944,261	24,979,653	27,507,714	21,449,295

21. Long-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	2012	2011
Long-term loans	23,000,000	–
Less: Current portion	(1,675,000)	–
Long-term loans, net of current portion	21,325,000	–

On 28 June 2012, the Company has entered into two long-term loan agreements for the purpose of refinancing the above short-term loan (as mentioned in Note 19 to the financial statements). The detail of the loan agreements are as follows:

- A loan agreement with three local financial institutions for total credit facilities of Baht 27,000 million for the period of 2-7 years. The loan carries interest at THBFIX 3 months or 6 months or BIBOR 3 months plus margin per annum. Repayment is to be made by a mixture of amortization of annual installment, revolving promissory notes and full repayment at maturity. During 2012, the Company had drawn down Baht 19,000 million and repaid Baht 1,000 million. As at 31 December 2012 the credit facilities of the Company which have not yet been drawn down amounted to Baht 8,000 million and, the long-term loan amounted to Baht 18,000 million.

- b) A loan agreement with a local financial institution for credit facility of Baht 5,000 million for the period of five years. The loan carries interest at THBFIX 6 months plus margin per annum. Repayment is to be made in annual installments commencing from January 2013 to July 2017. During 2012, the Company had drawn down the full amount and as at 31 December 2012, the long-term loan amounted to Baht 5,000 million.

The above long-term loan agreements were unsecured. Under the terms of the agreements, the Company must comply with certain conditions and restrictions stipulated in the agreements i.e. to maintain net debt to EBITDA ratio and to maintain net debt to equity ratio.

22. Other current liabilities

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial Statements	
	2012	2011	2012	2011
Vat payable	887,969	603,628	850,194	587,523
Accrued property tax	501,127	513,874	312,024	314,401
Deferred income	163,071	131,095	156,778	87,944
Gift vouchers liabilities	140,820	123,508	140,820	133,421
Current portion of liabilities under a finance lease agreement (Note 23)	7,108	–	7,108	–
Others	130,939	168,885	114,141	154,850
Total other current liabilities	1,831,034	1,540,990	1,581,065	1,278,139

23. Liabilities under a finance lease agreement

(Unit: Thousand Baht)		
	Consolidated and separate financial statements	
	2012	2011
Liabilities under a finance lease agreement	369,932	–
Less : Deferred interest expenses	(107,498)	–
Total	262,434	
Less : Portion due within one year (Note 22)	(7,108)	–
Liabilities under a finance lease agreement - net of current portion	255,326	–

The Company has entered into finance lease agreements with a company for the rental of a department store for use in its operation, whereby it is committed to pay monthly rental at a fixed rental rate and at a percentage of sales and sublease revenue of the Company. The term of the agreement is 28 years.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Million Baht)

As at 31 December 2012

	Less than 1 year	1-5 years	Over 5 years	Total
Future minimum lease payments	19	83	268	370
Deferred interest expenses	(12)	(43)	(53)	(108)
Present value of future minimum lease payments	7	40	215	262

24. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2012 and 2011, which is compensations on employees' retirement, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Balance at beginning of year	211,916	133,724	182,673	133,724
Acquired at acquisition date	–	7,094	–	–
Current service cost	25,460	14,456	25,229	13,552
Interest cost	8,192	6,235	7,913	5,963
Actuarial losses recognised in other comprehensive income during the year	99,246	67,219	119,979	45,804
Benefits paid during the year	(9,239)	(16,812)	(9,057)	(16,370)
Balance at end of year	335,575	211,916	326,737	182,673

Long-term employee benefit expenses included in the profit or loss for the year ended 31 December 2012 of the Company and its subsidiaries amounted to approximately Baht 34 million (2011: Baht 21 million) (The Company only: Baht 33 million (2011: Baht 20 million)).

The cumulative effect of actuarial loss of the company and its subsidiaries as recognised in other comprehensive income as at 31 December 2012 was approximately Baht 141 million (2011: loss of Baht 42 million) (The Company only: loss of Baht 140 million (2011: loss of Baht 20 million)).

Principal actuarial assumptions at the reporting date are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	% p.a.	% p.a.	% p.a.	% p.a.
Discount rate	3.9	3.8	3.9	3.8
Future salary increase rate	3.5 – 10	3.5 – 10	3.5 – 10	3.5 – 10

Amounts of defined benefit obligation for the current and previous three years are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
2012	335,575	326,737
2011	211,916	182,673
2010	133,724	133,724
2009	137,916	137,916

25. Other non-current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Retention payables	70,329	91,168	67,337	75,833
Deposits for rental and others	1,657,649	1,484,323	1,424,902	1,118,512
Total other non-current liabilities	1,727,978	1,575,491	1,492,239	1,194,345

26. Share capital

On 29 March 2012, the Company's Board of Directors' meeting No. 2/2012 approved the following resolutions.

- To approve the cancellation of the resolution of the Company's Board of Directors' meeting No. 5/2011 on 19 October 2011 regarding the reduction of the registered share capital of the Company from the existing registered capital of Baht 8,250 million to approximately Baht 8,014 million by cancelling the authorised but unissued 23,613,426 shares with par value of Baht 10 each.
- To approve the allocation of up to 23,613,426 authorised but unissued ordinary shares with par value of Baht 10 each to specific investors and/or institutional investors under a private placement scheme.

On 30 April 2012, the Annual General Meeting of the Company's shareholders approved the above allocation of unissued ordinary shares. The Company registered the increase in its share capital with Ministry of Commerce on 10 May 2012.

- To approve the postponement of implementing an increase in the registered share capital of the Company from approximately Baht 8,014 million to approximately Baht 11,514 million by issuing 350 million new ordinary shares with par value of Baht 10 each as approved by the Company's Board of Directors' meeting No. 5/2011 on 19 October 2011 and to reconsider it at an appropriate time.

27. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

28. Other income

Other income mainly consists of advertising income which is charged to suppliers for the advertisements placed in the Company and its subsidiaries' brochures, insurance recovery and interest income.

29. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Purchase of goods	93,621,584	86,742,107	92,654,904	68,343,329
Salary and wages and other employee benefits	5,710,019	5,270,710	5,617,051	3,825,411
Utilities expenses	3,152,218	2,754,500	2,674,173	1,750,521
Depreciation expense	3,066,710	2,904,982	2,010,700	1,837,814
Inventory management	1,643,715	1,278,568	1,487,409	998,914
Advertising expense	1,525,921	1,472,153	1,325,548	998,861
Professional and management fee	1,419,034	1,428,861	1,371,931	1,141,914
Rental and service expenses	1,353,044	1,278,512	2,344,203	1,277,932
Amortisation expenses	344,292	402,094	247,673	252,760
Acquisition related cost	–	47,715	–	47,715
Other expenses	2,759,823	1,813,033	317,098	345,047
Total expenses	114,596,360	105,393,235	110,050,690	80,820,218

30. Income tax

30.1 Income tax expenses for the years ended 31 December 2012 and 2011 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Current income tax				
Current income tax charge	1,520,832	1,658,728	1,186,666	981,883
Adjustments in respect of current income tax of previous year	2,685	3,128	(948)	4,482
Deferred tax:				
Relating origination and reversal of temporary differences	225,135	399,703	16,517	226,957
Effects of changes in the applicable tax rates	–	(307,327)	–	22,354
Income tax expense reported in the income statement	1,748,652	1,754,232	1,202,235	1,235,676

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2012 and 2011 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Income tax relating to actuarial losses charged directly to other comprehensive income	(15,678)	(20,166)	(21,966)	(13,741)

30.2 Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2012 and 2011.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Accounting profit before tax	7,841,290	7,014,729	7,290,943	6,387,320
Applicable tax rate	23%	30%	23%	30%
Accounting profit before tax multiplied by applicable tax rate	1,803,497	2,104,419	1,676,917	1,916,196
Unrecognised tax losses	37,117	60,614	–	–
Adjustment in respect of current income tax of previous year	2,685	3,128	(948)	4,482
Non-taxable items	(43,568)	10,809	(17,971)	1,876
Tax effect on applicable tax rate when recover assets or settle liabilities	(38,130)	–	(5,893)	–
Recognition of previously unrecognized deferred tax assets	(10,285)	(31,325)	–	(31,325)
Effects of changes in the applicable tax rates	–	(307,327)	–	22,354
Tax effect of non-taxable dividend income	–	–	(448,963)	(554,757)
Tax exemption from political unrest	–	(118,327)	–	(118,327)
Others	(2,664)	32,241	(907)	(4,823)
Income tax expenses reported in the income statement	1,748,652	1,754,232	1,202,235	1,235,676

30.3 As at 31 December 2012 and 2011, the components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Deferred tax assets				
Allowance for doubtful debts	26,483	42,170	14,433	12,013
Allowance for diminution in value of inventory	74,757	122,188	72,380	83,216
Allowance for impairment of assets	37,938	53,073	12,600	15,295
Provision for suppliers' discounts	216,755	233,522	209,518	161,629
Provision for long-term employee benefits	67,115	42,480	65,347	36,628
Fair value adjustment of subsidiary's assets regarding business combination	103,941	112,234	–	–
Short-term provisions	26,318	52,886	16,383	27,922
Provision for customer loyalty program	12,028	16,131	11,945	12,233
Effect from long-term lease agreement	15,711	8,858	12,628	6,847
Liabilities under financial lease agreement	52,487	–	52,487	–
Others	15,460	6,269	5,177	6,035
Total	648,993	689,811	472,898	361,818
Deferred tax liabilities				
Fair value adjustment of subsidiary's assets regarding business combination	(781,318)	(815,884)	–	–
Change in useful lives of assets	(352,892)	(186,341)	(147,559)	(70,728)
Insurance claim receivable	(289,696)	(305,361)	(227,994)	(251,513)
Assets under financial lease agreement	(52,319)	–	(52,319)	–
Total	(1,476,225)	(1,307,586)	(427,872)	(322,241)
Net	(827,232)	(617,775)	45,026	39,577

In October 2011, the Cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the Cabinet, in December 2011, the decrease in tax rates for 2012-2014 were enacted through a Royal Decree. The Company and its subsidiaries reflected the changes in tax rates in its deferred tax calculation, as presented above.

