

Part 1 : Company's Business

1. Policy and Business Overview

1.1 Vision and Mission



1.2 Major Changes and Developments

2011:

- Acquired Carrefour's Thailand operations (43 stores), and assumed our position as co-leading hypermarket operator in Thailand.
- Converted 15 ex-Carrefour stores to Big C Extra, a new premium hypermarket format targeting mid to high income customers.
- Introduced Big C Jumbo, a new large format store targeting professional customers such as hotels, restaurants and caterers (HORECA), small and medium-size retailers, companies and institutions, as well as large families.

2012:

- Entered into an "Exclusive Retail Agreement" with Bangchak Petroleum to set up Mini Big C proximity stores in Bangchak service stations, and opened 7 pilot stores during the year.
- Executed a successful private placement of 26.4 million shares in May 2012.

2013:

- As part of the celebration of our 20th anniversary, Big C launched a bottom-up Corporate Social Responsibility program that brings the local community to work with the store in the area to develop projects that best suit their interest.
- In April 2013, continued our partnership with Bangchak Petroleum by signing an exclusive long-term "retail partnership agreement" to open Mini Big C proximity stores in Bangchak filling stations.
- Launched Big C retail assurance services by teaming-up with number of leading insurance operators to offer our customers with full range of easy-to-activate policies and great value for money.

2014:

- Big year of new supply chain developments: Mini Big C distribution center opened in Q2, Cross Dock facility opened in Q3, started construction of Fresh Food distribution center during Q3.
- Accelerated our development in the e-commerce business with the creation of a pure e-commerce player when we launched Cdiscount.co.th during Q1. We also overhauled our bigc.co.th website during Q3.
- Continued our cost optimization and productivity enhancement initiatives on various areas.
- Continued expansion in all store formats during the year.

Awards and Recognition



Q Modern Trade certificate for distribution centers of agricultural products and quality food under Q trademark.

Big C was accredited by the National Bureau of Agricultural Commodity and Food Standards (ACFS) as a qualified distribution center of agricultural products and quality food covering Big C stores nationwide. Products are sold under Q Modern Trade mark.



Food Safety

Big C was certified by the Department of Medical Sciences concerning food safety.



Plaque of Recognition : To appreciate Big C's kind cooperation in supporting Q products distribution

Big C received a plaque of recognition from the National Bureau of Agricultural Commodity and Food Standards (ACFS) for its kind support in Q products distribution in 2014.



Consistent test for the contamination of pesticides and other contaminants in products prior to sales.

Big C was certified with the Department of Medical Sciences, Ministry of Public Health for providing pesticide checking and food contaminant monitoring in fresh vegetables and fruits prior to public sales.



Good Manufacturing Practice: GMP

Big C was approved as a GMP-certified producer accordingly to the Ministry of Public Health's announcement (No. 193) B.E. 2543 on Production Processes, Production Equipment and Food Storage particularly on bakery, ready to cook meals and ready meals.



Thailand's Most Favorite Hypermarket

We were voted "Thailand's Most Favorite Hypermarket" for the 3rd year in a row in an independent market survey named "Thailand's #1 Brand" conducted by Marketeer, and consumer research agency named Video Research International (Thailand) - VRIT, in conjunction with Bangkok University.



Halal

Big C was certified by the Office of Islamic Affairs Committee of Bangkok Metropolis for distributing chicken and duck meat to consumers in accordance with the HALAL conditions.



Award of Excellence for Drugstore

Pure Drugstore received certificates of recognition for its excellence in 2014 from the Pharmacy Council of Thailand.



The organization granting job opportunities for people with disabilities in 2014

Big C received awards of recognition for being a private organization that provided job opportunities for the people with disabilities in 2014 from the Ministry of Social Development and Human Security. Big C won the same titles for 3 consecutive years.



Safety Award 2014

Big C received Safety Award from the Department of Labour Protection and Welfare, Ministry of Labour, in recognition of safety promotion in the workplace in 2014.



Outstanding Enterprise in Supporting Ministry of Commerce Operations, 2014

Big C received an award of recognition on behalf of being a supportive enterprise to the Ministry of Commerce in 2014.



Outstanding Enterprise in Thai Labour Standards, 2014

Big C was honoured with the Outstanding Enterprise in Thai Labour Standards award in 2014 by the Department of Labour Protection and Welfare, Ministry of Labour.



Outstanding Enterprise in Labour Relations and Welfare, 2014

Big C was named as the winner of the Outstanding Enterprise in Labour Relations and Welfare award in 2014 by the Department of Labour Protection and Welfare, Ministry of Labour.



2014's Recognition award for being the organization with responsibility in supporting physically challenged people

Big C was awarded from the Ministry of Social Development and Human Security for contributing to the improvement of the lives and opportunities of people with disabilities.



Zero Accident Award 2014

Big C won Zero Accident Award in 2014 from the Department of Labour Protection and Welfare.



