

รายงานประจำปี 2553  
ANNUAL REPORT 2010



อัมสะดวกที่ 7-Eleven  
Convenience Food Store



บริษัท ซีพี ออลล์ จำกัด (มหาชน)  
CP ALL PUBLIC COMPANY LIMITED

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## ปรัชญาองค์กร

# Corporate Philosophy

เราปรารถนารอยยิ้มจากลูกค้าด้วยทีมงานที่มีความสุข

*Through happy employees, we desire to see smiles  
from customers.*

## วิสัยทัศน์

# Vision

เราให้บริการความสะดวกกับทุกชุมชน

*We serve convenience to all communities.*

## พันธกิจ

# Mission

มุ่งสร้างความผูกพันกับลูกค้าด้วยการสรรหาสินค้าและบริการ  
ที่มีคุณภาพ ภายใต้การบริหารงานแบบ Harmony  
พร้อมทั้งสร้างสัมพันธ์ภาพที่ดีกับสังคมและชุมชน

*To create customer engagement with quality product and service  
assortment by "Harmony" management and to enhance good  
relations with society and community.*



## ข้อมูลทางการเงินโดยสรุป

### Summary of Financial Information

บริษัท ซีพี ออลล์ จำกัด (มหาชน) และบริษัทย่อย

สำหรับงวดปีสิ้นสุดวันที่ 31 ธันวาคม 2551 ถึง 31 ธันวาคม 2553

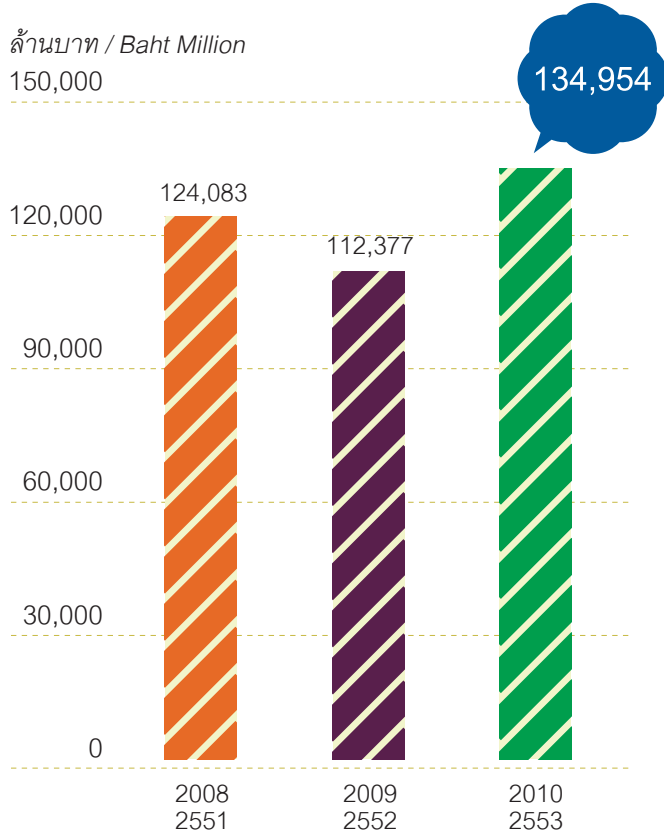
CP ALL Public Company Limited and its Subsidiaries

For Fiscal Years Ending December 31, 2008 to December 31, 2010

|  | 2551/2008 | 2552/2009 | 2553/2010      |
|--|-----------|-----------|----------------|
| <b>ข้อมูลจากงบการเงินรวม</b>   |           |           | (ล้านบาท)      |
| <b>Consolidated Financial Information</b>  |           |           | (Baht Million) |
| ยอดขายสุทธิและรายได้ค่าบริการ<br>Net Sales and Services Income                   | 124,083   | 112,377   | 134,954        |
| รายได้รวม<br>Total Revenues  | 129,454   | 117,761   | 141,084        |
| กำไรสุทธิ<br>Net Profit  | 3,301     | 4,992     | 6,663          |
| เงินสดสุทธิได้มาจากกิจกรรมดำเนินงาน<br>Net Cash Provided by Operating Activities | 9,410     | 9,005     | 12,340         |
| สินทรัพย์รวม<br>Total Assets   | 40,159    | 44,441    | 47,904         |
| หนี้สินรวม<br>Total Liabilities  | 23,259    | 25,505    | 29,946         |
| ส่วนของผู้ถือหุ้นรวม<br>Total Equity   | 16,900    | 18,937    | 17,958         |
| <b>ข้อมูลผู้ถือหุ้น</b>  |           |           | (บาท)          |
| <b>Share Information</b>   |           |           | (Baht)         |
| มูลค่าตามบัญชีต่อหุ้น<br>Book Value per Share                                    | 3.8       | 4.2       | 4.0            |
| กำไรสุทธิต่อหุ้น<br>Earnings per Share   | 0.74      | 1.11      | 1.48           |
| <b>อัตราส่วนทางการเงิน</b>   |           |           | (ร้อยละ)       |
| <b>Financial Ratios</b>  |           |           | (%)            |
| อัตรากำไรขั้นต้น<br>Gross Margin (Sales and Services)                            | 24.0      | 26.4      | 26.8           |
| อัตรากำไรจากการดำเนินงาน<br>EBIT Margin  | 3.1       | 5.8       | 6.5            |
| อัตรากำไรสุทธิ<br>Net Profit Margin  | 2.5       | 4.2       | 4.7            |
| ผลตอบแทนต่อสินทรัพย์รวม<br>Return on Total Assets                                | 7.7       | 11.8      | 14.4           |
| ผลตอบแทนต่อส่วนของผู้ถือหุ้น<br>Return on Total Shareholders' Equity             | 25.5      | 28.1      | 36.5           |

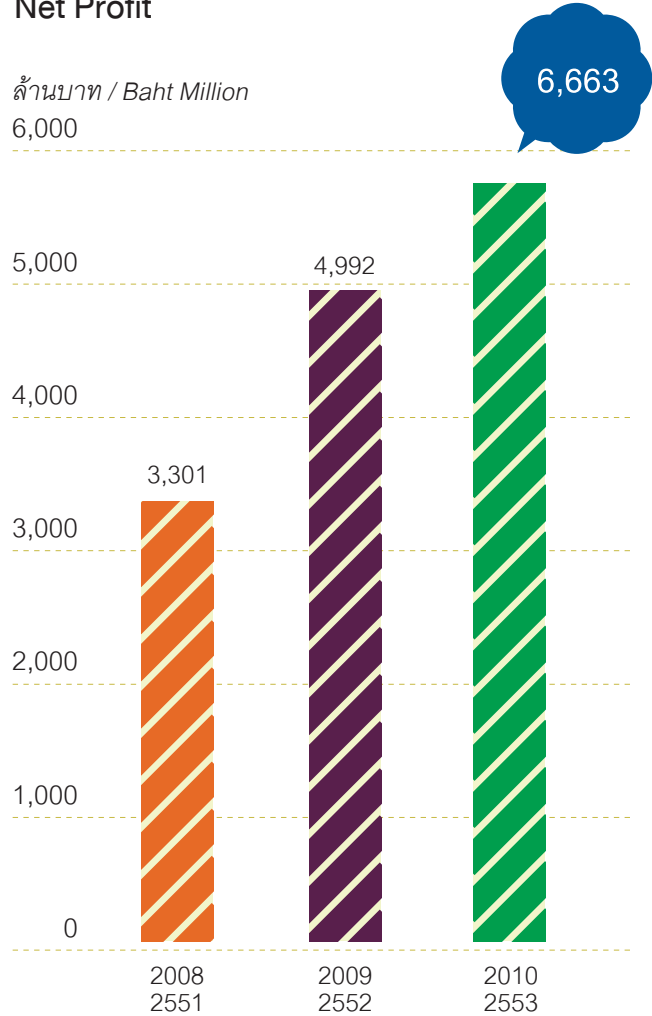
ยอดขายสุทธิและรายได้ค่าบริการ  
Net Sales and Services Income

ล้านบาท / Baht Million



กำไรสุทธิ  
Net Profit

ล้านบาท / Baht Million



7,000  
stores within  
2013

บริษัทตั้งเป้าหมายสาขาให้ครบ 7,000 สาขาภายในปี 2556



## ข้อมูลทั่วไป

### General Information



CP ALL Plc. (“the Company”) was established in 1988, which is the flagship company of the Charoen Pokphand Group’s marketing and distribution business. The Company’s main business is operating convenience stores under the “7-Eleven” trademark in Thailand. Furthermore, the Company operates other related businesses such as bill payment collection service (“Counter Service Co., Ltd.”), manufacturing and sale of frozen foods and bakery (“C.P. Retailing and Marketing Co., Ltd.”), sale and maintenance of retail equipment (“Retailink (Thailand) Co., Ltd.”), payment for products and services through smart cards

(“Thai Smart Card Co., Ltd.”), information technology services (“Gosoft (Thailand) Co., Ltd.”), logistics services (“Dynamic Management Co., Ltd.”), marketing services (“MAM Heart Co., Ltd.”), retailing vocational school (“Suksapiwat Co., Ltd.”), and training and business seminar services (“Panyatara Co., Ltd.”), etc.