As at 31 December 2012, the subsidiaries have unused tax losses of approximately Baht 792 million. Deferred tax assets have not been recognized in respect of such tax losses as the subsidiaries believe that it is not probable that future taxable profits will be available to allow the deferred tax asset to be utilised.

31. Earnings per share

Basic earnings per share are calculated by dividing the net income for the year of the equity holders of the Company (excluded other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

32. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
2011				
Final dividend from 2010 income	Annual General Meeting of the shareholders on 27 April 2011	1,570,718	1.96	May 2011
Total dividends for 2011		1,570,718		
2012				
Final dividend from 2011 income	Annual General Meeting of the shareholders on 30 April 2012	1,570,718	1.96	May 2012
Total dividends for 2012		1,570,718		

33. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 and 5.5 percent of salary. The fund, which is managed by Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. Total contributions by the Company and its subsidiaries for the year 2012 amounted to approximately Baht 118 million (2011: Baht 94 million) and Baht 114 million for the Company (2011: Baht 78 million).

34. Financial information by segment

The Company and its subsidiary companies' operations are in a single industry segment of retail and are carried out in the single geographic area of Thailand. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned industry segment and geographic area.

35. Commitments and contingent liabilities

Commitments and contingent liabilities as at 31 December 2012 are summarised as follows:

- 35.1 The Company and its subsidiaries had outstanding guarantees of approximately Baht 501 million (2011: Baht 425 million) and approximately Baht 388 million for the Company (2011: Baht 227 million) as issued by the banks on behalf of the Company and its subsidiaries for the government agencies in respect of guarantee for electricity usage and others as required in the normal course of business.
- 35.2 The Company and its subsidiaries entered into land lease and sub-lease agreements with individuals, related companies and other companies for the construction of office buildings and stores for periods ranging from one year to thirty years.

As at 31 December 2012, future minimum lease payments required under these non-cancellable agreements were as follows.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Payable within:				
Less than 1 year	789	708	984	903
1 to 5 years	2,862	2,791	1,994	1,867
More than 5 years	7,135	6,653	4,649	3,899

In addition, under certain lease and sub-lease agreements, the Company and its subsidiaries have commitments to make rental or additional rental payment, at a percentage of sales and sublease revenue of the Company and its subsidiaries.

As at 31 December 2012, the Company and its subsidiaries have subleased part of the space under the non-cancellable agreements and expect to receive sublease payments of approximately Baht 93 million (2011: Baht 107 million) (The Company only: Baht 70 million (2011: Baht 74 million)). During the year 2012, the Company and its subsidiaries had recognized rental expenses of Baht 24 million (2011: Baht 24 million) and sublease revenue of Baht 14 million (2011: Baht 14 million) (The Company only: rental expenses of Baht 10 million (2011: Baht 11 million) and sublease revenue of Baht 5 million (2011: Baht 5 million)).

The above lease agreements stipulated certain covenants which the Company and its subsidiaries must comply.

- 35.3 The Company also entered into agreements relating to the transfer of leasehold right and sub-lease arrangements covering part of buildings from existing lessors (which are two related companies). The lease contracts were made with a related company and a local company. The compensation for the transfer of leasehold right and leasing charges during the first eight years starting from 2000, are in the range of approximately Baht 688 million to Baht 1,202 million, depending on sales volume. Subsequent sub-leasing charges from the ninth year would be based on the market rate for such period, depending on conditions to be agreed between the parties.
- 35.4 The Company was committed to obligations under agreements with several companies for the construction of office buildings and department stores totaling approximately Baht 396 million (2011: Baht 888 million)
- 35.5 The Company and its subsidiaries have outstanding commitment in respect of uncalled portion of investment in subsidiaries of approximately Baht 1,427 million (2011: Baht 1,427 million) (The Company only: Baht 685 million (2011: Baht 685 million)).
- 35.6 Company entered into a logistics and distribution services agreement with a company resulting in a commitment to pay for the service fee at a percentage of goods purchased.
- 35.7 The Company and subsidiaries have been sued by other entities as co-defendant for breach of contracts, penalty claim and other cases in which the case is currently being considered by the Civil Court. Furthermore, the Company and its subsidiaries have been sued by certain individuals. The management believes that the Company and its subsidiaries will receive favorable ruling for the cases. However, for prudent reason the Company and its subsidiaries have set up certain provision for litigation in their accounts.
- 35.8 The Company entered into the renewal of the land lease contract and the lease and service agreement of Wongsawang Town Center Department store with a related party. These agreements cover a period of 10 years, commencing from 1 April 2006 and extendable for another two years. The rental is to be paid at the rates of Baht 458,544 per month for the 1st - 3rd year and will be increased by 15% every three years, while the 11th - 12th year rental will be paid at same rate as that of the tenth year (in accordance with the resolution of the Annual General Meeting of Shareholders of the Company on 27 April 2006).

35.9 The Company and its subsidiaries entered into the land lease contract with a related company. This agreement generally covers a period of 30 years, commencing from 17 July 1996. In consideration thereof, the Company and its subsidiaries agree to pay annual rental fee under the calculation by using initial land cost multiply by average loan rate of commercial banks. In 2012 the average loan rate is 7.08 - 7.33% per year (2011: 6.25 - 7.33% per year).

35.10 Company entered into a Memorandum of Understanding to lease the shopping center with a company in Lao People's Democratic Republic for a period of twenty years, commencing from the soft opening of the mall and for another twenty years. The Company agrees to pay rental fees revenue sharing at the rate stated in the memorandum based on net sales.

35.11 The Company entered into a technical assistance and management agreement with a related company resulting in a commitment to pay for the service fee on a quarterly basis at a fixed rate of number of actual hours worked. The term of agreement for 1 year commencing from 1 January 2012 and automatically be extended for a further term of 1 year.

36. Financial instruments

36.1 Financial risk management

The Company and its subsidiary companies' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, rental and other services receivable, loans from/loans to subsidiaries, and accounts payable. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiary companies are exposed to credit risk primarily with respect to trade accounts receivable, rental and other income receivable, and loans to subsidiary companies. They manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, they do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, rental and other income receivable, and loans to subsidiary companies, stated in the statement of financial position.

Interest rate risk

The Company and its subsidiary companies are exposed to interest rate risk related primarily to their cash and cash equivalents, trade accounts receivable, rental and other services receivable, loans from/loans to subsidiaries, accounts payable and loans from financial institutions.



Significant financial assets and liabilities classified by type of interest rates are summarized in the table below.

Consolidated financial statements

As at 31 December 2012

(Unit: Million Baht)

	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
Financial Assets				
Cash and cash equivalent	5,479	3,301	8,780	0.10 – 2.50
Trade accounts receivable	–	315	315	–
Rental and other income receivable	–	1,678	1,678	–
	<u>5,479</u>	<u>5,294</u>	<u>10,773</u>	–
Financial liabilities				
Short-term loans from financial institutions	6,000	–	6,000	2.99 – 3.40
Trade accounts payable	–	26,944	26,944	–
Long-term loans from financial institutions	23,000	–	23,000	3.40 – 4.50
	<u>29,000</u>	<u>26,944</u>	<u>55,944</u>	–

Consolidated financial statements

As at 31 December 2011

(Unit: Million Baht)

	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
Financial Assets				
Cash and cash equivalent	5,986	1,436	7,422	0.10 – 2.50
Trade accounts receivable	–	274	274	–
Rental and other income receivable	–	2,256	2,256	–
	<u>5,986</u>	<u>3,966</u>	<u>9,952</u>	–
Financial liabilities				
Short-term loans from financial institutions	36,500	–	36,500	1.87 – 4.36
Trade accounts payable	–	24,980	24,980	–
	<u>36,500</u>	<u>24,980</u>	<u>61,480</u>	–

Separate financial statements

As at 31 December 2012

(Unit: Million Baht)

	Floating interest rate	interest bearing	Total	Effective interest rate (% p.a.)
Financial Assets				
Cash and cash equivalent	5,446	3,169	8,615	0.10 – 2.50
Trade accounts receivable	–	1,104	1,104	–
Rental and other income receivable	–	1,645	1,645	–
Loans to subsidiary companies	4,632	–	4,632	3.40 – 4.00
	<u>10,078</u>	<u>5,918</u>	<u>15,996</u>	
Financial liabilities				
Short-term loans from financial institutions	6,000	–	6,000	2.99 – 3.40
Trade accounts payable	–	27,508	27,508	–
Loans from subsidiary companies	1,797	–	1,797	3.40 – 4.00
Long-term loans from financial institutions	23,000	–	23,000	3.40 – 4.50
	<u>30,797</u>	<u>27,508</u>	<u>58,305</u>	–

Separate financial statements

As at 31 December 2011

(Unit: Million Baht)

	Floating interest rate	interest bearing	Total	Effective interest rate (% p.a.)
Financial Assets				
Cash and cash equivalent	3,627	1,074	4,701	0.10 – 2.50
Trade accounts receivable	–	3,555	3,555	–
Rental and other income receivable	–	1,984	1,984	–
Loans to subsidiary companies	4,799	–	4,799	1.79 – 4.36
	<u>8,426</u>	<u>6,613</u>	<u>15,039</u>	
Financial liabilities				
Short-term loans from financial institutions	36,500	–	36,500	1.87 – 4.36
Trade accounts payable	–	21,449	21,449	–
Loans from subsidiary companies	2,567	–	2,567	1.79 – 4.36
	<u>39,067</u>	<u>21,449</u>	<u>60,516</u>	–

Foreign currency risk

The Company and its subsidiaries' exposure in foreign currency rates relates to revenues and administrative expenses from/to the related parties that are denominated in foreign currency.