BMA-Certified New Year Hampers 2014

In 2014, Big C received a certificate of recognition from the Bangkok Metropolitan Administration (BMA) for the efforts in standardizing New Year hampers sold in Big C nationwide.

1.3 Shareholding Structure

1.3.1 Investment Structure

Big C is operated under strong dual retail-property business model. Below you can find a list of companies where Big C holds more than 10% of the issued shares:

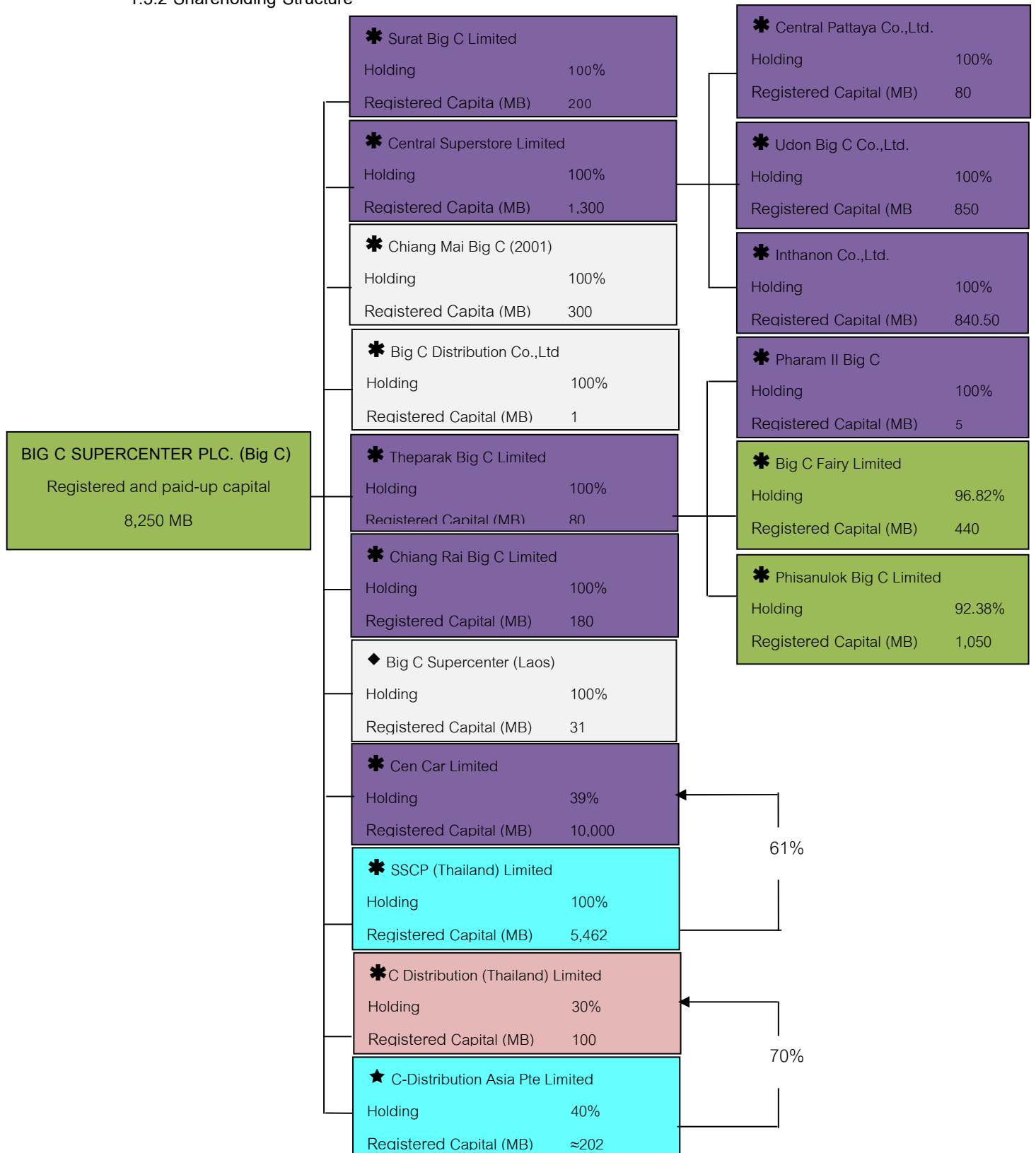
Subsidiaries:

1. Most of subsidiaries conduct real estate business (Big C conducts its business on such properties)
2. Some subsidiaries conducting the business of hypermarket have minority shareholders (Big C Fairy Co., Ltd. and Pisanulok Big C Co., Ltd.)
3. Some subsidiaries are dormant or have not yet started their operations (Chianmai Big C (2001) Co., Ltd., Big C Distribution Co., Ltd. and Big C Supercenter (Lao))
4. One subsidiary is a holding company (SSCP (Thailand) Co., Ltd.). This is the old structure of subsidiary of Carrefour before being merged with Big C.