The Company office is located at 283 Sriboonrueng Building 1, Silom Road, Silom Sub-district, Bangrak District, Bangkok 10500. Telephone 0-2677-9000 Facsimile 0-2679-0050 Company Registration Number 0107542000011 Website [www.7eleven.co.th](http://www.7eleven.co.th) or [www.cpall.co.th](http://www.cpall.co.th)

## สารจากประธานกรรมการและประธานเจ้าหน้าที่บริหาร

### Messages from the Chairman and the Chief Executive Officer

For over two decades CP ALL Public Company Limited, the operator of 7-Eleven convenience stores in Thailand, has managed its business with commitment and determination to satisfy the increasing demands of consumers which are ever-changing as a result of economic, political and social factors. In 2010, the Company continued to expand its business through a network of 5,790 stores serving more than 7.1 million customers per day. Despite the political unrest faced by Thailand in the past year and the flood disaster in many areas countrywide which affected the overall economy resulting in expected GDP growth of 7.8 percent, the Company posted continued positive growth. Total revenue of separate financial statement was Baht 138,565 million, rising 20.2 percent, and net profits was Baht 6,143 million, rising 33.6 percent. With regards to the investment in the convertible preferred shares of C.P. Lotus Corporation (C.P. Lotus), formerly Chia Tai Enterprises International Limited (CTEI), the Company completed the divestment on September 30, 2010. The Company received cash payment of Baht 3,787.7 million and the Board of Directors approved an interim dividend payment of Baht 0.40 per share to shareholders.

In 2011, the Company's strategy will focus on sustainable growth, with plans to increase approximately 500 7-Eleven stores. The Company's target is to reach 7,000 stores covering Greater Bangkok and provincial areas nationwide within 2013. To support the expansion plan, the Company has projects to expand the regional distribution center in 2 areas. The regional distribution center in the northeastern region (Khon Kaen) commenced operations in early 2011 and the one in the northern region will open in 2012. Expansion of the regional distribution centers will provide the Company with a more efficient operation system, enabling it to cater to



นายทศศักดิ์ ไชยศรีภักดิ์ • ประธานเจ้าหน้าที่บริหาร  
 Mr. Korsak Chairasmisak • Chief Executive Officer

customers' demands faster and bringing competitive advantage to the Company.

The Company's strategic policy is to become **"the convenience food store of Thais"** through appropriate product selection for each customer group and catering to customers' demands by introducing new products and services that have been carefully selected and are available only at 7-Eleven stores. The Company is determined to develop its capacity as a food products manufacturer, with plans to increase the proportion of food products that are new, fresh, demanded by customers, and effectively cater to people's current lifestyles.

Being able to successfully achieve its goals and receiving consumers' confidence and trust are testimony that the Company's policy and strategic plans are in the right direction. Furthermore, the Company focuses

on Total Quality Management to achieve operational excellence by following the Thailand Quality Award standards. Employees at all levels are encouraged to continuously think of innovations. The Company also provides opportunities for employees to work in cross-functional teams so that different departments can learn and understand about different work aspects. This will lead to good working relationships and create an atmosphere of harmony.

Besides the abovementioned operations, the Company is also involved with communities, focusing on building capable and good people for Thai society. The Company has implemented many worthy projects including projects related to education for society by establishing Panyapiwat Techno Business School and Panyapiwat Institute of Management. The Company participates in many social activities, in cooperation with both government and private organizations, such as School that Loves Reading Project and 7 Book Awards. The Company has also collaborated with the Ministry of Commerce to participate in seminars with small local retailers.

Through dedicated management, good governance, and the joint efforts of all departments, the Company and its executives received many distinguished awards from external organizations in the past year. These include:

- Taxpayer Recognition Award from the Ministry of Finance's Revenue Department for being a model juristic entity and a good corporate citizen for society and the nation in performing its tax payment duties for the country. The Company is one of the three large juristic entities in Thailand to receive this award
- Gold Award for Retailers in Thailand from the joint survey conducted by Euromonitor International, KPMG and Retail Asia Magazine at the Retail Asia-Pacific Top 500 Ranking 2010 Awards



**Mr. Dhanin Chearavanont**  
Chairman

- Best CEO Awards: CEO of Company Listed on the Stock Exchange of Thailand at the SET Awards 2010 organized by the Stock Exchange of Thailand and Money and Banking Magazine

- Best CEO Award in the Service Industry and Best CFO Award in the Service Industry at the SAA Awards for Listed Companies 2010 organized by the Securities Analysts Association

Every single activity in terms of both operations and management as well as Total Quality Management has contributed to effective performance, which will ultimately lead to sustainable success of the Company.

The Company would like to express sincere thanks to its customers, shareholders, supporters, business partners from all sectors, and dedicated employees who have contributed to the Company's continued sustainable growth. As a result, the Company recorded average net profit growth and average return on total shareholder's equity (separate financial statement) at 23 percent and 31 percent per year respectively, for the past 5 years. Furthermore, from the Stock Exchange of Thailand's Corporate Governance Report of Thai Listed Companies 2010, the Company continued to receive a "Very Good" CG score. The Company believes that commitment to good corporate governance will bring about customer satisfaction, benefits to society and the nation, growth for the Company, and increased value for shareholders in the long run.

The Company is proud to be able to lead the organization towards success by managing the business with integrity. The Company is determined to operate its business with transparency, honesty, and fairness in order to stride towards success together based on a foundation of ethical conduct and good governance in all aspects.

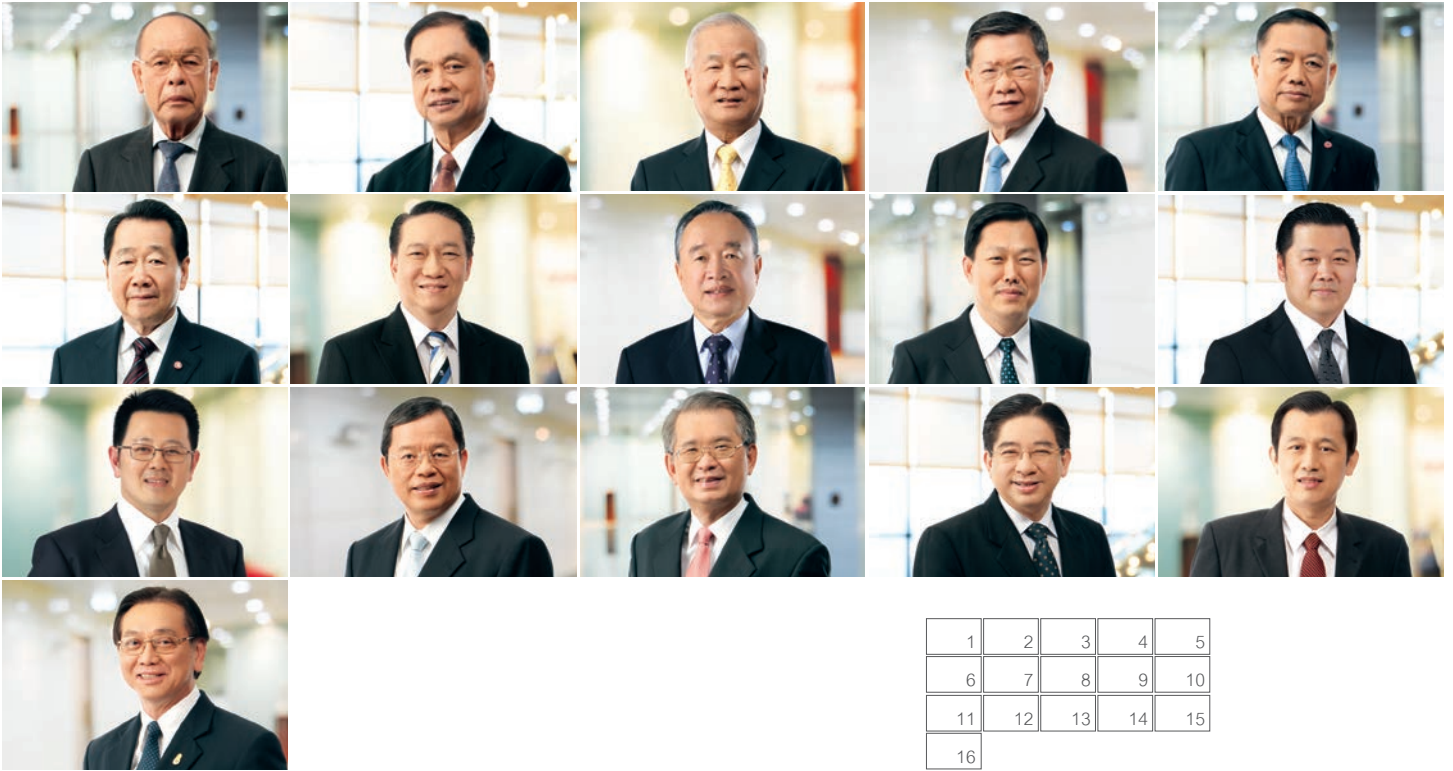


**Mr. Korsak Chairasmisak**  
Chief Executive Officer





คณะกรรมการบริษัท  
Board of Directors



|    |    |    |    |    |
|----|----|----|----|----|
| 1  | 2  | 3  | 4  | 5  |
| 6  | 7  | 8  | 9  | 10 |
| 11 | 12 | 13 | 14 | 15 |
| 16 |    |    |    |    |

- 1 **ศ. ดร. โกเมน ภัทรภิรมย์**  
ประธานคณะกรรมการตรวจสอบและกรรมการอิสระ  
Prof. Dr. Komain Bhatrabhirom  
Chairman of the Audit Committee  
and Independent Director
- 2 **นายปริดี บุญยัง**  
กรรมการตรวจสอบและกรรมการอิสระ  
Mr. Pridi Boonyoung  
Audit Committee and Independent Director
- 3 **นายผดุง เตชะศรีนทร์**  
กรรมการตรวจสอบและกรรมการอิสระ  
Mr. Padoong Techasarintr  
Audit Committee and Independent Director
- 4 **ศ. ศุภชัย พิศิตฐวานิช**  
กรรมการอิสระ  
Prof. Suphachai Phisitvanich  
Independent Director
- 5 **พล.ต.อ.โกวิท วัฒนะ**  
กรรมการอิสระ  
Pol.Gen.Kowit Wattana  
Independent Director