The balances of financial assets and liabilities denominated in foreign currency that have not been hedged are summarised below.

Consolidated financial statements

(Unit: Thousand)

Foreign currency	Financial assets		Financial liabilities		Average exchange rate as at 31 December	
	2012	2011	2012	2011	2012	2011
US Dollar	131	125	–	931	30.6316	(Baht per foreign currency) 31.6912
Euro	2,252	1,036	2,219	2,772	40.5563	41.0274

(Unit: Thousand)

Separate financial statements

Foreign currency	Financial assets		Financial liabilities		Average exchange rate as at 31 December	
	2012	2011	2012	2011	2012	2011
US Dollar	131	125	-	931	30.6316	31.6912
Euro	2,252	1,036	2,219	2,772	40.5563	41.0274

On 7 January 2011, the Company recognised net losses from the change in fair value of derivatives of approximately Baht 634 million which was transferred from shareholders' equity to "Investments in subsidiaries" in the separate financial statements and recognised as part of the consideration transferred for business acquisition according to Note 13.1 to the consolidated financial statements.

As at 31 December 2012 and 2011, the Company and its subsidiary companies have no outstanding derivatives contract.

36.2 Fair values of financial instruments

Since the majority of the Company and its subsidiary companies financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial positions.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

37. Capital management

The primary objectives of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2012, the Group's debt-to-equity ratio was 1.95:1 (2011 was 2.86:1) and the Company's was 2.16:1 (2011 was 3.10:1).

38. Debentures

On 10 November 2003, the Extraordinary shareholder's meeting had passed the resolution to approve the issuance of debentures of not exceeding Baht 3,000 million or in other currency with the equivalent amount due within 6 years. The debenture will be sold to specific investor and or public in accordance with the regulation of the Securities and Exchange Commission. However, as at 31 December 2012 and 2011 the Company has not issued debentures under the above resolution.

39. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2011 have been reclassified to conform to the current year's classification, without any effect to previously reported profit or shareholders' equity.

40. Approval of financial statements

The financial statements were authorised for issuance by the authorised directors on 11 February 2013.

Appendix



Summary of Transaction with Related Companies

In 2012, the Company and its subsidiaries had Related Party Transactions (RPT) in 2 categories:

- 1) Normal Business
- 2) Support Normal Business

RPT in both categories had general trade terms and conditions with similar condition as made with any third party under the same status (arm's length basis) and considered falling under the conditions approved by the Board of Directors. The Company did not enter into RPT in other categories.

To promote transparency and Board of Directors' responsibilities, the Company follows requirements of SEC, i.e.,

- ▶ The Board of Directors No. 1/2012 considered and approved conditions that the Company could enter into, without having to obtain approval from the Board of Directors on individual transaction basis. In addition, the Board approved yearly limit for those qualified RPT.
- ▶ The Company discloses RPT in Annual Report and Annual Statements, per table below.

Type of Transaction	Related Companies	Relationship	Condition / Pricing Policy	Rationale	Contract Detail	Amount (Million baht)	Comment of Independent Directors /Auditors
1. Purchase of goods	Customer : Big C Supercenter PCL. Big C Fairy Ltd. Big C Pitsanulok Ltd. CenCar Ltd. Supplier : Central Trading Co., Ltd. Textral Textile Co., Ltd.	Company of Central Group	Market price	Normal business	-	Purchase 21.4 Trade 2.4 Payable	External auditor was of the opinion that this transaction is on market price
2. Tax management service	Service receiver : Big C Supercenter PCL. Service provider : Central Marketing Group Intertrade Co., Ltd	Company of Central Group	Negotiated price based on arms' length	Support normal business	Contract commencing on 1 Jan 2012 to 31 Dec 2012, monthly fee of Bt 150,000	Service charge 1.8	Company's independent director viewed that this transaction is reasonable and commercially useful for the Company and subsidiary.

Type of Transaction	Related Companies	Relationship	Condition / Pricing Policy	Rationale	Contract Detail	Amount (Million baht)	Comment of Independent Directors /Auditors
3. Land leasehold contract at Big C Store (Korat branch)	Lessee : Big C Supercenter PCL. Lessor : Tieng Chirathivat Co., Ltd.	Company of Central Group	Negotiated price based on arms' length	Normal business	30-year contract commencing from Dec-1-1996 to Nov-30-2026 Amount of leasing option is Bt 105 million with monthly rental and service charge of Bt 275,000 which will be increased by 10% for every 3 years	Rental fee 5.3	Company's financial advisor viewed that it is at reasonable price and independent directors have no contradictory opinion.
4. Building lease of Big C store (Wongsawang branch)	Lessee : Big C Supercenter PCL. Lessor : Central Department Store Co., Ltd.	Company of Central Group	Market price	Normal business	10-year contract commencing from Apr-1-2006 to Mar-31-2016 with monthly rental and service charge based on rental area and will be increased by 10% for every 3 years	Rental fee and Service Charges 47.6	External auditor viewed that the price is at market price
5. Land lease in Big C store (Ratburana branch)	Lessee : Central Superstore Ltd. Lessor : Central Thonburi Co., Ltd.	Company of Central Group	Market price	Normal business	30-year contract commencing on May-1-1995 to Apr-30-2025 Amount of leasing option is Bt 119.9 million with yearly rental of Bt 1.2 million which will be increased by 10% for every 3 years	Rental fee 1.9	External auditor viewed that the price is at market price
6. Parking area leasing contract at Big C store (Ratburana branch)	Lessee : Central Superstore Ltd. Lessor : Central Thonburi Co., Ltd.	Company of Central Group	Market price	Normal business	3-year contract commencing from Jan-1-2012 to Dec-31-2014, monthly rental of Bt 170,000, payable 6 months in advance	Rental fee 2.0	External auditor viewed that the price is at market price

Type of Transaction	Related Companies	Relationship	Condition / Pricing Policy	Rationale	Contract Detail	Amount (Million baht)	Comment of Independent Directors /Auditors
7. Land lease of Big C store (Khon Kaen branch)	Lessee : Big C Fairy Ltd. Lessor : Central Pattana (Khonkaen) Co., Ltd.	Company of Central Group	Market price	Normal business	30-year contract commencing on Jul-17-1996 with yearly rental of Bt 25.8 million	Rental fee 25.8	External auditor viewed that the price is at market price
8. Space service agreement for “Western Union”	Service receiver : Central Department Store Co., Ltd. Service providers : Big C Supercenter PCL. Big C Fairy Ltd.	Company of Central Group	Market price	Normal business	4-year contract	Service Income Advance Receivable 9.2 9.7	Company’s financial advisor viewed that it is at reasonable price and independent directors have no contradictory opinion.
9. Land lease and service rendering contract at each branch of Big C store	Lessee : Central Restaurant Group Co., Ltd. (K.F.C.) Central Restaurant Group Co., Ltd. (Mr. Donut) Central Restaurant Group Co., Ltd. (Auntie Anne’s) Central Restaurant Group Co., Ltd. (Pepper Lunch) Central Watson Co., Ltd. Central Trading Co., Ltd. Power Buy Co., Ltd. B2S Co., Ltd. Lessor : Big C Supercenter PCL. and subsidiaries	Company of Central Group	Market price	Normal business	Leasing term ranges from 3 years to 15 years	Rental fee 385.1 Receivable 25.2	External auditor viewed that the price is at market price

Type of Transaction	Related Companies	Relationship	Condition / Pricing Policy	Rationale	Contract Detail	Amount (Million baht)	Comment of Independent Directors /Auditors
10. Assignment of building rental right of Central's building at Hua Mark	Assignee : Big C Supercenter PCL. Assignor : Ramindra Department Store Co., Ltd. Lessor : Harmg Central Department Store Co., Ltd.	Company of Central Group	Negotiated price based on arms' length	Normal business	Lease term is 15 years and one month commencing from Apr-25-2000 to May-31-2015 Amount of monthly assignment option is Bt 4.02 million with the service charges is Bt 1.7 million. The rental fee during first eight years depends on sales volume with the minimum and maximum rental fee, after that the rental fee depends on the agreed condition	Rental fee 91.6 and service charge	Company's financial advisor viewed that the transaction is justified and reasonable and will be beneficial for the company. Independent directors have no contradictory opinion.
Services and facilities contract in Central's building at Hua Mark	Service provider : Big C Supercenter PCL. Service provider : Central Department Store Co., Ltd.	Company of Central Group	Negotiated price based on arms' length	Normal business	Contract term is 15 years and one month commencing on Apr-25-2000 with renewal period of 4 years and 11 months, service charge based on service area and service rate per area as determined in the contract		Company's financial advisor viewed that the transaction is justified and reasonable and will be beneficial for the company. Independent directors have no contradictory opinion.