Affiliates:

In 2014, held shares in 2 affiliated companies, C Distribution (Thailand) Ltd., conducting business of shopping online under the name Cdiscount, and C-Distribution Asia Pte. Ltd., conducting holding business as an investment vehicle for e-commerce business in Thailand and Vietnam

1.3.2 Shareholding Structure

Nature of business and address of subsidiaries and affiliates

1. Nature of Business :

* Real Estate
 ★ Holding Company
 ◆ Hypermarket
 ◆ Shopping-online in Thailand
 ◆ Dormant/Not started operation yet

2. Address : * 97/11, 6/F Rajdamri Road, Lumpini, Patmwan, Bangkok ◆ Lao, PDR ★ Singapore

1.4 Relationship with Business of Major Shareholder

Casino Group, a leading French retailer and one of the world's foremost food retailers, is a major shareholder of the Company. The Company benefits from sharing of knowledge and expertise of Casino Group as a strategic partner with experience from multiple store formats and distribution channels in various countries. The Company and Group Casino are also sharing experience and best practices on their respective CSR work

The Company adheres with good corporate governance principles. Business consideration aims at best interest for both the Company and for all shareholders. In this regard, the Company strictly follows SEC regulation in relation to related party transactions with major shareholder.

2. Nature of Business

2.1 Characteristics Business

We are an omni-channel retailer operating throughout Thailand with a fully integrated network of physical and online store formats. Our stores offer a complete selection of everyday products at low prices, an outstanding service, and a fun shopping experience to all consumer segments and their shopping needs from stock-up to top-up shopping. Our strong dual retail-property model helps us to provide our customers a one-stop-shopping destination as our towncenter tenants complement our store offering. Rental income from our tenants also provides stability to our income.

Store formats:

Our multiple store formats enable us to be of service whenever and wherever customers do their shopping. Whether it is a major weekly shopping trip or a walk to the neighborhood store for top-up shopping our physical and online store network provides nationwide customer reach and offers the same maximum value for money and outstanding service to customers regardless of which store format they do their shopping.

Big C Supercenter is a 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 2014, we have 104 Big C Supercenter stores located throughout Thailand.

Big C Extra is a 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 2014, we have 16 Big C Extra stores located in Bangkok and large cities.

Big C Jumbo is a new hybrid hypermarket/wholesale store targeting wholesale and retail customers as well as big families. The first Big C Jumbo store was opened in 2011 and at the end of 2014 we had 3 stores located in Bangkok. We also have two **Big C Jumbo Stations** implanted to our Hypermarkets in Pattaya and Ayutthaya with targeting HoReCa (Hotel, Restaurant, and Catering) customers in addition to normal hypermarket assortments.

Big C Market is a supermarket format, targeting the mid to low income customer segment. The relatively smaller size of Big C Market enables us 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. At the end of 2014, we had 37 Big C Market format stores in Greater Bangkok and up country locations.

Mini Big C is a proximity store format targeting mid to low income customer segment. Mini Big C stores carry a larger assortment than typical convenient stores and offer selected promotional items as in our hypermarkets -- making it an ideal place for top-up shopping. Since 2012 we have also opened our Mini Big C stores at Bangchack service stations. At the end of 2014, we had 324 Mini Big C stores, including 91 stores at Bangchak service stations.

Pure is a drugstore format offering pharmaceutical, health, beauty and wellness products. While most of the current Pure drugstores are implanted into Big C hypermarkets and Big C Markets, we have also opened few standalone stores. At the end of 2014 we had a total of 152 Pure drugstores including 11 standalone stores.

Big C Shopping Online is our online store and 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 low-price and high demand items to customers with digital lifestyle through online shopping site, smart phone mobile application, and QR code scanning.

Cdiscount.co.th is new exciting pure ecommerce platform we launched in partnership with Cdiscount International on 28th of February 2014. The non-food offering of Cdiscount complements our existing online channel "Big C Shopping Online", which mainly focuses on online grocery.

Currently our online customers can pick up their Cdiscount and Big C Shopping Online orders in all Hypermarket stores. In near future every Big C store across all formats will serve as a pick-up point, offering additional convenience to our customers who can combine their order pick-up with their daily / weekly shopping routine. More and more customers make use of the additional convenience of the "click-and-collect" option instead of having to wait at home for their deliveries to arrive.

Merchandise:

We strive to offer our customers a “**Complete selection of everyday products at low prices**” and our 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 – over 98% of which are sourced locally - with prices ranging from opening price point to premium high-end items in every product category ranging from food to non-food products. Our merchandise is divided into the following categories:

Fresh food: Meat, 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, snack foods, personal items, household chemicals, and pet food and accessories

Soft line: Clothing and accessories

Hard line: Wide range of electrical appliances including white goods, kitchen appliances, home entertainment equipment, automobile and motorcycle accessories, and home improvement and maintenance tools and supplies.