- 6 **นายธนิษฐ์ เจียรนวนนท์**  
ประธานกรรมการ  
Mr. Dhanin Chearavanont  
Chairman
- 7 **นายก่อศักดิ์ ไชยรัศมีศักดิ์**  
รองประธานกรรมการและประธานเจ้าหน้าที่บริหาร  
Mr. Korsak Chairasmisak  
Vice Chairman and Chief Executive Officer
- 8 **นายอดิเรก ศรีประทักษ์**  
กรรมการ  
Mr. Adirek Sripratak  
Director
- 9 **นายอำรุง สรรพสิทธิ์วงศ์**  
กรรมการ  
Mr. Umroong Sanphasitvong  
Director
- 10 **นายสุภกิต เจียรนวนนท์**  
กรรมการ  
Mr. Soopakij Chearavanont  
Director
- 11 **นายณรงค์ เจียรนวนนท์**  
กรรมการ  
Mr. Narong Chearavanont  
Director

- 12 **นายประเสริฐ จารุพนิช**  
กรรมการ  
Mr. Prasert Jarupanich  
Director
- 13 **นายพิทยา เจียรวิสิษฐกุล**  
กรรมการและรองประธานเจ้าหน้าที่บริหาร  
Mr. Pittaya Jearavisitkul  
Director and Deputy Chief Executive Officer
- 14 **นายปิยะวัฒน์ ฐิตะสัทธาวรกุล**  
กรรมการและกรรมการผู้จัดการ  
Mr. Piyawat Titasattavorakul  
Director and Managing Director
- 15 **นายธานินทร์ บุรณมานิต**  
กรรมการและรองกรรมการผู้จัดการบริหาร  
สายงานปฏิบัติการและการตลาด  
Mr. Tanin Buranamanit  
Director and Executive Vice President -  
Operation and Marketing
- 16 **นายสุพจน์ ชิตเกษรพงศ์**  
เลขาธิการบริษัท  
Mr. Supot Shitgasompongse  
Company Secretary

## คณะผู้บริหาร Executive Officers



|   |   |   |   |   |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| 6 | 7 | 8 | 9 |   |

- 1 **นายก่อศักดิ์ ไชยรัศมีศักดิ์**  
รองประธานกรรมการและประธานเจ้าหน้าที่บริหาร  
**Mr. Korsak Chairasmisak**  
Vice Chairman and Chief Executive Officer
- 2 **นายพิทยา เจียรวิสิฐกุล**  
กรรมการและรองประธานเจ้าหน้าที่บริหาร  
**Mr. Pittaya Jearavisitkul**  
Director and Deputy Chief Executive Officer
- 3 **นายปิยะวัฒน์ ฐิตะสัทธาวรกุล**  
กรรมการและกรรมการผู้จัดการ  
**Mr. Piyawat Titasattavorakul**  
Director and Managing Director
- 4 **นายสุรพันธ์ ปุสเสด็จ**  
ผู้ช่วยประธานเจ้าหน้าที่บริหาร  
สายงานทรัพยากรบุคคล  
**Mr. Suraphan Pussadej**  
Assistant Chief Executive Officer -  
Human Resource
- 5 **นายธานี นรินทร์ บูรณมานิต**  
กรรมการและรองกรรมการผู้จัดการบริหาร  
สายงานปฏิบัติการและการตลาด  
**Mr. Tanin Buranamanit**  
Director and Executive Vice President -  
Operation and Marketing
- 6 **นายทวีศักดิ์ แก้วรัตน์ปัทมา**  
รองกรรมการผู้จัดการอาวุโส สายงานบัญชีและการเงิน  
**Mr. Taweesak Kaewrathtanapattama**  
Senior Vice President - Accounting and Finance
- 7 **นายชวน นิมกิตติกุล**  
รองกรรมการผู้จัดการอาวุโส  
สายงานจัดซื้อและศูนย์กระจายสินค้า  
**Mr. Chuan Nimmittikul**  
Senior Vice President - Purchasing and Distribution
- 8 **นายสุวิทย์ กิ่งแก้ว**  
รองกรรมการผู้จัดการอาวุโส สายงานบริหารทั่วไป  
**Mr. Suwit Kingkaew**  
Senior Vice President - General Management
- 9 **นายโกษา พงศ์สุพัฒน์**  
รองกรรมการผู้จัดการ สายงานเทคโนโลยีสารสนเทศ  
**Mr. Kosa Pongsupath**  
Vice President - Information Technology

## รายละเอียดเกี่ยวกับผู้บริหารและผู้มีอำนาจควบคุมบริษัท Directors and Management Biography

### Prof. Dr. Komain Bhatarabhirom

78 years old

**Position :**

Chairman of the Audit Committee and Independent Director

**Positions in other organizations :**

- Chairman, The National Research Council of Thailand, Law Branch
- Chairman of the Law Committee, Ministry of Labour
- Chairman of the Audit Committee, Ministry of Labour
- Chairman of the Law Sub Committee, Ministry of Culture
- Professor, Faculty of Law, Chulalongkorn University
- Chairman of the Audit Committee, Panyapiwat Institute of Management

**Education :**

- Degree, National Defence College of Thailand
- Docteur de l'Université de Paris
- Doctor of Laws (Honorary), Chulalongkorn University
- Barrister-at-Law, Thai Bar Association
- Bachelor of Laws, Thammasat University

**Experiences :**

- 1998 - 2001 Judge, The Constitutional Court
- 1993 - 1997 Member of the Committee on Appeal, The Securities and Exchange Act 1992
- 1992 - 1997 Member of Legislative Committee, Office of the Council of State
- 1992 - 1996 Chairman of the Committee on Interior Administration, Senate
- 1987 - 1993 Attorney General
- 1987 - 1993 Director, Thai Airways PLC.
- 1985 - 1993 Director, Krung Thai Bank PLC.
- 1984 - 1993 Director, Provincial Electricity Authority

**Relationship : -**

**Training by the Thai Institute of Directors Association (IOD) :**

- 2007 Director Accreditation Program (DAP)
- 2007 Audit Committee Program (ACP)
- 2007 Accounting for Non-accounting Audit Committee

**Attendance at the Board of Directors' Meeting during 2010 :**

6 times out of 6 meetings

(%) shareholding (as at December 30, 2010) : -

### Mr. Pridi Boonyoung

72 years old

**Position :** Audit Committee and Independent Director

**Positions in other organizations :**

- Audit Committee, Panyapiwat Institute of Management

**Education :**

- Master of Laws, Yale University, USA
- Bachelor of Laws, Thammasat University
- Degree, National Defence College of Thailand

**Experiences :**

- 1997 - 1998 Director - General, Treasury Department
- 1996 - 1997 Director - General, Customs Department
- 1993 - 1996 Director - General, The Comptroller General's Department

**Relationship : -**

**Training by the Thai Institute of Directors Association (IOD)**

2005 Director Accreditation Program (DAP)

**Attendance at the Board of Directors' Meeting during 2010 :**

6 times out of 6 meetings

(%) shareholding (as at December 30, 2010) : 0.01014

### Mr. Padoong Techasarintr

69 years old

**Position :** Audit Committee and Independent Director

**Positions in other organizations :**

- Independent Director and Audit Committee, Textile Prestige PLC.
- Independent Director and Audit Committee, Kulthorn Kirby PLC.
- Independent Director and Audit Committee, Thanulux PLC.
- Independent Director and Chairman of Audit Committee, Lanna Resources PLC.
- Independent Director and Audit Committee, Thai Nam Plastic PLC.
- Independent Director and Audit Committee, Mitr Phol Co., Ltd.
- Audit Committee, Panyapiwat Institute of Management

**Education :**

- Bachelor's Degree in Business and Administration, Thammasat University

**Experiences :**

- 1995 - 1998 Executive Director, Siam City Bank PLC.
- 1994 - 1995 Director - Vice President, Siam City Bank PLC.

**Relationship : -**

**Training by the Thai Institute of Directors Association (IOD) :**

- 2001 The Role of Chairman
- 2003 Director Certification Program (DCP)
- 2005 Director Accreditation Program (DAP)
- 2008 Audit Committee Program (ACP)
- 2008 Monitoring the Internal Audit Function

**Attendance at the Board of Directors' Meeting during 2010 :**

6 times out of 6 meetings

(%) shareholding (as at December 30, 2010) : 0.00011

**Prof. Suphachai Phisitvanich**

70 years old

**Position :** Independent Director

**Positions in other organizations :**

- Chairman, Aira Securities PLC.
- Chairman, Sena Saithong Co., Ltd.
- Chairman, Samart I-Mobile PLC.
- Chairman, Aira Capital Co., Ltd.
- Member of the Nomination and Compensation Committee, Bangkok Expressway PLC.
- Director and Chairman of the Audit Committee, Bangkok Expressway PLC.