Type of Transaction	Related Companies	Relationship	Condition / Pricing Policy	Rationale	Contract Detail	Amount (Million baht)	Comment of Independent Directors /Auditors
11. Sub-leasing contract of Fashion Island Department Store	Lessee : Big C Supercenter PCL. Lessor : Central Department Store Co., Ltd.	Company of Central Group	Negotiated price based on arms' length	Normal business	Leasing term of 15 years commencing from Oct-20-2000 to Oct-19-2015 with renewal period of 9 years, monthly rental fee is Bt 792,000 ; yearly rental fee is Bt 9.5 million	Rental fee 83.8 and service charge	Company's financial advisor viewed that the transaction is justified and reasonable and will be beneficial for the company. Independent directors have no contradictory opinion.
Service contract for building facility system in Fashion Island Department Store	Service provider : Big C Supercenter PCL. Service provider : Central Department Store Co., Ltd.	Company of Central Group	Negotiated price based on arms' length	Normal business	15-year contract commencing from Oct-20-2000 to Oct-10-2015 with renewal period of 9 years. Service charges divided into two parts: First : based on serviced area and service rate per area as determined in the agreement Second : during first eight years, service charge depends on sales volume with minimum and maximum charge, after that service charge depends on agreed condition		Company's independent director viewed that this transaction is reasonable and commercially useful for the Company and subsidiary.

Type of Transaction	Related Companies	Relationship	Condition / Pricing Policy	Rationale	Contract Detail	Amount (Million baht)	Comment of Independent Directors /Auditors
12. Land sub-leasing contract for the implementation of Central Festival Center at Pattaya	Lessee : Central Pattana PCL. Lessor : Central Pattaya Co., Ltd.	Company of Central Group	Market price	Normal business	Leasing term of 21 years and 6 months commencing from Nov-1-1993 to Apr-30-2015, monthly rental fee ranging from Bt 167,500 (first year) to Bt 834,000 (last year), deposit for rental guarantee of Bt 61.7 million (partially returned for 80 times every three months to lessee on quarterly basis of Bt 771,625)	Income 9.3 Payable 13.6 (deposit) 22.4	External auditor viewed that the price is at market price
13. Leasing contract for some areas of Big C store (Pattaya branch)	Lessee : Central Pattana PCL. Lessor : Central Pattaya Co., Ltd.	Company of Central Group	Market price	Normal business	Leasing term of 19 years and 4 months commencing on Dec-29-1995	Leasehold 19.2	External auditor viewed that the price is at market price
14. Contract on infrastructure system services of Big C store (Pattaya branch)	Service receiver : Central Realty Service Co., Ltd. Service provider : Central Pattaya Co., Ltd.	Company of Central Group	Market price	Normal business	Service term of 19 years and 4 months commencing on Dec-29-1995	Service charge (already paid in full) 12.8	External auditor viewed that the price is at market price
15. Leasing contract of some area in Central Festival Center at Pattaya	Lessee : Central Pattaya Co., Ltd. Lessor : Central Pattana PCL.	Company of Central Group	Market price	Normal business	Leasing term of 19 years and 9 months commencing on Jul-29-1995	Leasehold 1.2	External auditor viewed that the price is at market price
16. Contract of sharing expenses of Big C store (Pattaya branch)	Service receiver : Central Pattaya Co., Ltd. Service provider : Central Pattana PCL.	Company of Central Group	Market price	Normal business	Contract commencing on Jan-1-2010 to Apr-30-2015, monthly service charge is Bt 701,285.50 and will be annually increased by 5%	Service charge 9.2	External auditor viewed that the price is at market price

Type of Transaction	Related Companies	Relationship	Condition / Pricing Policy	Rationale	Contract Detail	Amount (Million baht)	Comment of Independent Directors /Auditors
17. Technical assistance and management agreement	Service provider : Big C Supercenter PCL. Service provider : Distribution Casino France	Company of Casino Group	Negotiated price based on arms' length	Support normal business	Contract commencing on Jan-1-2012 and automatically be extended for a further term of 1 year. Service charge depends on agreed condition	Management Fee and Other expenses Payable 73.4 73.0	Company's independent director viewed that this transaction is reasonable and necessary. It is also commercially beneficial for the Company and subsidiaries.
18. Service mark license agreement	Licensee : Cavi Retail Limited (Big C Vietnam) Licensor : Big C Supercenter PCL.	Company of Casino Group	Negotiated price based on arms' length	Normal business	5-year contract	Income Receivable 16.4 4.1	Company's independent director viewed that this transaction is reasonable and necessary. It is also commercially beneficial for the Company and subsidiaries.
19. Pool agreement	Service provider : Casino International Service provider : Big C Supercenter PCL.	Company of Casino Group	Negotiated price based on arms' length	Normal business	Compensate income from goods purchasing (IRTS Income), base on product type and purchase amount.	Income Receivable 77.5 90.8	Company's independent director viewed that this transaction is reasonable and necessary. It is also commercially beneficial for the Company and subsidiaries.
20. Merchandise sourcing service	Service receiver : Big C Supercenter PCL. Service provider : Group Casino Limited	Company of Casino Group	Negotiated price based on arms' length	Normal business	Annual management fee	Service charge 6.2	Company's independent director viewed that this transaction is reasonable and necessary. It is also commercially beneficial for the Company and subsidiaries.

Top 10 Shareholders as at 31 January 2013 are following:

Shareholders	Number of Shares Holding	% Holding
1. Geant International B.V. ¹	264,797,600	32.097
2. Saowanee Holdings Company Limited ¹	218,280,000	26.458
3. Thai NVDR Company Limited	56,060,723	6.795
4. Mrs. Arunee Chan	37,619,714	4.560
5. The Bank of New York (Nominees) Limited	24,390,802	2.956
6. UBS AG SINGAPORE BRANCH	18,000,000	2.182
7. BARCLAYS BANK PLC, SINGAPORE	15,900,000	1.927
8. Credit Suisse AG	10,900,000	1.321
9. Mr. Amnuay Thanarakchok	7,522,200	0.912
10. Mr. Niti Osthauugrah	7,475,400	0.906

⁽¹⁾ Shareholders having influence on management policy of the Company including by nominating persons as directors.

Dividend Policy of the Company and Subsidiaries

The Company has set a policy to pay dividends at the rate of 30 per cent of annual net profit. In the year 2010, 2011 and 2012, the Company had paid the dividends for the year 2009, 2010 and 2011 at the rate of 59%, 56% and 30% of annual net profit (of the Company only) after deduction of legal reserve respectively.

The subsidiaries have set a policy to pay the dividends at maximum rate as possible in order to allow Big C to fully realize revenue from its subsidiary

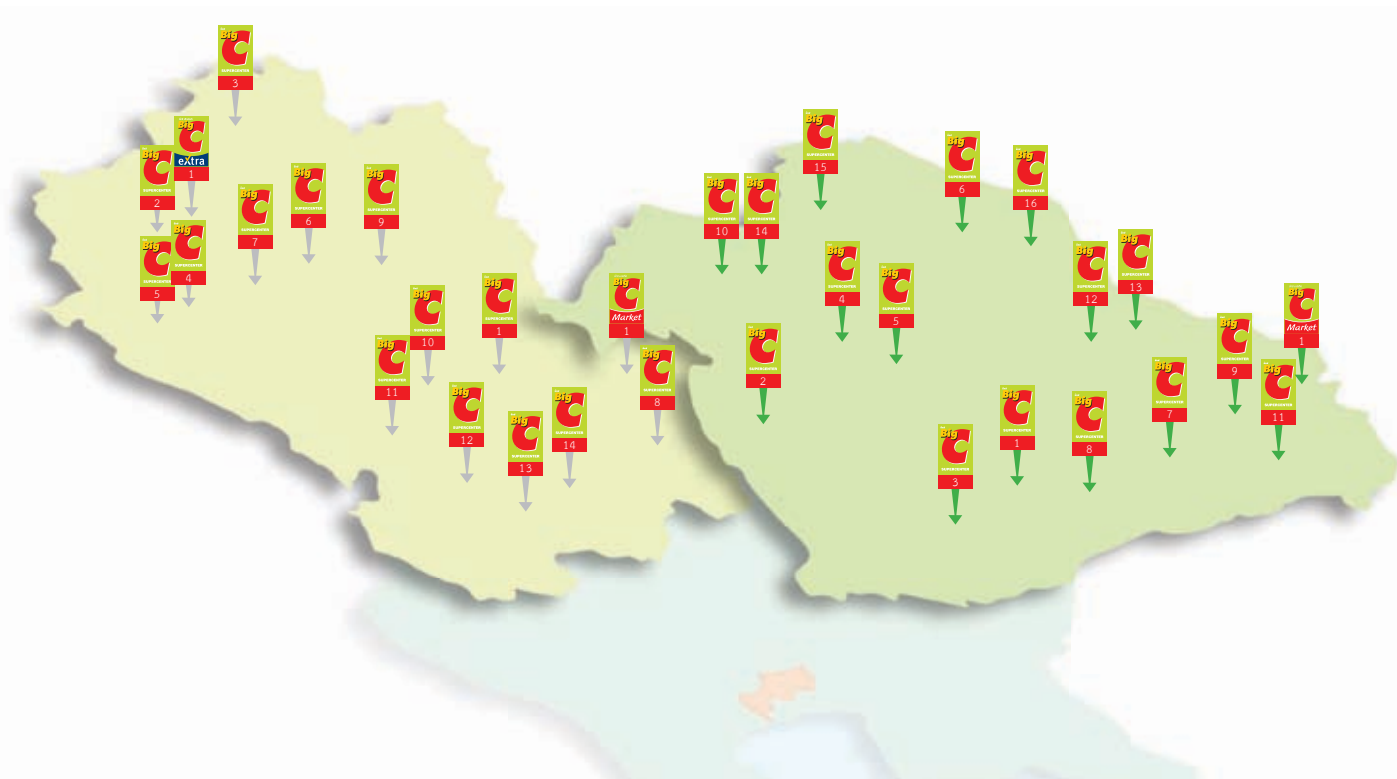
	2011	2010	2009
Dividend payment:	Baht 1.96 (per share)	Baht 1.96 (per share)	Baht 1.96 (per share)
Total dividend payment:	Baht 1,570,717,685	Baht 1,570,717,685	Baht 1,570,717,685
Percentage to Net Profit	30%	56%	59%
Legal Reserve (5%)	- *	Baht 17,400,000	Baht 140,900,000
Number of shares:	801,386,574 Shares	801,386,574 Shares	801,386,574 Shares

* In the year 2011, the Company has already set aside in full the legal reserve of 10% of its registered capital, as required by law.