Home line: Home decor and accessories, furniture, kitchenware, plastic storage items and utensils, decorative items, sporting goods, and toys.

Dual retail-property model

Shopping mall also has a vital role in making our stores a “one-stop shopping destinations”. The wide-ranging services and products offered by vendors and tenants at our 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 our revenues. Our tenants complement our stores offering and can range from cinemas to kiosk and from home improvement stores to food vendors. Our tenants mix can be classified into five categories, based on lease terms and types of business. We divide them to following five types:

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. This type of tenants plays an important role in drawing additional traffic to our stores and making our shopping centers a one-stop shopping destination 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 a wide range of items including fashion, accessories, local products, toys etc.

Casual Leasing: A 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.

The size of shopping malls varies depending on store format and location. During 2014, we opened 11 new shopping malls with a total space of approximately 18,600 sq.m. At the end of the year we had 154 shopping malls with a total space of approximately 767,000 sq.m.

Store renovations

Renovations play a crucial role in maintaining our successful dual retail-property model. On average, we renovate our hypermarkets 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 hypermarket'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 hypermarkets, 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. However as these renovation present considerable disruptions to the store during the renovation phase as we have to close sections of stores, we did not undertake any renovation during 2014. Looking into future we still have many potential stores for Alcudia renovations as we have so far completed just 7 renovations since 2011.

Marketing

Price leadership has been our longstanding philosophy for over 20 years and we are committed to delivering maximum savings to our customers via low price items. We are proud to be Thailand's low-price leader and we are willing to continue working hard to be able to maintain this position. 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.

Thainess touch has been in our DNA since the beginning and it is reflected in all aspects, starting from the way our staff greets and serves our customers. A smiling face while saying “Big C -Sawasdeeka” – a Thai greeting from the staff can be commonly seen and heard at our stores nationwide. Such a traditional gesture has created friendly atmosphere and better relationship between the staff and customers. Still, Thai-ness is more than the way we treat our customers. Our staff takes active part in the celebrations of local traditions. We also promote local products and identity through our support for the sale of OTOP (One Tambon One Product) products at Big C stores. In 2013 Big C launched the “Taste OTOP, Taste of Thailand” zone at Big C Rajdamri and at other 25 stores with a high number of foreign customers. The launch was aimed at promoting commercial opportunities of OTOP products among foreign visitors by using Big C's experiences and distribution channels across the country. We also developed a mid-and-long-term plan to promote OTOP products. We have emphasized new marketing angles as well as created customers' awareness and demand through convenient, fast and low-cost sale channels. These channels include cross-regional OTOP fairs and featuring OTOP products on our online shopping application. In addition, we worked closely with Ministry of Commerce to train OTOP producers on product and packaging development as well as business competency. In late 2014, Big C received the honorable opportunity from Her Royal Highness Crown Princess Maha Chakri Sirindhorn for presiding over the opening ceremony of Phufa shop at Big C Extra Rama 4. This 18th Phufa shop is part of HRH's foundation to serve the objectives of promoting local products development and occupation for people in Thailand's remote areas so they can improve the quality of life. We strongly hope that this cooperation will help Thai villagers accomplish more income by producing local products and making use of materials found in their neighborhood while Thai customers and foreigners alike will be able to support products by the local.

Fun shopping experience: In addition to our low-price leadership and value for money, we place a great emphasis on being “fun shopping destination” by consistently creating excitement and fun shopping experience for our customers through various campaigns during the year.

Big Card is our loyalty program, grew constantly and reached 8.1 million members in 2014. 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. Since 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.

Big C – Big Service

We always strive 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 uses the strength of its network of stores across Thailand to capture customers' demand and offer special services to customers making it a one-stop destination. Through “Big C Big Service,” we offer for our over 500,000 customers visiting our stores daily, services that provide convenience such as bill payment service, mobile phone- and online game top-up, official documentation services at Amphor Yim (Smiling Government District) station, Big C Care retail assurance, and e-Filing and e-Tax Payment service. We also teamed-up with Ministry of Public Health, provincial health care offices and other related foundations to regularly provide free basic medical check-ups such as diabetes check-up and dental check-up.

Structure of Revenues

The main sources of our revenues are retail sales, and rental and service income. In Year 2014, 2013 and 2012 in comparison, both revenues are shown below.