**Education**

- Ph.D. (Honorary Degree) in Accounting, Thammasat University
- M.B.A. Finance, Ohio State University, USA
- Bachelor's Degree in Accounting, Thammasat University
- Bachelor's Degree in Business Administration, Thammasat University

**Experiences**

- 2005 - 2007 Chairman of the Audit Committee, CPPC PLC.
- 2005 - 2007 Chairman of the Audit Committee, Business Development Bank (Shanghai-China)
- 2004 - 2008 Member of Appellate Committee, The Securities and Exchange Commission (SEC)
- 2004 - 2006 Member of Committee, Board of Royal Thai Police
- 2001 - 2003 Chairman, Krungthai Bank PLC.
- 2001 - 2002 Chairman, TOT PLC.
- 2001 - 2002 Advisor, Ministry of Finance
- 1998 - 2001 Permanent Secretary for Finance, Ministry of Finance
- 1997 Deputy Permanent Secretary, Ministry of Finance
- 1993 - 1996 Director General, Thai Customs Department

**Relationship : -**

**Training by the Thai Institute of Directors Association (IOD) :**

- 2003 Director Accreditation Program (DAP)
- 2003 Director Certification Program (DCP)
- 2004 Board Performance Evaluation
- 2006 The Role of Chairman Program (RCP)

**Attendance at the Board of Directors' Meeting during 2010 :**

6 times out of 6 meetings

(%) shareholding (as at December 30, 2010) : -

**Police General Kowit Wattana**

64 years old

**Position :** Independent Director

**Positions in other organizations :**

- Vice Chairman of the Village Scout Operation Unit Advisory Board

**Education :**

- Bachelor of Public Administration (Police), Royal Police Cadet Academy Class 22, Pre-cadet Academy Class 6

**Experiences :**

- 2004 - 2007 Commissioner General
- 2008 Minister of Ministry of Interior
- 2008 Deputy Prime Minister
- 2008 Chairman of Provincial Waterworks Authority

**Relationship : -**

**Training by the Thai Institute of Directors Association (IOD) : -**

**Attendance at the Board of Directors' Meeting during 2010 :**

4 times out of 6 meetings

\* Has been appointed as a Director on April 28, 2010

(%) shareholding (as at December 30, 2010) : -

**Mr. Dhanin Chearavanont**

71 years old

**Position :** Chairman

**Positions in other organizations :**

- Chairman, Charoen Pokphand Food PLC.
- Chairman, True Corporation PLC.
- Chairman and CEO, Charoen Pokphand Group Co., Ltd. and its subsidiaries
- Honorary Chairman, True move Co., Ltd.
- Director, Bangkok Inter Teletech PLC.

**Education :**

- Degree from National Defence College of Thailand
- Shantou Secondary School, The People's Republic of China
- Commercial School, Hong Kong

**Experiences :** -

**Relationship :**

Mr. Soopakij Chearavanont and Mr. Narong Chearavanont's father

**Training by the Thai Institute of Directors Association (IOD) :**

2005 Director Accreditation Program (DAP)

**Attendance at the Board of Directors' Meeting during 2010 :**

4 times out of 6 meetings

(%) shareholding (as at December 30, 2010) : 0.01704

### Mr. Korsak Chairasmisak

58 years old

**Position :** Vice Chairman and Chief Executive Officer

**Positions in other organizations :**

- Vice Chairman, Charoen Pokphand Group Co., Ltd.
- Chairman, Thai Go Association
- President, World Chinese Wei Qi Federation
- Honorable Member, Behavioral Science Research Institute Srinakharinwirot University
- Committee, Songklanakarin University
- Consultant, Thammasat Association
- Financial Consultant, The Writers Association of Thailand
- Consultant, 7 Book Award
- Chairman, Panyapiwat Institute of Management Council

**Education :**

- Honorary Doctor of Business Administration in Management, Sripatum University
- Honorary Doctor of Arts, North-Chiang Mai University
- Honorary Doctor of Business Administration in Management, Suan Dusit Rajabhat University
- Bachelor of Arts in Economics, Thammasat University
- Certificate of Commerce, Assumption Commercial College

**Experiences :**

1983 - 1987 Executive Vice President (Trading),  
Charoen Pokphand Group Co., Ltd.  
(Based in Hong Kong)

1979 - 1989 Managing Director,  
Bangkok Produce Merchandising Co., Ltd.,  
C.P. Agro-Industry Co., Ltd.,  
C.P. Intertrade Co., Ltd.,  
Bangkok Fisheries Co., Ltd.

1973 - 1978 Feed Ingredient Purchasing Manager,  
Charoen Pokphand Group Co., Ltd.

**Social Contribution :**

- Chairman, Thai Go Association (Amateur 5 Dan),  
Representative of Thailand Participated in the World Amateur  
Go Championship in Japan in 1984, 1987, 1989, 1994, 1995,  
1996 and 1997

- President, World Chinese Wei Qi Federation
- Expert, The Behavioral Science Research Institute (BSRI),  
Srinakharinwirot University
- Honorary Chief, Panyapiwat Institute of Management
- Western Philosophy Writer

**Relationship :** -

**Training by the Thai Institute of Directors Association (IOD) :**

2000 Director Certification Program (DCP)

2006 The Role of Chairman

**Attendance at the Board of Directors' Meeting during 2010 :**

6 times out of 6 meetings

(%) shareholding (as at December 30, 2010) : 0.13125

\* Included Employee Joint Investment Program (EJIP)

### Mr. Adirek Sripratak

65 years old

**Position :** Director

**Positions in other organizations :**

- Honor president, Thai Broiler Processing Exporters Association
- President and CEO, Charoen Pokphand Foods PLC.
- Acting Chief Operating Office, Livestock Business,  
Charoen Pokphand Foods PLC.
- Vice Chairman, Charoen Pokphand Group Co., Ltd.
- Senior Director, Chiang Mai University Council
- Advisor to Executives, Chiang Mai University

**Education :**

- Honorary Doctorate in Science, Maejo University
- Honorary Doctorate in Economics, Chiang Mai University
- Honorary Doctorate in Science and Food Science,  
Rajamangala University of Technology Isan

**Experiences :** -

**Relationship :** -

**Training by the Thai Institute of Directors Association (IOD) :**

2001 Director Certification Program (DCP)

2005 Director Accreditation Program (DAP)

**Attendance at the Board of Directors' Meeting during 2010 :**

5 times out of 6 meetings

(%) shareholding (as at December 30, 2010) : -

### Mr. Umroong Sanphasitvong

58 years old

**Position :** Director

**Positions in other organizations :**

- Deputy Group CFO, Charoen Pokphand Group Co., Ltd.
- Director, True Corporation PLC.
- Director, CPPC PLC.
- Director, Vinasiam Bank
- Director, C.P. Lotus Corporation

**Education :**

- Master's Degree in Accounting, Thammasat University
- Bachelor's Degree in Accounting, Thammasat University

**Experiences :**

1980 Deputy Division Manager - Accounting and Finance, Charoen Pokphand Group Co., Ltd.

**Relationship :** -

**Training by the Thai Institute of Directors Association (IOD) :**

2001 Director Certification Program (DCP)

2003 Company Secretary

2006 Board Performance Evaluation

2006 DCP Refresher

2007 Role of the Compensation Committee

**Attendance at the Board of Directors' Meeting during 2010 :**

6 times out of 6 meetings

**(%) shareholding (as at December 30, 2010) :** -

### Mr. Soopakij Chearavanont

47 years old

**Position :** Director

**Positions in other organizations :**

- Chairman, True Visions PLC.
- Chairman, True Visions Cable PLC.
- Executive Chairman, Telecom Holding Co., Ltd.
- Chairman, Chia Tai Land Holding Co., Ltd.
- Chairman, Chia Tai Property Management Co., Ltd.
- Chairman, Chia Tai Real Estate Group Co., Ltd.
- Chairman, Fortune Leasing Co., Ltd.
- Chairman, Mass Gain Investment Limited.
- Chairman, Beijing Lotus Supermarket Chain Store Co., Ltd.
- Chairman, Chia Tai Lotus (Shanghai) Co., Ltd.
- Co - Chairman, Shanghai Kinghill Limited - Super Brand Mall
- Executive Vice Chairman and Chief Executive Officer, Marketing and Distribution Business (China), Charoen Pokphand Group Co., Ltd.
- Chief Executive Officer, Real Estate & Land Development Business (China), Charoen Pokphand Group Co., Ltd.
- Executive Vice Chairman and Chief Executive Officer, C.P. Lotus Corporation

- Executive Vice Chairman and Chief Executive Officer, Shanghai Lotus Supermarket Chain Store Co., Ltd.
- Vice Chairman, Automotive industrial Products (China), Charoen Pokphand Group Co., Ltd.
- Vice Chairman, Chia Tai International Finance Co., Ltd.
- Vice Chairman, Chia Tai Vision Limited.
- Vice Chairman, Shanghai Fortune World Development Co., Ltd.
- Vice Chairman, Chia Tai Trading (Beijing) Co., Ltd.
- Vice Chairman, Real Estate and Land Development Business (Thailand), Charoen Pokphand Group Co., Ltd.
- Director, True Corporation PLC.
- Director, True Move Co., Ltd.
- Director, Chia Tai Development Investment Co., Ltd.
- Director, Chia Tai Group Co., Ltd.
- Director, C.P. Pokphand Co., Ltd.
- Director, Fortune Shanghai Limited.
- Director, Lotus-CPF (PRC) Investment Co., Ltd.