Big C Store

Information in 2012



BIG C in Northern Region



Big C

1. Phitsanulok
2. Chiang Mai
3. Chiang Rai
4. Hang Dong
5. Hang Dong 2
6. Lampang
7. Lamphun
8. Phetchabun
9. Phrae
10. Sukhothai
11. Tak
12. Kamphaeng Phet
13. Nakhon Sawan
14. Nakhon Sawan 2



Big C Extra

1. Chiang Mai 2



Big C Market

1. Lomsak



Big C Market

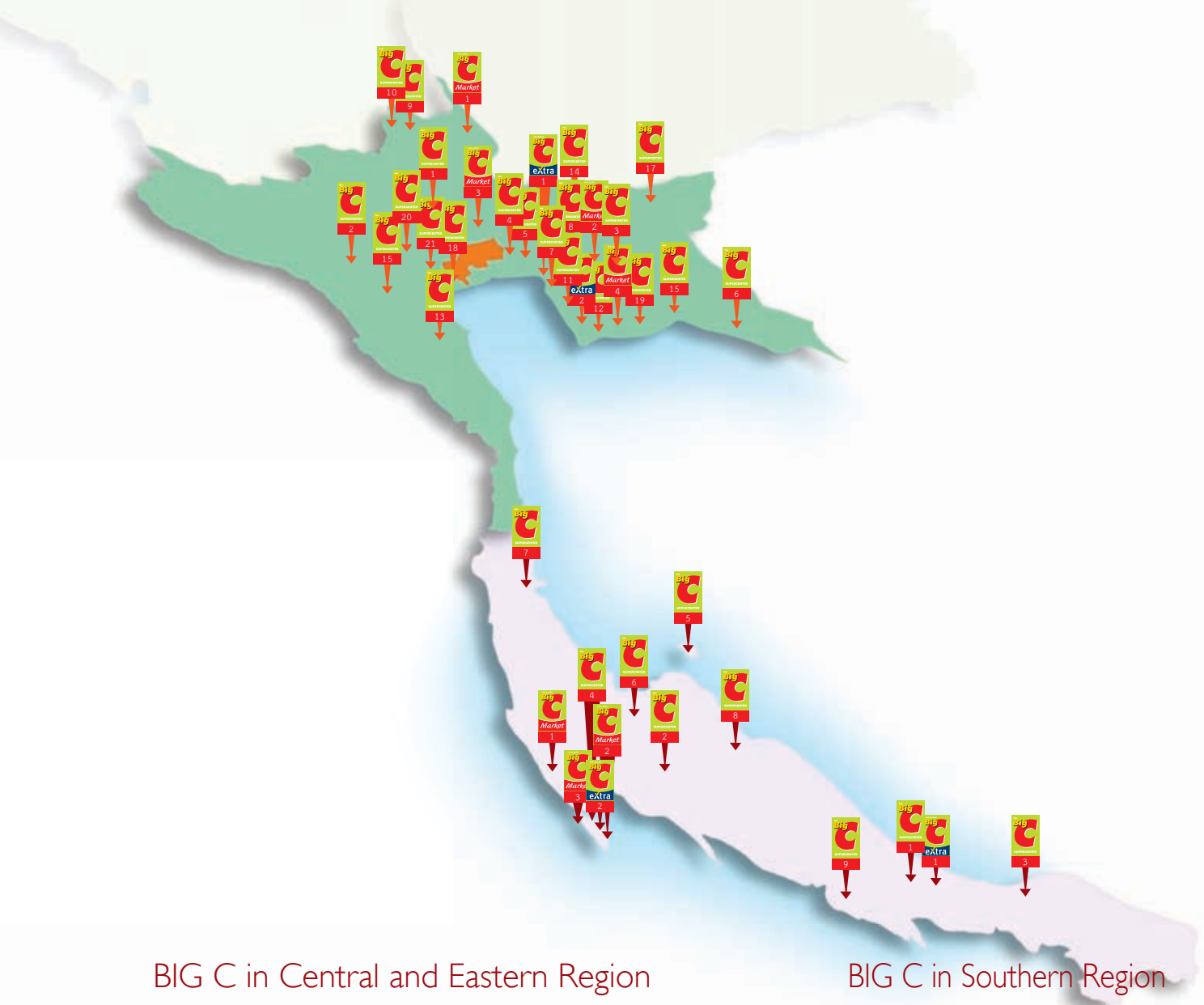
1. Phibulmangsaharn

BIG C in North-Eastern Region



Big C

1. Buriram
2. Chaiyaphum
3. Korat
4. Khon Kaen
5. Maha Sarakham
6. Sakon Nakhon
7. Sisaket
8. Surin
9. Ubon Ratchathani
10. Udonthani
11. Warin Chamrap
12. Yasothon
13. Amnat Charoen
14. Udonthani 2
15. Loei
16. Mukdahan



BIG C in Central and Eastern Region



Big C

1. Ayutthaya
2. Ban Pong
3. Ban Bueng
4. Chachoengsao
5. Chachoengsao 2
6. Chantaburi
7. Chonburi
8. Chonburi 3 Central
9. Lopburi
10. Lopburi 2
11. North Pattaya
12. South Pattaya 2
13. Phetchaburi
14. Prachinburi
15. Ratchaburi
16. Rayong
17. Sa Kaeo
18. Mahachai
19. Laem Thong Rayong
20. Nakhon Pathom
21. Omyai