	2014		2013		2012	
(Unit : Million Baht)	Value	%	Value	%	Value	%
Sales	121,845	90.0	118,177	90.2	112,136	90.6
Rental and Service Income	9,385	6.9	8,745	6.7	7,926	6.4
Other Revenues	4,165	3.1	4,049	3.1	3,670	3.0
Total Revenues	135,395	100	130,971	100	123,732	100

2.2 Marketing and Competition in 2014



Source : The Nielsen Company (Thailand) Limited

Remark: 1. 'Big C' Ratburana converted to 'Big C Jumbo' in March 2014

2. 'Tesco Lotus' converted 3 stores to 'Tesco Lotus Extra' and 'Tesco Lotus Value' converted 1 store to 'Tesco Lotus Department Store'

Thai retail market

Thailand is one of the most promising retail markets in Southeast Asia, offering modern retailers' plenty of room to grow as traditional trade still holds approximately half of the total retail sales. The market place is very dynamic and competition among various players is intensive. Thai customers' changing lifestyles and growing urban population are also offering modern retailers many growth opportunities, as people have less time for shopping and higher expectations, the convenience and quality of service modern retailers are offering makes them more attractive to a modern consumer. Still the year 2014 was by no means an easy year for all Thai retailers as consumer sentiment continued sluggish, impacted by political and economic situation especially during the first half of the year. The military coup in May lifted up the mood somewhat after months of street protest in Bangkok but the recovery in second half was still not rapid.

Continued expansion through all formats

While at slower pace than year before, we continued expanding in all our core store formats during 2014 and opened a total of 77 new stores. These stores include 4 hypermarkets, 7 Big C Market, 46 Mini Big C (out of which 29 were located at Bangchak service stations) and 20 Pure drugstores. Third Big C Jumbo conversion was also completed at Big C Ratburana at the end of Q1 2014.

Our core store formats and competitive situation

An overall competitive landscape in Thai retail business continued intense and intensified in some cases especially in small store format sector. There are currently three main players in Thai retail market including Big C, Tesco Lotus and CP All / Makro, with all of them having multiple store formats and nationwide network. In hypermarket segment our acquisition of Carrefour Thailand operations at the beginning of 2011 increased significantly our exposure to large cities and tourist destinations and their more resilient spending.

Hypermarket segment

In 2014 we continued our hypermarket expansion by opening 4 new Big C hypermarkets. This brought the total number of Big C hypermarkets to 123 (including 16 Big C Extras, 104 Big C Supercenter and 3 Big C Jumbo stores) at the end of the year. In hypermarket segment we are directly competing with Tesco Lotus, we have overlap in our offering with Cash& Carry operator Siam Makro, and in some certain categories our offer overlaps with specialized retailers such as DIY stores, or electronic stores. During the year Tesco Lotus opened 9 new hypermarket stores, increasing their network to total of 166 stores. After being acquired by CP All in mid-2013 Siam Makro launched an aggressive expansion program for 2014 with 13 new stores opened and bringing their total number of stores to 82 (including 72 Makro, 5 Makro Food Service and 5 Siam Frozen Stores) at the end of the year. Year 2014 also saw a new player taking a step in Thailand's retail market when MM Mega Market, a new 'big box' store opened their first store in Nongkhai in late 2014. Tops also started a new large format concept with their first Tops Super Store opened at Central Salaya.

Supermarket segment

Thailand's supermarket segment has many players including Big C, Tesco Lotus, Tops, MaxValu, Home Freshmart, Villa Market and Foodland. Our Big C Market supermarkets are aimed to serve customers in selected urban locations and smaller towns in upcountry where they are offering wide range of products from food to non-food products. In 2014, Big C opened 7 new Big C Market stores, increasing the total number of stores to 37 at the end of the year. Meanwhile Tesco Lotus opened 5 new Tesco Lotus Talad stores bring the total number of stores to 187. Tops also converted their Tops Super to a new lower end format called Super Koom, and they currently have a total of 112 stores in supermarket category.

Small store segment

There are two main store types in this segment, convenience stores, and proximity stores. Main proximity type stores in Thailand are Mini Big C, Tesco Lotus Express, Tops Daily and MaxValu Tanjai. Big C added a total of 46 net openings during 2014 bringing the total number of Mini Big C's to 324 stores at the end of the year. Our partnership with Bangchak Petroleum has offered us a new avenue for growth and as of December 2014 we had 91 Mini Big C stores in Bangchak petrol stations. Tesco Lotus opened 133 Express stores during the year bringing the total number of stores to 1,429 at the end of the year. In convenience store segment CP All

with their over 8,000 7eleven stores are the clear leader, while other players include Family Mart, 108 Lawson. During the year Big C also added some convenience type items to our Mini Big C offering such as ready-to-eat meals.

2.3 Provisions of Products and Services

Merchandising Our suppliers are an integral part of Big C's operations. In 2014, Big C had over 3,600 suppliers providing over 100,000 SKUs of products – over 98% of which are sourced locally. We consider our suppliers as our long-term partners for growth.