**Community Service :**

2009 Committee Members, The Build Foundation

2009 Advisor, Minister of Culture

2008 Honorary Consul, The Russian Federation - Phuket

2006 Award of Bai Yu Lan from Shanghai Government

2006 Member, Fudan Incentive Management Fund Committee of Fudan University

2006 Management Committee, Chia Tai International Center of Peking University

2006 Advisor, the Standing Committee on Public Health, The House of Representatives

2005 Member, Young Thai Entrepreneurs Association (YTEA)

2005 Vice President, Thai-Chinese Promotion of Investment and Trade Association

2004 Committee, Cultural Promotion Fund of Office, The National Cultural Commission

2004 Vice President, Thailand Equestrian Federation

2002 Member, Young Thai Entrepreneurs Assembly

2002 Vice Chairman, Thailand-China Business Council

1993 Committee, Children Youth, Women and The Elderly

**Education :**

- Bachelor of Science Degree in the College of Business and Public Administration, New York University, USA

**Experiences :** -

**Relationship :** Mr. Dhanin Chearavanont's son and Mr. Narong Chearavanont's brother

**Training by the Thai Institute of Directors Association (IOD) :** -

**Attendance at the Board of Directors' Meeting during 2010 :**

4 times out of 6 meetings

**(%) shareholding (as at December 30, 2010) :** 0.00247

### Mr. Narong Chearavanont

45 years old

**Position :** Director

**Positions in other organizations :**

- Director, True Corporation PLC.
- Director, True Visions Group Co., Ltd.
- President, C.P. Corporate University
- Vice Chairman, Panther Entertainment Co., Ltd.
- Vice Chairman, Marketing and Distribution Business (Thailand)
- Vice Chairman, Marketing and Distribution Business (China)
- Vice Chairman, Real Estate & Land Development Business (China)
- Director, Cineplex Co., Ltd.
- Director, Satellite Service Co., Ltd.
- Director, CPPC PLC.
- Legal Representative and Director, Beston Action Utility Wear (Lianyungang) Co., Ltd.
- Director, True Visions PLC.
- Director, True Visions Cable PLC.
- Executive Vice Chairman, C.P. Lotus Corporation
- Executive Vice Chairman, Chia Tai (China) Investment Co., Ltd.
- Executive Director, C.P. Pokphand Co., Ltd.
- Board of Director, Qingdao Lotus Supermarket Chain Store Co., Ltd.
- Board of Director, Jinan Lotus Supermarket Chain Store Co., Ltd.
- Board of Director, Shantou Lotus Supermarket Chain Store Co., Ltd.
- Board of Director, Guangzhou Lotus Supermarket Chain Store Co., Ltd.
- Board of Director, Xi' an Lotus Supermarket Chain Store Co., Ltd.
- Vice Chairman, CP Food Product (Shanghai) Co., Ltd.
- Board of Director, Beijing Lotus Supermarket Chain Store Co., Ltd.
- Board of Director, Foshan CP Lotus Management Consulting Co., Ltd.
- Board of Director, Changsha Chulian Supermarket Co., Ltd.
- Board of Director, Chengdu Ailian Supermarket Co., Ltd.
- Chairman, Yangtze Supermarket Investment Co., Ltd.

**Education :**

- Advance Management Program:  
Transforming Proven Leaders into Global Executives,  
Harvard Business School, Harvard University
- Bachelor of Science, Major : Business Administration  
New York University, USA

**Experiences :**

- 2002 Director, Business Development Bank
- 1997 President, Ek-Chor Trading (Shanghai) Co., Ltd.
- 1995 - 1997 President, Ek-Chor Distribution (Thailand) Co., Ltd.

**Relationship :** Mr.Dhanin Chearavanont's son and Mr.Soopakij Chearavanont's brother

**Training by the Thai Institute of Directors Association (IOD) :**  
2007 Director Accreditation Program (DAP)

**Attendance at the Board of Directors' Meeting during 2010 :**  
3 times out of 6 meetings

**(%) shareholding (as at December 30, 2010) :** 0.00339

### Mr. Prasert Jarupanich

62 years old

**Position :** Director

**Positions in other organizations :**

- Director, Siam Makro PLC.
- Director, Freewill Solutions Co., Ltd.
- Director, Chester Food Co., Ltd.
- Director, Perfect Companion Group Co., Ltd.
- Director, Pokphand Enterprise Co., Ltd.
- Director, Star Animal Co., Ltd.
- Vice President - Marketing and Distribution Group,  
Charoen Pokphand Group Co., Ltd.

**Education :**

- Program for Management Development (PMD)  
Harvard Business School
- Ph.D. Industrial Engineering and Management  
Oklahoma State University
- Master's Degree in Computer Science  
University of Missouri at Rolla
- Bachelor's Degree in Computer Science  
University of Missouri at Rolla

**Experiences :** -

**Relationship :** -

**Training by the Thai Institute of Directors Association (IOD) :**  
2004 Director Certification Program (DCP)

2004 Finance for Non-finance Director

2008 Role of the Compensation Committee

**Attendance at the Board of Directors' Meeting during 2010 :**  
6 times out of 6 meetings

**(%) shareholding (as at December 30, 2010) :** -

### Mr. Pittaya Jearavisitkul

55 years old

**Position :** Director and Deputy Chief Executive Officer

**Positions in other organizations :** -

**Education :**

- Master's Degree in Business Administration  
Thammasat University
- Bachelor's Degree in Economics (Honor)  
Thammasat University

**Experiences :**

1993 - 1998 Vice President - Marketing and Distribution Group,  
Charoen Pokphand Group Co., Ltd.

**Relationship :** -

**Training by the Thai Institute of Directors Association (IOD) :**

2000 Director Certification Program (DCP)

**Attendance at the Board of Directors' Meeting during 2010 :**

5 times out of 6 meetings

(%) shareholding (as at December 30, 2010) : 0.01574

\* Included Employee Joint Investment Program (EJIP)

### Mr. Piyawat Titasattavorakul

57 years old

**Position :** Director and Managing Director

**Positions in other organizations :** -

**Education :**

- Bachelor's Degree in Marketing, Ramkhamhaeng University

**Experiences :**

1996 - 1998 Vice President - Operation, C.P. Seven Eleven PLC.

**Relationship :** -

**Training by the Thai Institute of Directors Association (IOD) :**

2001 Director Certification Program (DCP)

**Attendance at the Board of Directors' Meeting during 2010 :**

6 times out of 6 meetings

(%) shareholding (as at December 30, 2010) : 0.00201

\* Included Employee Joint Investment Program (EJIP)

### Mr. Tanin Buranamanit

47 years old

**Position :** Director and Executive Vice President - Operation  
and Marketing

**Education :**

- Bachelor's Degree in Marketing, Thammasat University

**Experiences :**

1999 Assistant Vice President - Marketing,  
C.P. Seven Eleven PLC.

1998 Assistant Vice President, Sunny Supermarket Co., Ltd.

**Relationship :** -

**Training by the Thai Institute of Directors Association (IOD) :**

2010 Director Certification Program (DCP)

**Attendance at the Board of Directors' Meeting during 2010 :**

4 times out of 6 meetings

\* Has been appointed as a Director on April 28, 2010

(%) shareholding (as at December 30, 2010) : 0.00119

\* Included Employee Joint Investment Program (EJIP)

### Mr. Supot Shitgasornpongse

57 years old

**Position :** Company Secretary and Vice President -  
Accounting and Finance

**Positions in other organizations :**

- Member, Accounting Systems Formulation Committee,  
Federation of Accounting Professions
- Member, Accounting Standards Technical Assistance  
Sub-committee, Federation of Accounting Professions

**Education :**

- Master of Science in Accounting, Thammasat University
- Bachelor of Accountancy (First Class Honor),  
Chulalongkorn University

**Experiences :**

1990 - 1997 General Manager, Thailand Fishery Cold Storage  
PLC. and its subsidiaries

1978 - 1990 Administrative Manager, Hoechst Thai Co., Ltd.  
and its subsidiaries

1975 - 1977 Programmer, Siam Cement Group Co., Ltd.

**Relationship :** -

**Training by the Thai Institute of Directors Association (IOD) :**

2003 Company Secretary Program

2004 Director Certification Program (DCP)

(%) shareholding (as at December 30, 2010) : 0.00086

### Mr. Suraphan Pussadej

62 years old

**Position :** Assistant Chief Executive Officer - Human Resource

**Positions in other organizations :**

- Advisor, Civil Servant Commission for Bureaucratic  
Development
- Advisor, Walailuck University

**Education :**

- Master of Art, Political Science, University of Detroit, USA
- Bachelor of Laws (Honor), Thammasat University
- Barrister-at-Law, Thai Bar Association



**Experiences :**

- 2004 - 2005 Deputy Chief Executive Officer, S.Khonkaen PLC.  
1996 - 2004 Corporate Human Resource Director,  
Paper & Packaging Business,  
Siam Cement Group (SCG)  
1974 - 1996 Human Resource Manager, Siam Cement Group  
(SCG)

**Relationship :** -

**Training by the Thai Institute of Directors Association (IOD) :** -  
(%) shareholding (as at December 30, 2010) : 0.00079

\* Included Employee Joint Investment Program (EJIP)

**Mr. Taweesak Kaewrathtanapattama**

54 years old

**Position :** Senior Vice President - Accounting and Finance

**Positions in other organizations :** -

**Education :**

- Bachelor of Accounting, Thammasat University
- Bachelor of Laws, Thammasat University

**Experiences :**

1981 - 2005 Vice President, Bangkok Produce PLC.

**Relationship :** -

**Training by the Thai Institute of Directors Association (IOD) :**  
2007 Director Certification Program (DCP)

(%) shareholding (as at December 30, 2010) : 0.00157

\* Included Employee Joint Investment Program (EJIP)

**Mr. Chuan Nimkittikul**

59 years old

**Position :** Senior Vice President - Purchasing and Distribution

**Positions in other organizations :** -

**Education :**

- Master's Degree in Business Administration  
Thammasat University
- Bachelor's Degree in Economics, Thammasat University

**Experiences :**

1996 - 1998 Assistant Vice President - Purchasing and  
Distribution, Human Resource and Administration,  
C.P. Seven Eleven PLC.