Big C Extra

1. Chonburi 2
2. Pattaya 3



Big C Market

1. Saraburi
2. Pluak Daeng
3. Tha Rue
4. Banpae



Big C

1. Hatyai
2. Krabi
3. Pattani
4. Phuket
5. Samui
6. Surat Thani
7. Chumporn
8. Nakhon Si Thammarat
9. Satun



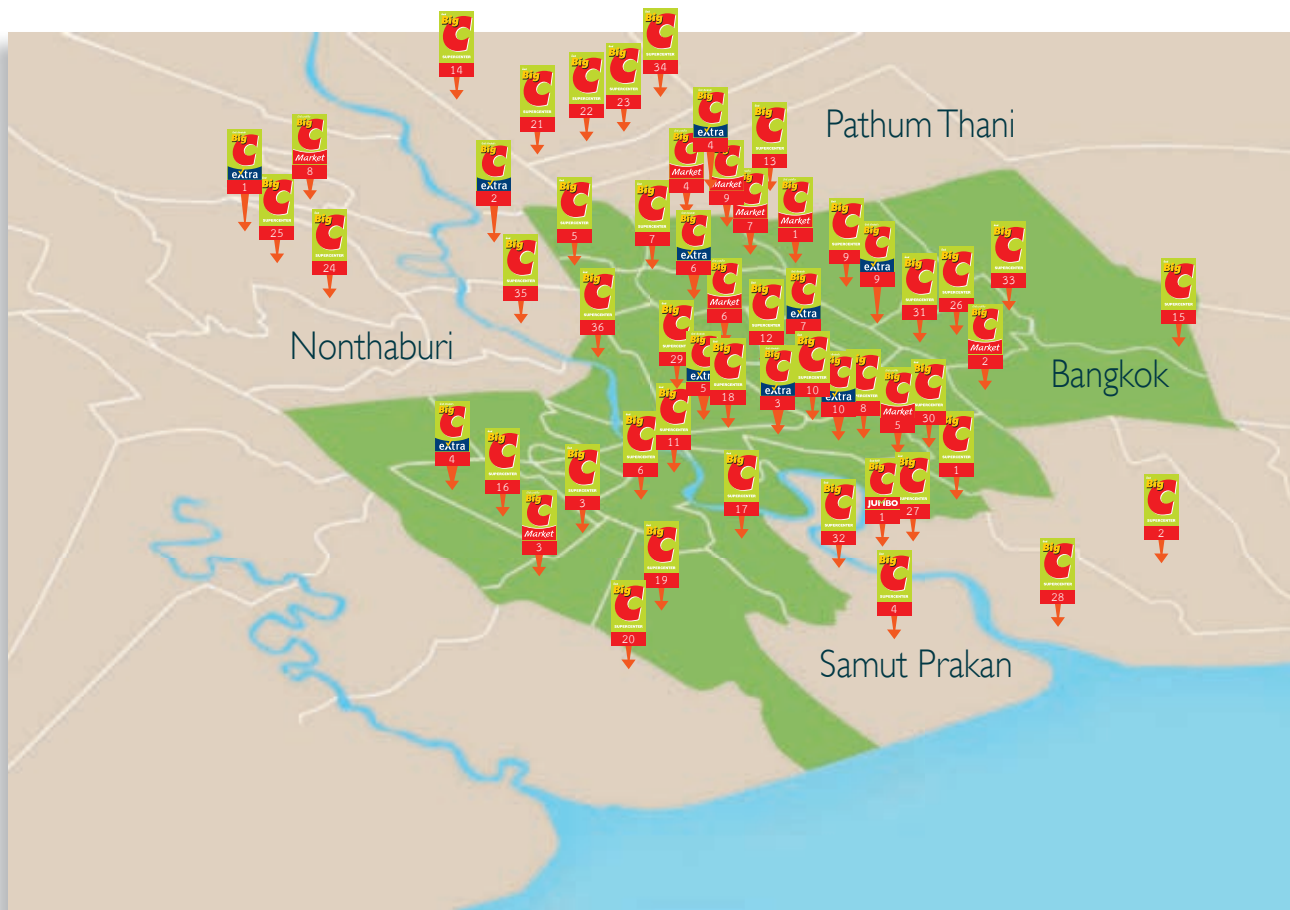
Big C Extra

1. Hatyai 2
2. Phuket 2



Big C Market

1. Phang Nga
2. Thepkrasattri
3. Kamala



BIG C in BKK and Vicinity



Big C Supercenter

- | | |
|-------------------|----------------------|
| 1. Bangna | 19. Rama 2 |
| 2. Bangplee | 20. Rama 2 (2) |
| 3. Bangbon | 21. Rangsit |
| 4. Bangpakok | 22. Rangsit 2 |
| 5. Chaengwattana | 23. Rangsit Khlong 3 |
| 6. Dao Kanong | 24. Rattanathibeth |
| 7. Donmuang | 25. Rattanathibeth 2 |
| 8. Ekkamai | 26. Romklao |
| 9. Fashion Island | 27. Samrong |
| 10. Huamark | 28. Samutprakarn |
| 11. Issaraphap | 29. Saphan Kwai |
| 12. Ladprao | 30. Srinakarin |
| 13. Lam Lukka | 31. Sukhaphiban 3 |
| 14. Navanakorn | 32. Suksawat |
| 15. Nongchok | 33. Suwintawong |
| 16. Phetkasem | 34. Rangsit Khlong 6 |
| 17. Rat Burana | 35. Tiwanon |
| 18. Rajdamri | 36. Wong Sawang |



Big C Extra

1. Bangyai
2. Chaengwattana 2
3. Rama 4
4. Phetkasem 2
5. Ratchadaphisek
6. Ramindra
7. Ladprao 2
8. Lam Lukka Khlong 4
9. Sukhaphiban 3 (2)
10. Onnuch



Big C Jumbo

1. Jumbo Samrong



Big C Market

1. Hatairat
2. Keha Romklao
3. Pracha Uthit
4. Saimai
5. Suanluang
6. Sukhaphiban 1
7. Sukhaphiban 5
8. Ratchapreuk
9. Khubon



MINI BIG C in BKK and Vicinity



Mini Big C

- | | | |
|-------------------------|-------------------------|---------------------------|
| 1. Senanikom | 36. Phetkasem 81 | 71. BCP Charoenkrung |
| 2. Udomsuk | 37. Luangphaeng 1 | 72. BCP Rama3(3) |
| 3. Bor Thong | 38. Prueksa Village 3 | 73. BCP Sukhapi 1(2) |
| 4. Ladprao 130 | 39. Phet Aree | 74. Phaholyothin52 |
| 5. Chinnakhet | 40. Bang Khan Market | 75. Wanghin |
| 6. Udomsuk 51 | 41. Soi Khunpra | 76. Moobannakkeela |
| 7. Bangplee | 42. Soi Poon Charoen | 77. Ladprao 101(2) |
| 8. Chalam Nimit | 43. Or-ngern Market | 78. BCP Pattanakarn |
| 9. Pattanakarn 20 | 44. Soi Puengmee 17 | 79. Moobanprueksachart |
| 10. Phra Pin 3 | 45. Onnuch 17 | 80. Nikombangpoo |
| 11. La Salle 24 | 46. Klong Payom | 81. Suayaiutis |
| 12. Tha It | 47. Soi Bearing 34 | 82. Ladprao107 |
| 13. Rangsit Klong2 | 48. Soi Srisamith | 83. Tarad Pimolrat |
| 14. Moo Ban Sahakorn | 49. Eua Arthorn | 84. Chokchai4 Soi31 |
| 15. Salaya | 50. Ladkrabang 2 | 85. Aue Ramintra |
| 16. Don Wai | 51. Ratpattana | 86. Mooban Sripetch |
| 17. Krungthon Market | 52. Laemfapa | 87. Mooban Prapin5 |
| 18. Prachachuen 12 | 53. Safari World | 88. Prachauthit 90 |
| 19. Thipphimarn | 54. Nana Charoen | 89. Thanon Samrej Pattana |
| 20. Chaloe Phra Kiat | 55. Auarethorn Klong 1 | 90. Phaholyothin54 |
| 21. Buathong Village | 56. Watcharapol | 91. Soi Ekachai 99/1 |
| 22. Seri Thai 41 | 57. Moobansuetrong | 92. Nikom Samutsakhon |
| 23. Wat Namdaeng | 58. Auarethorn Bangkhen | 93. Ladprao 80 |
| 24. Eua Arthorn Wat Koo | 59. Keha Klongluang | 94. Aue Suvarnabhumi |
| 25. Phraya Suren 38 | 60. Airport Plaza | 95. BCP Phaholyothin38 |
| 26. Wongwaen Center | 61. Rongpayaban Paolo | 96. BCP Sukhumvit99 |
| 27. Nimit Mai | 62. Sukontasawat | 97. BCP Pradit |
| 28. Muangthong Thani | 63. Nikom Navanakorn | 98. Aue Satetakit3 |
| 29. Sukhaphiban 2 | 64. Tarad Numthai | 99. Tarad Pongiam |
| 30. Soi Nong Yai | 65. Keha Ramintra | 100. Kamnanman 24 |
| 31. Suchart Market | 66. Bangkradee | 101. Hathairat 25 |
| 32. Soi Pier Nont | 67. Bansuan Laktee5 | 102. Soi Chalerm 65 |
| 33. Rattanakosin | 68. Keha Samutprakarn | 103. Soi Phokaew |
| 34. Praeksa | 69. Petchsiam 3 | |
| 35. Luangphaeng 5 | 70. Keha Thani 4 | |

Adequacy Assessment Form for the Internal Control System

Big C Supercenter Public Company Limited

20 February 2013

This Assessment Form was prepared by the Board of Directors which represents the opinion of the Board on the Adequacy of the Company's Internal Control System For the Year 2012

Part I : Organization Control and Environment Measure

Organization and Environment denote the availability of a good organizational structure and a suitable environment which provide an important foundation for establishing an effective internal control system. Therefore, it is necessary to create the conditions or factors that facilitate the continuance of an internal control system in the direction prescribed by the Company, thus creating a controlling atmosphere that encourages everyone in the Company to become aware of the necessity of an internal control system, for example, an emphasis placed by the management on integrity and ethics in business operation, the proper management of the structure of an organization, a clear description of duties, the availability of written policy and regulations, etc.

1.1 Has the Board of Directors supervised the setting of goals for business operation in a clear and measurable manner to be followed as a guideline for employees in their operation?

☒ Yes ☐ No

The management of the Company has set business goals clearly both on a short term (1 year) and long term (3 years) basis. The Company and executives of each particular department have jointly set, consider and approve a strategy, budget and a business goal in a clear and measurable manner for implementation so that such goals can be achieved. Furthermore, the Company and executive of each department will regularly and jointly review the goal and follow up its progress in all steps in order to ensure that such goal is suitable to the changing situation. Such business goal has been reported to the Board of Directors for acknowledgment and suggestion.

1.2 Has the Board of Directors reviewed its operational goals in such a way that the setting of said goals was performed with care as well as the feasibility of such goals was also taken into consideration and analysis was also carried out with regard to the provision of incentives or benefits to employees to justify that it was performed duly without motivation or there were no excessive benefits given that might lead to dishonesty or misconduct (for example, the setting of the Company's exaggerated sales targets that led to a makeup of sales figures, etc.)?

☒ Yes ☐ No

The Board of Directors has supervised the determination of the Company's goals for business operation of the management, whereby the management set up and carried out the policy based on a "cautious estimation". The rules for determining the Company's business goals were based on 3 fundamental facts, namely; the actual sales volume from the past, information relating to the country's overall economy and competition conditions forecasts in a particular year. The management of the Company would carefully maintain the rules for determining business goal, performance indicator, executive's strategy and operation policy by comparing to the performance evaluation data, results of operation by the plan in the previous year, statistics and best practice including realistic business goal so as to such business goal will be a challenge as well as can be practice and achieve without causing exaggerated pressure to employee.

1.3 Has the Company organized its structure that facilitates the management to carry out its operation efficiently?

☒ Yes ☐ No

The Company has a well-defined organizational structure with a clear and appropriate line of command. The management has set the role, authority, duty and responsibility in writing so that all employees acknowledge and are aware of their roles, duties and responsibilities.

1.4 Did the Company establish a written code of conduct and regulations prohibiting the management and its employees to conduct in such a manner that causes a conflict of interest with the Company's businesses including penalties in case of violation?

☒ Yes ☐ No

The management of the Company has implemented the Code of Conduct to be effective for all employees of the Company whereby the management and employees have signed as acceptance. In order to comply with the good corporate governance principle, the Board of Directors has created the Code of Conduct Guidebook as a specific guideline for the Board of Directors and the management to conduct their duties with transparency, moral and responsibility to all stakeholders all the time and continuously.

1.5 Did the Company set a written policy and operational procedures concisely to prevent dishonesty for its financial transactions, purchasing and general administration?