We put importance on quality of fresh food. In 2014, key activities that helped promote quality of product included:

1. Training suppliers on Good Agricultural Practices for Food Crop or GAP
2. Site audit at 28 main suppliers on Good Manufacturing Practices or GMP
3. Revision of random audit and increase testing on pesticide residues in fresh food

In relation to implementation of f-Pad operation reported last year, the Company put more resources both on equipment and food audit personnel

Supply Chain

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. During 2014 we did major changes to our supply chain; While we maintain our ambient stocking distribution center serving our hypermarkets and Big C Markets, in Wang Noi, Ayutthaya, we replaced two old distribution centers by opening new Mini Big C distribution center in Thanyaburi, and a new Cross Docking distribution center in Bang Pli. Our new distribution centers make use of advanced technologies such as pick-to-light and voice-picking systems, improving our distribution centers operating efficiency and pick accuracy. These two new distribution centers also offer us significantly more capacity and are ready to support our future expansion for years to come. We are also currently constructing new fresh food distribution center in Ladkrabang which once opened in 2015 will replace our all old fresh food distribution centers. During the year we continued our work on increasing the centralization of deliveries through our distribution centers. Higher centralization level allows us to reduce our supply chain costs by optimizing costs at distribution center level and being able to offer higher service levels to our stores.

3. Risk Factors

Corporate risks approved by the Board in 2014 and the corresponding mitigating controls are set out below. Please note that the scale for identifying a high financial impact for the year 2014 was only “more than one billion Baht”, which is too conservative and is not in line with international practice when taking the size of our Company into consideration. In 2015, our Management has agreed to adjust the scale of the financial impact accordingly. We have used different symbols to identify different residual risk movements of each corporate risk during 2014 after it was discussed and reassessed during a workshop in late 2014.



No change



Increased residual risk exposure



Reduced residual risk exposure

(Note: Residual risk refers to the risk landscape after mitigation activities are carried out)

1. Risk from economic instability and government policies



Risk: Although this is an external risk, it could impact the delivery of financial targets or strategic objectives.

Mitigation: There is an established process in place to monitor changes in GDP growth against the assumption of our Company's budget and the consumer confidence index in the overall economy. On the part of government policies reflected in the funding of mega projects related to our customer's spending power, relevant drafts of laws were monitored closely to identify possible financial impacts on budget forecasts, for instance, a new property tax. At the end of 2014, our Management was satisfied with how resilient Thai people are and how our Company was able to meet its financial targets.

2. Risk from a shift in customer purchasing behavior and market trends



Risk: People's life styles have changed; this also includes their shopping behaviors. If our Company is unable to offer sufficient goods and services to meet customer needs, this may impact the delivery of our financial targets.

Mitigation: In this respect, our Company is ready to handle the situation through a market research analysis designed to develop marketing strategies, offer a variety of products and services that match the changing life styles and circumstances and also monitor the market in order to respond promptly with the right strategy. Cross functional meetings are held on a weekly basis to share information and alignments.

3. Transition Risk – (over self-operated Distribution Centers)

Risk: Establishing self-operated DCs is a result of risk mitigation from the massive flooding suffered in 2011, in addition to our vision to increase the supply chain efficiency and improve the quality of fresh food for customers. 3 new DCs were added to our 3-year plan. However, if the transition is not properly executed, it could impact product delivery to our stores.

Mitigation: Fully aware that logistics is key to product availability in stores, Supply Chain Management has carefully laid out a plan for the transition and compares our service levels of DCs with outsourced DCs, including on-time deliveries and pickup accuracy. Three months after the move, the monitoring of KRI showed satisfactory results.

4. Risk from existing & new investment

Risk: The Company continues to invest in store expansion. Acquiring the targeted volume of the right sites and operating new and existing space in line with targeted levels of profitability presents a risk in an increasingly competitive market. Failure to manage this risk may impact the delivery of our financial targets or strategic objectives.

Mitigation: All new expansion projects have a steering group and subject matter experts are engaged as appropriate. A formal review and an approval governance structure is also in place. The performance of new stores is monitored and reviewed on an ongoing basis and a refurbishment and refresh program for supermarket and convenience is in place to maintain and optimize the store.

5. Stock Loss

Risk: It is internationally accepted that a retail operator has to bear stock loss at a certain level. The current financial impact of stock loss shouldered by Big C is still at acceptable levels. However, if stock loss is not properly managed, it may escalate and impact the delivery of our financial targets. Additionally, if it is well-managed, it will result in additional contribution to our Company profit.

Mitigation: A clear direction can reduce loss. Mitigation plans must flow into employee awareness and process improvement. A steering group monitored implementation progress on a weekly basis.

6. Risk from trade planning, implementation and ordering

Risk: Effective management of the trade planning process is the key to the achievement of performance targets. The continued challenging economic environment and competitive retail pressure could affect the performance of our Company in terms of sales, costs and operations.

Mitigation: Cross functional meetings are held on a weekly basis to share information and alignments. Functions related to trade planning have improved their processes.

7. Safety – People and Products



Risk: If we fail to deliver excellent standards of hygiene and safety of our products, it could potentially harm our customers and damage our business reputation. Food is an important contribution to our top line; therefore, food safety is of paramount importance. Prevention of injury or loss of life for both colleagues and customers is of the utmost importance. In addition it is paramount to maintaining the confidence our customers have in our business.