**Relationship :** -

**Training by the Thai Institute of Directors Association (IOD) :**  
2006 Finance for Non-finance Director  
Director Certification Program (DCP)

(%) shareholding (as at December 30, 2010) : 0.00656

\* Included Employee Joint Investment Program (EJIP)

**Mr. Suwit Kingkaew**

61 years old

**Position :** Senior Vice President - General Management

**Positions in other organizations :** -

**Education :**

- Master of Business Administration, Kasetsart University
- Bachelor of Economics, Kasetsart University

**Experiences :**

1996 - 1998 Assistant Vice President - General Management,  
C.P. Seven Eleven PLC.

**Relationship :** -

**Training by the Thai Institute of Directors Association (IOD) :**  
2005 Director Certification Program (DCP)

(%) shareholding (as at December 30, 2010) : 0.01079

\* Included Employee Joint Investment Program (EJIP)

**Mr. Kosa Pongsupath**

60 years old

**Position :** Vice President - Information Technology

**Positions in other organizations :** -

**Education :**

- Bachelor of Science (Statistics), Kasetsart University

**Experiences :**

2000-2001 Assistant Vice President - Information Technology  
C.P. Seven Eleven PLC.

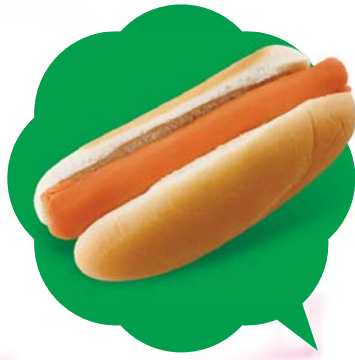
**Relationship :** -

**Training by the Thai Institute of Directors Association (IOD) :** -

(%) shareholding (as at December 30, 2010) : 0.00680

\* Included Employee Joint Investment Program (EJIP)

CONVENIENCE  
FOOD STORE



ทุกเมนู  
Every Menu  
Fulfilling and Convenient





คัดสรรสินค้าดีมีคุณภาพ  
ให้คุณอิ่มสะดวกอย่างมั่นใจ

ทุกครั้งที่คุณหิว... เซเว่นอีเลฟเว่น พร้อมเสิร์ฟความอร่อย  
ที่หลากหลายให้คุณอิ่มท้องทุกเมนู ตลอด 24 ชม.  
ทั้งมือหลัก มือรอง อาหารว่าง และเครื่องดื่ม  
หิวเมื่อไรก็แวะมา “อิ่มสะดวก” ที่เซเว่นอีเลฟเว่น

## Assorting High Quality Products for your Assured Fulfillment and Convenience

Anytime you're hungry... 7-Eleven is ready to serve deliciousness that is varied.  
Every menu fulfilling you, 24 hours. Main course, entree, snacks and drinks  
**Anytime at your appetite. Anytime at 7-Eleven.**



## ลักษณะการประกอบธุรกิจ Nature of Business

### Overview of Business Operations

CP ALL Plc. (the “Company”) was established in 1988 by the Charoen Pokphand Group to operate the convenience store business in Thailand under the “7-Eleven” trademark. The Company was granted a license to use the trademark from 7-Eleven, Inc., USA. In 1989, the first 7-Eleven outlet in Thailand was opened on Patpong Road.

At the end of the year 2010, the Company had a total of 5,790 7-Eleven stores nationwide, making Thailand the country with the third largest 7-Eleven network in the world after Japan and the USA. Of the total 2,786 stores are in Bangkok and vicinity (48 percent) and 3,004 stores are in provincial areas (52 percent). According to type of store, there are 2,834 corporate stores (49 percent),

2,541 franchise stores (44 percent) and 415 sub-area license stores (7 percent). Presently, an average of 7.1 million customers visit 7-Eleven stores each day.

In 2010, the Company established another 520 new outlets both as stand-alone stores and stores located in PTT gas stations to reach more target customers both in Bangkok, the vicinity and provincial areas. At the end of 2010, the Company had 4,920 stand-alone stores (85 percent) and 870 stores in PTT gas stations (15 percent).

In addition, the Company has continuously invested in businesses supporting the convenience store business in Thailand as follows:



- **บริษัท เคาน์เตอร์เซอร์วิส จำกัด (CS)**  
เพื่อประกอบธุรกิจเป็นตัวแทนรับชำระเงิน  
ค่าสินค้าและบริการ
- **บริษัท ซี.พี. ค้าปลีกและการตลาด จำกัด (CPRAM)**  
เพื่อประกอบธุรกิจผลิตและจำหน่าย อาหาร  
แช่แข็งและเบเกอรี่
- **บริษัท รีเทลลิงค์ (ไทยแลนด์) จำกัด (RTL)**  
เพื่อประกอบธุรกิจการจำหน่ายและซ่อมแซม  
อุปกรณ์ค้าปลีก
- **บริษัท ไทยสมาร์ตการ์ด จำกัด (TSC)**  
(ลงทุนร่วมกับพันธมิตรทางธุรกิจ)  
เพื่อให้บริการ ชำระค่าสินค้าและบริการผ่าน  
บัตรเติมเงินอิเล็กทรอนิกส์ (Smart Purse)
- **บริษัท โกซอฟท์ (ประเทศไทย) จำกัด (GOSOFT)**  
เพื่อให้บริการออกแบบและพัฒนาระบบงาน  
ด้านสารสนเทศ
- **บริษัท เอ็ม เอ เอ็ม ฮาร์ท จำกัด (MAM)**  
เพื่อให้บริการปรึกษาวางแผนกิจกรรมทางการ  
ตลาด
- **บริษัท ไดนามิค แมนเนจเม้นท์ จำกัด (DM)**  
เพื่อให้การบริหารงานกิจการขนส่งสินค้า  
และกระจายสินค้า
- **บริษัท ศึกษาวิวัฒน์ จำกัด (SPW)**  
เพื่อให้บริการด้านการศึกษา อันได้แก่ โรงเรียน  
ปัญญาวิวัฒน์ เทคโนโลยี ซึ่งเปิดสอนใน  
ระดับอาชีวศึกษา และสถาบันการจัดการ  
ปัญญาวิวัฒน์สำหรับหลักสูตรระดับปริญญาตรี  
4 สาขา ได้แก่ บริหารธุรกิจ วิศวกรรมศาสตร์  
ศิลปศาสตร์ และนิเทศศาสตร์ และระดับ  
ปริญญาโท 1 สาขา คือ บริหารธุรกิจ สาขา  
การจัดการธุรกิจค้าปลีก
- **บริษัท ปัญญาธารา จำกัด (PTR)**  
เพื่อประกอบกิจการการจัดฝึกอบรมและ  
การจัดสัมมนาทางวิชาการ
- **Counter Service Company Limited (CS)**  
provides a bill payment service business
- **C.P. Retailing and Marketing Company  
Limited (CPRAM)**  
manufactures and sells of frozen food  
and bakery
- **Retailink (Thailand) Company Limited  
(RTL)**  
distributes and repairs retail equipment
- **Thai Smart Card Company Limited (TSC)**  
(with business alliances) offers product  
and service payment through Smart Purse  
electronic cash cards
- **Gosoft (Thailand) Company Limited  
(GOSOFT)**  
provides information technology services
- **MAM Heart Company Limited (MAM)**  
provides marketing consulting services
- **Dynamic Management Company Limited  
(DM)**  
provides logistics services
- **Suksapiwat Company Limited (SPW)**  
provides educational services through  
Panyapiwat Techno Business School, a  
retailing vocational school for retail  
education, and Panyapiwat Institute of  
Management, an institute in bachelor  
degree concentrating on 4 majors: business  
administration, engineering, liberal arts,  
and communication arts and master  
degree concentrating on 1 major: business  
administration with emphasize on retailing  
business management.
- **Panyatara Company Limited (PTR)**  
provides training and seminar services

นอกจากนี้ บริษัทยังมีการขยายช่องทางธุรกิจ ภายใต้การบริหารจัดการของบริษัท อาทิ

- **ธุรกิจ 7-Catalog Order**  
เพื่อเป็นการขยายช่องทางธุรกิจด้านการสั่งซื้อสินค้าผ่านทาง “วารสารแคตตาล็อก”
- **ธุรกิจ บุกส์ไมล์ (Book Smile)**  
เพื่อเป็นช่องทาง ในการจำหน่ายหนังสือและวารสาร
- **ธุรกิจ เอ็กซ์ต้า (eXta)**  
โดยเป็นร้านสุขภาพและความงาม ดำเนินธุรกิจจัดจำหน่ายสินค้าประเภทยาและเวชภัณฑ์ สินค้าสุขภาพ และเครื่องสำอาง
- **ธุรกิจ คัดสรร (Kudsan)**  
เพื่อเป็นช่องทางจำหน่ายสินค้าที่คัดสรรพิเศษ ทั้งกาแฟและเบเกอรี่

In addition, the Company has also expanded its own business operations as follows:

- **7-Catalog Order** as a distribution channel in purchasing products from catalog magazines
- **Book Smile** as a new distribution channel for books and magazines
- **eXta** as a health and beauty shop offering pharmaceuticals and medical supplies, health products and cosmetics
- **Kudsan** as a channel to sell special selected products including coffee and bakery