☒ Yes ☐ No

The Board of Directors trusts that the policy and operational procedures prescribed by the management which all concerned employees have a duty to strictly comply have been effective in preventing on dishonesty, such as the operational procedures or the manual of "Cash Management System", the "E-Disbursement System", the purchasing system and the merchandize administration system. Moreover, the management has set an additional process for each business unit to monitor their own performance and to be monitored by the internal and external auditor as well as set a channel for a whistle blower, so that the prevention of dishonesty will be more effective.

1.6 In setting its policy and action plan, did the Company consider fairness to its counterparts for long-term benefits?

☒ Yes ☐ No

The Board of Directors has given order to the management of the Company to set up requirements in equal treatment for all its counterparts. There was no discrimination from normal practice. Under the principle of fair and equal treatment and transparency, the Company intends to operate its business with responsibility and fairness to all stakeholders such as shareholder, executive, counterparts, competitors, employees, creditors, customers including community and society based on the belief that the sustained growth of the Company should be coming along with the growth and development of the stakeholders. The Company also set up and entered into confidentiality agreement/ policy between the Company, employees, purchasing staffs and counterparts in order to jointly maintain the long-term benefits of each party.

Part 2 : Risk Management Measure

The Company's business operation is undertaken under risk exposures all the time. Risks may be caused by internal factors, for example in cases where the management lacks honesty and ethics or the Company expands too quickly and thus causes the work system unsupported or insufficient supervision. Risks may also be caused by external factors such as changes in technology or consumer behavior may affect market shares. Accordingly, to lead the Company safe from risks, the management shall proceed with the following regularly:

- (1) Consider or contemplate the nature of risk that the Company is meeting or is expect to experience (Identification of Risk).
- (2) Analyze the impact of risk on the Company and the chance that such risk may occur (Analysis of Risk).
- (3) Determine measures to reduce the risk to be in an acceptable level (Management of Risk).



2.1 In undertaking its business, does the Company carry out an assessment regularly to define risk factors, either external or internal ones that may significantly affect its business operation?

☒ Yes ☐ No

The Board of Directors of the Company has realized the importance of risk management. Therefore, the establishment of the Risk Management Committee has been approved. The Risk Management Committee has duties to set the Risk Management Policy and to oversee the implementation of such policy by relevant business unit as well as to report risk management to the Board of Director through the Corporate Governance Committee.

In 2012, in order to improve structure of the Risk Management Committee to be more focus and aligned with annual Risk Mitigation Plan, composition of the Risk Management Committee has been adjusted to involve only those members of the Executive Committee who supervise functions that have been identified with high risk. The President or Chief Executive Officer (CEO) chairs the Risk Management Committee. Chief Risk Officer has been appointed together with senior manager as Risk Manager to drive effective implementation of Risk Mitigation Plan. The Executive Committee will review composition of the Risk Management Committee on a yearly basis in order to ensure involvement of related functions that is the key success factor for Risk Mitigation Implementation.

The risk management process starting from risk identification which has significant impact to the principal management plan. The risk has been categorized into 3 levels; High risk, Medium risk and Low risk. The measure to prevent all risks has been set up in order to provide the control levels; Good, Moderate or Poor. Then, the risks which need active management have been determined and the risk treatment plan and key risk indicator has been set up to regularly monitor such risk management. The Company has assigned a Risk Manager to periodically monitor such risk management and report to the management.

In addition, effective crisis management has been established to recognize the types of crisis to which the Company could be exposed. It incorporates a crisis plan with business/ disaster recovery plans, complete with an associated crisis communication strategy.

2.2 Did the company analyze which events might cause the occurrence of risk factors?

☒ Yes ☐ No

Same as 2.1 and the Company is organized in a manner that all risks are managed throughout the business processes. Each functional area is aware of its responsibilities with respect to the risks that are inherent in its area.

2.3 Has the Company adopted standards in following the events that might become risk factors including standards to reduce such risks?

☒ Yes ☐ No

The Board of Directors has assigned the management who are also the Risk Management Committee to be responsible for the risk management policy. In this regard, the management has to regularly assess the risk every year, with the coordination by the Risk Manager, to ensure that the risk is in acceptable level and then, make a report of the problem and resolution (if any) to the Risk Management Committee for consideration. After consideration, the problem will be reported to the Corporate Governance Committee and Board of Directors respectively

2.4 Has the Company notified all concerned employees of its risk management measures for their compliance?

☒ Yes ☐ No

The Company has conducted the training courses for concerned employees such as the employee in high and intermediate level to acknowledge and follow the risk management policy and measures. Moreover, all new employees will be trained to understand the Company's risk management as a part of a New Employee Orientation Program.

2.5 Does the Company monitor that every division has complied with the specified risk management plan?

☒ Yes ☐ No

The Risk Management Committee has assigned the Risk manager to coordinate and monitor all departments where the risk has been assessed in order to ensure that such departments regularly follow up the risk management plan every year.

Part 3 : Management Control Activities

Management control is an important activity, ensuring that the guidelines determined by the management will be complied and followed by everyone in the Company. These guidelines should describe in such a way that :

- (1) The assignment of authority and level of approval should be appropriately carried out.
- (2) Duties that may facilitate dishonesty should be classified and divided clearly from one another.
- (3) Procedures and methods of transactions with major shareholders, directors, the management or someone who is related to these persons should be prescribed properly to prevent transfer of benefits.
- (4) Methods should be established to ensure that the Company will be in compliance with laws and related regulations.

3.1 Does the Company specify the scope of authority and credit limit that can be approved by the management in each level clearly and in writing?

☒ Yes ☐ No

The management of the Company has applied the online approval system in order to make approval for any purchasing and applied the E-Disbursement for any expense payment according to a scope of authority for management at each level. The Company also develops the system to expand implementation in many other departments in order to monitor the working process systematically and easily follow up the outcome and collect the data.

3.2 Does the Company divide the authority and responsibility of work in the following 3 aspects clearly and completely for checking one another:

- (1) Approval duty;
- (2) Duty of recording accounting entries and information; and
- (3) Duty of keeping assets?

☒ Yes ☐ No

The management of the Company divides the authority and responsibility of work in 3 above-mentioned aspects clearly and completely whereas every division of the Company will have a scope of authority for approval differently. There are specific divisions for handling each duty of recording accounting entries, storing information and the duty of keeping assets. Thus, there is a suitable verification process for cross checking among them in good system.

3.3 In case the Company has transactions with major shareholders, directors, the management or someone who is related to these persons, does the Company has tightened measures available to monitor that each transaction has undergone the specified procedures for approval properly?

☒ Yes ☐ No ☐ none of such cases

The Board of Directors set the policy for relating transactions that all transactions shall be strictly followed the company's regulation and approved by the authorized person in the same way as the transaction with the third person and shall be in accordance with the Notification of the Securities Exchange of Thailand Re: Rules, Procedures and Disclosure of Relating Transactions of Listed Companies as well as the Notification of the Securities Exchange Commission issued under the revised Securities and Security Exchange Act. The Board of Director's member and management has continuously followed the announcement of the Board of directors, especially the new appointed Board of Director's members and the management have to fill in the Report Form of Director's and Executive's Interest to declare the amount of shares of the Company and other companies held by themselves and related person and to submit such Form to the Company at the time set by the Company.

In case of transactions relating to the sale and purchase of the Company's land, each transaction shall be approved by the Board of Directors.

Moreover, the Company's Audit Committee has coordinated with the Company's external auditor to review the disclosure of its relating transactions to be in accordance with the concerned Notification of the Securities Exchange of Thailand and also summarize such relating transactions in the Company's annual report.

3.4 In case of a transaction under 3.3, is the approval given by a person who has no interest in such transaction?

☒ Yes ☐ No ☐ none of such cases

According to the policy set by the management, the Company does not allow any interested person to participate in the consideration or to approve any transaction falls under the criteria requiring approval as described in 3.3.



3.5 In case of a transaction under 3.3, did the approval for such transaction involve the consideration of the Company's maximum benefits and was it deemed as a transaction concluded with a third person (based on arms' length basis)?

☒ Yes ☐ No ☐ none of such cases

In approving the connected transaction, the Company by the policy of the Board of Director strictly followed the regulation and considered the Company's maximum benefits and has received favorable terms and conditions from such transactions.

3.6 In case approval is given to transactions with related persons has caused a long-term binding effect with the Company (such as the entering into a sales contract, loan contract or guarantee contract etc.), is there any monitoring action to ensure that all concluded conditions in the contracts will be complied with throughout the contract term (such as the monitoring of loan repayment to be carried out in the agreed term, the reviewing of contract suitability.)?

☒ Yes ☐ No ☐ none of such cases

In case of long-term lease contracts, the Company shall comply with all commitments throughout the contract term and shall periodically review the appropriateness of performance of the contract.

3.7 In case the Company establishes standards relating to transactions in 3.3, do such measures extend to the case where such related person exploits the Company's opportunity and benefits for his own interest?

☒ Yes ☐ No ☐ none of such cases

The Company by the policy of the Board of Directors does not allow any director, management and employee to conduct any activity that may cause conflict of interest to the Company and the code of conduct. Moreover, any director or management is not allowed to utilize the Company's information which has not been publicized for its own benefit. However, until now none of such case occurs in the Company.

3.8 In cases where the Company has investments in a subsidiary company or associated company, does the Company monitor the operation of such subsidiary company or associated company regularly including the determination of a direction to be followed by a person whom is appointed by the Company to be a director or an executive in such company?

☒ Yes ☐ No ☐ none of such cases

The management of the Company will be responsible for supervising the operation of all subsidiary companies by determining management policies from the head office. The operation result of all subsidiary companies will also be periodically reported by the management to the Board of Directors' meeting.