Mitigation: Clear policies and procedures are in place detailing the controls required to manage risks to health, human safety and product safety across the business and comply with all applicable regulations. In addition, established product testing programs are also in place to provide assurance over product safety. Our suppliers' terms and conditions and product specifications have set clear standards for product / raw material safety and quality with which retailers are expected to comply.

8. Damage to reputation in the Media / Social Media



Risk: Mass or social media negative reporting can spread very quickly and could damage our reputation, which could potentially impact the trust that our stakeholders have in our business.

Mitigation: Guideline for the use of social media is in place. Our corporate social responsibility policy helps us publicize the Company's good intention in various areas. Further information is available in our CSR Report section.

9. Business continuity



Risk: A major accident or catastrophic event could impact the Company's ability to trade.

Mitigation: Big C has detailed plans in place, supported by the Crisis Management Team (CMT) and the Crisis Management Support Team (CMST) which are trained to handle unexpected incidents and have the authority to make decisions in the event of a potentially disruptive incident. In the event of unplanned or unforeseen events, the CMST and/or CMT are convened at short notice to manage our response and any associated risk to the business.

Big C has a backup site which is activated within pre-defined timescales and which is regularly tested.

10. Fraud



Risk: The Company has branches throughout the country and relies on employees' honesty to protect the Company's assets. Even if there are no signs leading to a significant fraud case, the Company still pays attention to risks from employee fraud. Employee fraud risk is an important issue that all employees throughout the Company must be aware of.

Mitigation: Big C has a detailed procedure in place. The fraud protection procedure includes the following:

- Raise awareness among employees: Code of Conduct and annual signing on Pledge on business ethics communicated to all employees
- Equipment protection and security procedure: Security guards stationed and CCTV systems installed
- Channels for Complaints: Various channels are available for those who want to report abnormality to the Company, which will help the Company detect fraud.

In addition, the Company's effective internal control system e.g. segregation of duties, line of approval authority, etc. helps to protect against fraud, including detecting abnormal events which can lead to fraud.

11. High Competition



Risk: The continued challenging economic environment and competitive retail pressure could affect the performance of the Company in terms of sales, costs and operations. This may result from the ongoing challenges created by high levels of household debt, higher product costs, and higher cost of goods or in the increasingly competitive landscape.

Mitigation: We closely monitor the situation. Mitigation plans include reviewed market trend studies, pricing surveys and trade analysis, regular research on customers and estimated sales impact from competitors.

12. Challenge in Human Resource Management



Risk: We are a people business and our 27,000 colleagues make things possible for our customers. If we fail to retain, develop and motivate our colleagues, we will not provide our customers with the quality of service they expect.

Mitigation: The Company's employment policies and remuneration and benefits packages are regularly reviewed and are designed to be competitive with other companies. Our E-Academy is a key tool for self-development, as well as for providing colleagues with fulfilling career opportunities. Processes are in place to identify talent, and succession planning is managed throughout the business.

13. Data loss / Leakage of confidential information



Risk: It is essential that the security of customers, colleagues and the Company's confidential data is maintained. A major breach of information security could have a major negative financial and reputational impact on our business. The risk landscape is increasingly challenging with deliberate acts of cybercrime on the rise targeting all markets and a higher risk exposure.

Mitigation: Various information security policies and standards are in place, which focus on encryption, network security, access controls, system security, data protection and information handling. A review of key

third parties who hold sensitive customer or personnel data takes place on a regular basis, and progress is monitored by the Information Security team. A Data Recovery Plan is in place.

The following risks are financial risks related to financial instruments, but do not represent a significant impact to the Company. The list below indicates how the Company exercises control.

1. Credit risk

Credit risk includes trade accounts receivables, loans given to associate companies and subsidiaries, and supplier and tenant receivables. The Company has a strict administration policy and credit control at an appropriate level with close monitoring of debt collection; thus, the Company's credit risk was low.

2. Interest rate risk

Interest rate risk includes primarily risks related to our Company's cash and cash equivalents, trade accounts receivable, supplier and tenant receivables, loans to the associate company and subsidiaries, accounts payable and loans from financial institutions. As the Company has not hedged any of these abovementioned assets or liabilities, our Company was exposed to an interest rate risk during the year because of fluctuating interest rates. However, our Company is closely monitoring interest rate trends in the market and in case market conditions justify it, we may hedge them in the future.

3. Exchange rate risk

Exchange rate risks arise from the exchange rate movements' impact on the Company's revenues, expenses, and costs, denominated in foreign currencies. Due to the Company's foreign currency revenues and expenses, and its import activities, the Company experienced a risk from the exchange rate movements during the year. However, as foreign currency denominated revenues and expenses are low, and the total amount of its imports is relatively small when compared to its total sales, the Company's exchange rate risk did not materialize. Our company does not have loans denominated in foreign currencies.