### โครงสร้างการถือหุ้น ของกลุ่มบริษัท ซีพี ออลล์ จำกัด (มหาชน) ณ วันที่ 31 ธันวาคม 2553

บริษัทได้จดทะเบียนแปรสภาพเป็นบริษัทมหาชน จำกัด เลขทะเบียน 0107542000011 เมื่อวันที่ 12 มีนาคม 2542 โดย ณ วันที่ 30 ธันวาคม 2553 บริษัทมีกลุ่มบริษัทในเครือเจริญโภคภัณฑ์ถือหุ้นอยู่ร้อยละ 46.09 ของทุนจดทะเบียนที่เรียกชำระแล้ว

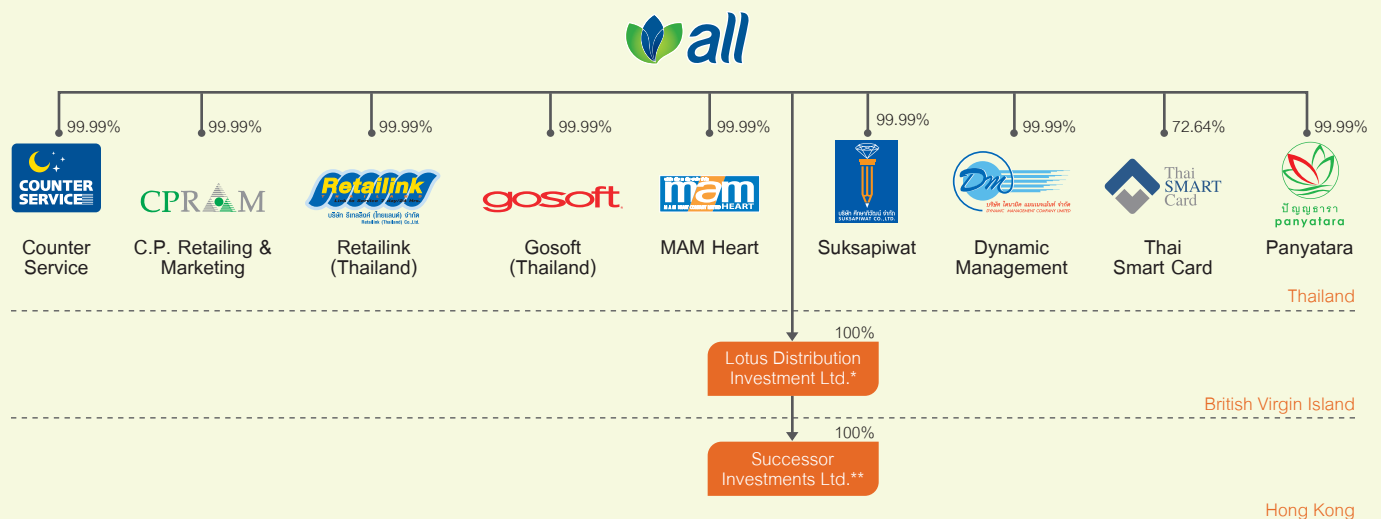
ณ วันที่ 31 ธันวาคม 2553 บริษัทมีแผนภาพโครงสร้างการถือหุ้นของกลุ่มบริษัท ดังนี้

### Group Structure of CP ALL Public Company Limited

As at December 31, 2010

The Company became a public company limited registration number 0107542000011 on March 12, 1999. As at December 30, 2010, the Charoen Pokphand Group held 46.09 percent of the Company's paid-up capital.

As at December 31, 2010, the group structure of the Company is as follows:



\* As of October 31, 2008, the restructuring of supercenter business in the PRC was completed.

\*\* LDI has invested 100% in Successor Investments Limited ("SI") on September 9, 2010

## Revenue Structure

The Company's revenue is generated from net sales and services income, which can be divided into 3 business groups as follows:

| Groups of Business                        | 2008*               |            | 2009*          |            | 2010*          |            |
|---|---------------------|------------|----------------|------------|----------------|------------|
|   | Million Baht        | %          | Million Baht   | %          | Million Baht   | %          |
| Convenience store (7-Eleven)              | 92,959              | 72         | 109,105        | 91         | 131,656        | 91         |
| Supercenter (SLS)                         | 27,726 <sup>1</sup> | 21         | -              | -          | -              | -          |
| Other businesses <sup>2</sup>             | 9,321               | 7          | 10,503         | 9          | 12,266         | 9          |
| <b>Total net sales and service income</b> | <b>130,006</b>      | <b>100</b> | <b>119,608</b> | <b>100</b> | <b>143,922</b> | <b>100</b> |

\* Data before elimination

<sup>1</sup> Data from January - October 2008

<sup>2</sup> Consists of CPRAM frozen and bakery business, goods and bill payment collection service of CS, sale and maintenance business for retail equipment of RTL and other income from other subsidiaries

## Business Objectives

The Company aims to be the leader in the convenience store business in Thailand that can satisfy the ever-changing demands of customers. The Company will focus on its strength, offering "convenience" to customers in purchasing goods and services and move towards convenience food store through 7-Eleven outlets that expand across the country and most of which are open 24 hours a day. The Company plans to further open approximately 500 new outlets per year in 2011 having the next milestone of 7,000 stores within 2013. The store expansion will focus on increasing more portion of franchise stores format. The Company places great importance on the

location of every 7-Eleven store in order to serve different demands of customer in various locations such as residential areas, marketplaces, schools, offices, hospitals, gas stations, factories, tourist spots, nightspots and transport transfer areas, with stores coverage in Bangkok, Greater Bangkok and provincial. The Company strives for excellent products selection on new items in demand of good quality and safety. With a focus on increasing food portions under ready-to-eat products, the Company will attract more customers visiting the stores per day and will entice higher frequency, generating higher margins. In addition, the Company plans to expand its regional distribution center to support growth in the future.

## Nature of Business

### Convenience Store Business

#### Types of Products or Services

The Company is the sole operator of 7-Eleven convenience stores in Thailand, which has been granted an exclusive right from 7-Eleven, Inc., USA to conduct business under the Area License Agreement.

In the past, the Company managed the business as a network of stores scattered in communities such as residential areas, offices, educational institutes, tourist attractions and gas stations, having coverage over Bangkok, suburban, and provincial nationwide. In 2010, there were 7-Eleven stores with a total of 5,790 outlets.

#### Types of 7-Eleven Stores

The 7-Eleven stores are categorized into three types based on ownership as follows:

| (Unit : stores)         | 2007         | 2008         | 2009         | 2010         | No. of new store opening in 2010 |
|-------------------------|--------------|--------------|--------------|--------------|----------------------------------|
| Corporate Stores        | 2,462        | 2,671        | 2,794        | 2,834        | 40                               |
| Franchise Stores        | 1,562        | 1,813        | 2,130        | 2,541        | 411                              |
| Sub-Area License Stores | 255          | 294          | 346          | 415          | 69                               |
| <b>Total</b>            | <b>4,279</b> | <b>4,778</b> | <b>5,270</b> | <b>5,790</b> | <b>520</b>                       |

1) **Corporate Stores:** The stores are wholly-owned and managed by the Company. The Company invests in retailing equipment, store decoration and inventory.

2) **Franchise Stores:** The Company offers an opportunity for any person including employees to operate their own 7-Eleven store under a franchise system. The Company will provide close support in operating the business, knowledge and understanding of management, principles of product assortment, as well as a financial system. Other supports are regular nationwide sales promotion and advertising plans. In addition, the Company steadily sends employees to advise new management techniques. A franchisee can either choose a new location or an existing store.

In case a franchisee has his own location, the Company will help with the feasibility study without any charges. The term of the franchise agreement and the benefits depend on the type of franchise.

3) **Sub-Area License Stores:** The Company engages in sub-area license agreements with third parties to operate 7-Eleven stores in the territory where the sub-area licensees themselves will be responsible for the management of 7-Eleven stores. The Company will provide assistance and support under the agreed conditions. Presently, there are 4 sub-area license agreements in Phuket, Yala, Chiang Mai and Ubon Ratchathani.



### Product Mix of 7-Eleven

The Company always studies customers' changing needs and expectations for making plans on products and services. The marketing team continuously attempts to search and select products and services that are of high quality, are different from those of competitors, satisfy the demands of different target groups, and are in line with new trends and market changes.

Products of the Company are categorized into the following 2 major groups: Foods & Beverage accounting for 72.9 percent and non-food products excluding phone card accounting for 27.1 percent.

At the same time, the Company has always developed and enhanced other services for customer convenience and for serving customers' daily routines. The Company continuously strives to expand its alliance partners to provide a wider range of services shown in its payment service which currently has as many as 700 services to better provide convenience to customers. Furthermore, there are ATM machines at the stores which are currently located at approximately 4,900 branches.

### Nature of Customers

The Company provides purchasing convenience to customers through its store network which is scattered in every community. The Company's customer groups are varied, including people of every gender and age with different occupations, who live and engage in daily activities near 7-Eleven stores. On average, a total of 7.1 million customers nationwide per day purchased products and services from 7-Eleven stores in 2010, increasing from 6.1 million customers nationwide per day in 2009.

Customers who visit 7-Eleven store have different product and service needs according to store location. Analyzing different behaviors and needs in each location, the Company divided store cluster according to location such as residential areas, marketplaces, schools, offices,

hospitals, gas stations, factories, tourist spots, nightspots, and transport transfer areas in order to plan product and service management strategies to best meet the needs of customers. The Company selects types of products appropriate for customer groups that visit each store according to its location and prepares adequate products and services for each time period that customers visit the store, especially during peak selling times which vary from store to store according to location. Peak selling times are different during the day and night, working days and holidays, or the festive seasons or regional significant events. As a result of dividing store cluster according to location, 7-Eleven stores was able to have a continual increase in sales and profits in the past year.