3.9 Does the Company has measures to monitor the Company's operation to be in compliance with relevant laws in order to reduce risks in business operation and maintain its reputation?

☒ Yes ☐ No ☐ none of such cases

The Company under the policy of the management still maintains the measures on procedure regularly by the in-house legal department who will be responsible for looking after and supervising on the acquisition of all required licenses for proper business operation including ensuring renewal of licenses is performed properly at all times as well as will be responsible directly for legal matters and for following up any change or issuance of new rules, regulations or laws which come into force and have impacted to the Company's business operation. Thus, the Company will perform its business operation in accordance with the updated law requirement at all times. In addition, the legal department has a duty to provide training on basic legal knowledge to Company's staff so that all staffs will acknowledge their rights and duties as well of the Company and can perform their duty properly.

The Company always asks for primary legal advises internally from the legal department if there is any expansion of the Company's business either in manufacturing lines or distribution of goods or services. In case where it has more complexities on such business expansion, the Company will hire a reputable and reliable legal consulting company for second opinion. Moreover, the internal audit department will be responsible for regularly reviewing the performance of other departments in order to ensure that all departments perform in accordance with regulation or legal requirement.

In addition, for the meeting with any legal issue, the Audit Committee always invites the representative from Legal department for providing explanation.

3.10 In cases where the Company commits an act in violation of law, does the Company has corrective and preventive measures to ensure such similar act will not occur again?

☐ Yes ☐ No ☒ none of such cases

The Company has never intentionally committed any act or committed any act that is in significant violation of law. The Company has created more preventive measures and inspection by arranging internal training courses for any concerned section regularly in order to create better knowledge and understanding on any legal issue relating to the Company's operation. As such, they will not make any action in violation with the laws and will have more understanding on how to relieve the damages in case of any violation. This is because the Company always practices under the Good Citizen of Thailand policy.

Part 4 : Information and Communication Measure

One of the principles underlying the performance of duties with care whether it is carried out by directors, the management, shareholders or concerned persons is the making of decision based on the availability of sufficient information having quality, whether being financial information or other data. As a result, communication of such information to the concerned person is important and this will enhance the effectiveness of the internal control system.

Information having suitable quality should be as follows:

- (1) provides sufficient contents for making decision
- (2) contains integrity.
- (3) be updated.
- (4) present in an easy format for understanding.
- (5) provide good storage and handling.

4.1 In submitting a matter for the Board's consideration, does the Company provide sufficient and essential information to the Board for making decision (important information includes the particulars of such proposed matter, reasons, impacts on the Company, alternatives etc.)?

☒ Yes ☐ No

In submitting a matter for the Board's consideration, the management will prepare all details of information and present to the Board prior to its meeting for decision making. The management and related staff will attend all meeting in order to explain and answer the question to the Board. Moreover, the Company also prepares the short summary of the minutes of the last meeting and reports its progress to the Board in every meeting.

In case of insufficient or unclear information, the Board will order the management to provide additional information, until the Board has sufficient information for further consideration.

4.2 Does the Company's director receive a written notice calling for a meeting or documents relating to a meeting which specifies essential information in a sufficient amount for decision before a meeting at least within the specified period of time as prescribed by law?

☒ Yes, with an average of not less than 7 days prior to the meeting ☐ No

Normally, the Company will notify the Board of the schedule for the Board's next meeting in the following year 1 year in advance. A written notice calling for the meeting and documents relating to some agendas of the meeting will be sent to the Board at least 7 days in advance. The details of financial and investment data including the result of operation will be presented in the meeting and the Board will has an opportunity and time for questioning. Moreover, the Company has created "The Efficiency and Satisfaction Assessment Form for the Board of Director Meeting" in order to regularly improve the arrangement of the meeting.

4.3 Do the Board of Directors' minutes contain appropriate particulars that enable the shareholders to examine the appropriateness of operation carried out by the Board or not, such as the record of a director's inquiry, the opinion or remarks of a director concerning the matter under consideration, the opinion of the director who disagreed with the proposed matter with his reason and so on?

☒ Yes ☐ No

In practice, the Board of Directors' minutes contain the record of a director's inquiry, the opinion or remarks of a director, the opinion of the director who agreed and disagreed with the proposed matter (if any) with his reason as an evidence for examination of the appropriateness of performance of the director all the time.

4.4 Does the Company provide the complete filing of documents relating to accounting records and other accounting items in a well-defined classification pattern so that the Company has never been notified by the external auditor of any errors or has been notified of such errors but the Company completely proceeded with the rectification of such errors?

☒ Yes ☐ No

The Company has assigned the accounting department to be responsible for storage of the accounting documents in a well-defined classification pattern and in accordance with the period prescribed by the law. The Company has never been notified by the external auditor of any errors in this matter. Moreover, the Audit Committee also checks with the external auditor for the appropriateness and sufficiency of the supporting documents and the recording of accounting and financial record data.

4.5 Has the Board of Directors already concluded that the management used an accounting policy in accordance with the generally accepted accounting principles in which are suitable for the nature of its business without selecting an accounting policy that might cause deviated data on its performance?

☒ Yes ☐ No

The Board of Directors has assigned the Audit Committee to review and consider the appropriateness of an accounting policy including accounting recording and accounting estimation to be compliance with the standard accounting as generally accepted. In this regard, the Audit Committee regularly consults with the accounting department and external auditor as well as to invite the representative from legal department and management information system department or other relevant department to give consultation in case of related matters.

Part 5 : Monitoring

To carry out its operation in an efficient and effective manner, the Company has to place an emphasis on monitoring to ensure that the set goals have been complied with, its internal control system is still functional and improvements and corrections have been carried out to cope with the changing conditions including all errors have been rectified in time.

5.1 In cases where the Company has set a policy for business operation, does the Board of Directors compare the performance of the management to see if it is in line with the Company's determined goals or not?

☒ Yes ☐ No ☐ none of such cases

The Board of Directors has given order to the management to present the abovementioned in the Board's meeting by making a clear comparison between an actual performance and the determined goals and budgets on a quarterly basis and on an annual basis respectively as well as the explanation and the way to rectify the situation in the case it is not in the line with the determined goal.

5.2 In cases where the result of actual performance is different from the determined goals, does the Company rectify the situation within a reasonable period of time or not?

☒ Yes ☐ No ☐ none of such cases

According to the Company's performance in 2012, the Company could satisfactorily achieve the whole determined goals, although the Company has faced a problem of flood crisis. This is because the Company set its goals based on a "conservative estimate" that could be translated to actual practice. In cases where the result of actual performance is different from the determined goals, the department in charge will find out the cause and will rectify the situation within a period of time which the Board of Directors thinks fit.

5.3 Does the Company provide a checking process to monitor that the internal control system is complied with regularly or not?

☒ Yes ☐ No

The Company selects, develops, and performs a mix of monitoring activities usually including both ongoing and separate evaluations. Ongoing evaluations are generally defined, routine operations, built in to business processes and performed on a real-time basis, reacting to changing conditions. Separate evaluations are conducted through the internal audit function. The internal audit function develops each year an internal audit plan of projects that are selected based on a risk-based approach aligned with the Company objectives. . Apart from the internal audit function, the Company also has a loss prevention department in charge of establishing the store operating policies and procedures as well as measuring the compliance

5.4 In case of an internal audit, does the Company specify that the result of an audit shall be reported directly to the Board of Directors or the audit committee so that the internal auditor can perform his duties independently and making an aboveboard report?

☐ Yes ☐ No ☒ none of such cases

The Internal Audit Department has the responsibility to report the audit result directly to the Chief Executive Officer (CEO) and to the Audit Committee. Internal Audit Department can perform audit work independently and presents the candid audit report.

5.5 When significant deficiency has been discovered, is the matter reported to the Company's Board of Directors / the audit committee for consideration and correction in a reasonable period of time?

☐ Yes ☐ No ☒ none of such cases

Since the establishment of the internal audit function up to now, the Company has never experienced significant deficiency. If such deficiency is found, It will be reported to top management and the audit committee for the committee's submission to the Company's Board of Directors. Deficiencies will be communicated to parties responsible for taking corrective action and to at least one level of management above. Management is responsible for tracking whether deficiencies are remediated on a timely basis

5.6 Does the Company have to report the progress of its improvement to the Board of Directors/ the audit committee?

☒ Yes ☐ No

In addition to Management tracking,, the internal audit unit will also conduct a follow up audit to ensure that the corrective action has been implemented as planned. . The result of follow-up audit will be reported to Management, and summarized to Chief Executive Officer (CEO) and Audit Committee respectively. In case of important issue, the Audit Committee will report to the Board of Directors.

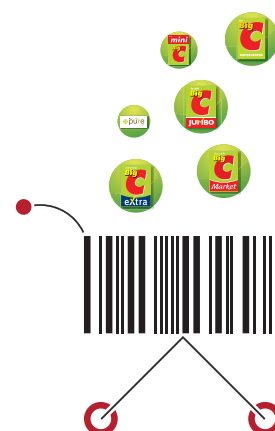
5.7 Does the Company has a policy requiring the management to make a report to the Board of Directors immediately in cases where it has found dishonesty, or suspected that dishonesty is likely to occur, acts in violation of law and other irregular acts that may significantly affect its reputation and financial position?

☒ Yes ☐ No ☐ none of such cases

In case where it has found dishonesty, or suspected that dishonesty is likely to occur or acts in violation of law that may significantly affect reputation and financial position of the Company, the Company's management set the guidelines that the management who is in charge for the department concerned has to report to the Company's chief executive officer (CEO) and the audit committee immediately. Then, the audit committee will report to the Board on the first occasion when a Board of Directors meeting is held.

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