4. Operating Assets

4.1 Fixed Assets of the Company and subsidiaries

Items	Type of Ownership	Net Book Value As of 31 Dec 2014
Land	Freehold	10,924
Leasehold rights	Leasehold	4,779
Leasehold improvements	Freehold	1,557
Land improvements	Freehold	347
Freehold and Leasehold building and improvements	Freehold	17,844
Furniture, fixture and office equipment	Freehold	3,104
Utility Systems	Freehold	7,718
Vehicles	Freehold	-
Construction in progress and projects under developement	Freehold	736
รวม		47,009

The Company and its subsidiaries entered into land lease and sub-lease agreements with individuals and other companies for the construction of office buildings and stores for periods ranging from one year to thirty years (please see details in Enclosure 4).

Intangible Assets

As of 31 December 2014, the net book value of intangible assets of the Company and its subsidiaries is Baht 154 million, mainly computer software.

The Company and its subsidiaries has no Patent or rights

The name “Big C” is the Corporate Mark and Trade Mark are registered and owned by the Company.

4.2 Investment Policy of the Company and its subsidiaries

The Company has the policy to invest in Retail business or other related business (such as property business, e-commerce, etc.), which are under the Company's expertise. The Company will invest in the percentage that allows it to participate in management or setting direction of such company.

5. Legal Disputes

- None -

6. General and Other important information

6.1 General information

(1) General information

Company Name : Big C Supercenter Public Company Limited
Type of Business : Retail
Head Office : 97/11, 6th Floor, Ratchadamri Road, Lumpini Sub-district, Pathumwan district, Bangkok 10330, Thailand
Registered No : 0107536000633
Telephone : 02-655-0666
Fax : 02-655-6801
Website : www.bigc.co.th
Registered Capital : Baht 8,250,000,000
Paid-up Capital : Baht 8,250,000,000 (Comprised 825,000,000 shares at par value Baht 10)

Note: Details of subsidiaries that the Company holds more than 10% of shares are under clause 1.3 Shareholding Structure

(2) Reference

Security Registrar

Shareholder can contact the Registrar at following address for information of your shareholding, change of information of shareholder or receiving dividend:

Securities Depository (Thailand) Co., Ltd
62 The Stock Exchange of Thailand Building,
Ratchadaphisek Road, Khlong Toei Sub-District,
Khlong Toei District, Bangkok 10110
Tel: 02-229-2800, 0-2229-2888 Fax: 02-654-5427

Shareholder can also check the information online at any time by applying for membership of Investor Portal via www.tsd.co.th. Receiving dividend via e-Dividend system (allowing the Registrar to deposit dividend into your assigned bank account will be more convenient and secured for you.

If you wish to apply for e-dividend, you can contact TSD or your broker.

Starting 1 January 2015, TSD will deliver only 1 set of documentation for AGM and proxy to your Principal Address. For more information, please check at www.tsd.co.th or TSD Call Center 0-2229-2888

Auditor EY Office Ltd.
33rd Floor, Lake Ratchada Building, 193/136-137 Ratchadaphisek Road,
Khlong Toei sub-district Khlong Toei district, Bangkok 10110
Tel.: 02-264-0777, 02-661-9190; Fax: 02-264-0789 to 90

Legal Advisor Linklaters (Thailand) Ltd.
20th Floor, Capital Tower, 87/1 All Seasons Place Wireless Road,
Lumpini sub-district, Pathumwan district, Bangkok 10330
Tel.: 02-305-8000 ; Fax: 02-305-8010

Information Center for Stakeholders

Ms. Rumpa Kumhomreun: VP, Finance & Accounting or
Mr. Rami Piirainen, CFA: Director of Investor Relations
Tel.: 02-655-0666 ext. 7416 or E-mail: kurumpa@bigc.co.th or E-mail: pirami@bigc.co.th,

Joining hands with shareholders for environmental preservation

We encourage shareholders to be part of our environmental preservation.
We publish the Annual and Corporate Social Responsibility Report 2014 on the Company website www.bigc.co.th. We send only CD of the Report to shareholder and will send printed copy upon request only. If you want the Report in printed copy, please contact governance@bigc.co.th or Fax: 02-250-5399 or Tel: 02-655-0666 ext. 6871, 7159

Website

We publish information useful for investors on the Company's website www.bigc.co.th, in Investor Relations page. We provide email alert service with no charge. Our system will automatically send you Company and SET online announcements. You can register for the service at www.bigc.co.th > Investor Relations > Information Request > Email News Service

Information Center for the Media

Ms. Warunee Kitjaroenpoonsin : Director of Corporate Affairs
Tel: 02-655-0666 ext. 7437 or kiwarunee@bigc.co.th

6.2 Other Important Information

- None -