### Marketing and Competition in the Convenience Store Business

The year 2010 was another year in which the retail business faced many factors which had an impact on consumers' income and purchasing power. These included economic and political factors as well as natural disasters, both severe drought and flooding, which affected the agricultural sector and people's purchasing power. The consumer confidence index was below 100 throughout 2010 and was below 100 for 78 consecutive months. However, the consumer confidence index in 2010 was higher than that of 2009.

With consumers worried about the economic situation and expenses coupled with consumer confidence that has not revived, this affected consumers' spending behavior and mood. Consumers gave increased consideration for value for money. At the same time, they had higher expectations and demands from products and services. However, retailing in 2010 is expected to expand from the negative growth experienced in 2009. In 2010, the retail industry value in the tax system is expected at approximately Baht 2.8 trillion, increasing 12 percent.

Continuing from 2009, competition in the retail business remained intense in 2010. Most investment was to improve and modernize existing branches as well as develop the variety of store formats. At the same time, retailers continued to give importance to existing strategies such as various sales and promotional strategies, expanding private brand products, and creating loyalty and encouraging continuous purchasing through membership cards in order to attract customers and maintain market share.

Meanwhile, there was a slowdown in expansion of typical retail stores, especially large-sized stores. However, it is expected that 2011 will see more action among typical retail stores after the merger of two hypermarkets. The trend among retailers is to expand the number of branches to cover greater area and capture a wider customer group, especially in the suburbs and provinces. Many retailers showed interest in smaller-sized stores which can better reach communities and

serve the needs of new generation consumers who like to shop near home or in their community, such as around condominium projects. At the same time, community malls providing one-stop shopping continued to grow, especially in the suburbs. However, it was found that most community malls were developed by those not originally in the retail business, but pulled small retail shops to join their project in order to provide convenience and fulfill their customers' needs.

However, it was found that retail business in the form of convenience stores has been able to expand and has become an interesting segment for investment by both current retailers and retailers from other segments. Convenience store expansion has been accomplished through both corporate stores and franchise stores. In 2010, there was an increase of 1,040 convenience stores under the chain store format. Out of the total, 520 stores were 7-Eleven stores.

#### Number of convenience stores

| (Unit : stores)                           | 2007         | 2008         | 2009         | 2010          |
|---|--------------|--------------|--------------|---------------|
| <b>Stand alone convenience stores</b>     | <b>6,681</b> | <b>7,288</b> | <b>7,906</b> | <b>8,883</b>  |
| - 7-Eleven stores                         | 3,665        | 4,065        | 4,462        | 4,920         |
| - Others                                  | 3,016        | 3,223        | 3,444        | 3,963         |
| <b>Convenience stores in gas stations</b> | <b>1,842</b> | <b>1,961</b> | <b>2,012</b> | <b>2,075</b>  |
| - 7-Eleven stores                         | 614          | 713          | 808          | 870           |
| - Others                                  | 1,228        | 1,248        | 1,204        | 1,205         |
| <b>Total convenience stores</b>           | <b>8,523</b> | <b>9,249</b> | <b>9,918</b> | <b>10,958</b> |

Remark: Convenience outlets in chain store format

Source: Compilation by CP All Plc.

Despite the fierce competition in small-sized retail store expansion, there are still opportunities for further store expansion to reach communities in order to serve consumers who demand greater convenience. Furthermore, the government's policy supports investment in infrastructure and expanding development to communities. These are supporting factors for growth of urban areas and provide opportunities in expanding the number of small-sized retail stores to communities.

**Business Strategy and Direction**

The Company is fully aware that in order to grow sustainably in the future amid economic and political uncertainties and increasingly fierce competition, it must unceasingly improve its internal management. In addition, the Company must continue to develop its human resources and find know-how and best practices from around the world as guidance for development, new business opportunities and innovations. This will enable it to keep pace with rapid customer changes and

adjust itself to satisfy customers more swiftly and better than its competitors. Furthermore, the Company has adopted a customer-centric approach and emphasizes systematic thinking, team work, decision-making based on information and facts, and giving value to stakeholders in every business aspect. The Company has revised its business strategies as follows:

**1. Monitor and Respond to Changes in Terms of the Economy, Income and Purchasing Power**

Many factors affected consumers' income and purchasing power in 2010 and should be continued to be closely watched in 2011. These include the domestic economic and political volatility; the world economic slowdown and the appreciation of the Baht which affects the export sector; natural disasters, both severe drought and flooding, which affects production and income of the agricultural sector; and interest rate hikes and rise in wages. These factors all have an impact on consumers' purchasing power and spending behavior.

| Change in Consumers' Behavior   | The Company's Response to the Change  |
|---|---|
| <ul style="list-style-type: none"> <li>- More thinking and consideration, price and quality comparison before purchase, with emphasis on value for money and higher expectations</li> </ul> | <ul style="list-style-type: none"> <li>- Assort and develop products with size and price appropriate to the economic conditions and purchasing power of target customer groups</li> </ul> |

## 2. Store Expansion and Product Assortment in Line with Changes in the Population and Social Structure

For more than 10 years, the Company has continuously expanded its stores, at the rate of approximately 450-500 stores per year, in order to cover and cater to the greatest number of consumers. Presently, the Company's stores cover all provinces in the country with a target to reach 7,000 stores in 2013.

Not only does the Company give importance to increasing the number of stores, but it also places importance on the quality of the growth and the sustainability of the new stores. Thus, information on population and social changes is very essential. Besides being used in planning

store expansion, the information is also used in product assortment and development of products and services in line with changing lifestyle behavior.

Statistics reflect that household size has decreased to approximately 3 members per household. In the municipal area, the household size is approximately 2.5 members per household. This is because some households do not have children or the number of children has declined. In addition, there is a rise in the trend of one-person households.

Another change is the growth of urban areas to the suburbs or provinces, especially secondary cities. This is due to the government policy to expand basic infrastructure to secondary cities and the decline in migration to work in the city.

| Change in Consumers' Behavior  | The Company's Response to the Change   |
|--|--|
| <ul style="list-style-type: none"> <li>- Families are smaller and do not want to cook, more frequent purchase of ready-to-eat foods, buy less products than large-sized families, resulting in trend to rely on convenience stores or supermarkets close to home instead of shopping at modern trade stores or large markets</li> <li>- Fast-paced life of urban people require convenience</li> </ul> | <ul style="list-style-type: none"> <li>- Products which are appropriate for family size, smaller and more convenient such as ready-to-eat foods</li> <li>- Focus on store expansion to cover greater area, especially in secondary cities in the provinces, in order to better reach target customers, with the proportion of provincial stores increasing from 51 percent in 2009 to 52 percent in 2010.</li> <li>- Increase the number of stand alone stores following the expansion of the city area; these stores must cater to the increasing number of consumers who drive by having sufficient parking space</li> </ul> |

Due to the Company's ability to effectively respond to the changes, its total sales, number of customers, store visit frequency, and purchase amount per visit have continuously increased.

### **3. Changing Lifestyle Behavior of Consumers Leads to Adjusting Business Strategies in order to Create Differentiation and Value-Added in the Long Run**

To cater to the needs of modern Thai consumers who do not have time to cook and require convenience as well as to differentiate itself from competitors, the Company's strategic policy is to become a convenience food store. The Company has increased the proportion of food and beverage products with emphasis on delivery of quality, delicious, fresh, popular dishes that are price-worthy to consumers. The Company has studied know-how and best practices from international experts to develop products to suit the demands of Thai consumers.

From studying consumer lifestyle and behavior from both primary research and secondary research, the Company has important source of information in developing strategies to satisfy consumers, especially with regards to food and beverage products. The Company has also been able to continuously find new products which are popular in the market to sell in its stores.

The Company has provided direction in developing and improving its processes and management to enable effective communication and collaboration among internal departments and with business partners in order to create value-added and reduce operating expenses under the following main principles:

- **Selection of Differentiated Products and Services**

Assortment and development of new products that have good selling potential and are demanded by customers is something that the Company

gives importance to and is one of the key factors contributing to the Company's continued sales growth. Furthermore, the Company develops products with team merchandising using research information and advice from experts to ensure that the products and services meet customers' demands and are of high quality and different from those offered by competitors. The First Best Only (FBO) approach is utilized in product assortment and development (First sold in 7-Eleven stores, Best selection, Only sold in 7-Eleven stores).

- **Increasing Efficiency of Product Management to Reduce Costs and Opportunity Loss**

Consumers demand a wide variety of products and services. At the same time, their demands are ever-changing. Since the store area of 7-Eleven is limited, the Company strives to improve product and store management by developing methods for store employees to study customer groups and their demands. This enables each store to appropriately assort and sufficiently order products for sale as well as place products so that customers can easily locate them. In order to manage the store's selling space, the Company uses product management principles to learn about product assortment and increase efficiency in area utilization such as decreasing the space between shelves in order to gain more shelf space and expanding shelf space for best-selling products and new products. This results in effective cost management and lower inventory at the stores. The Company has also introduced supporting tools and technology to order products correctly, quickly, and accurately, which increases inventory turnover leading to higher sales and profits.

- **Developing and Promoting Collaboration in All Processes of Support Units in the Supply Chain**

In order to promptly cater to the ever changing demands of customers and the market as well as grow sustainably, the Company strives to improve both its internal and external operational processes (in the areas of convenience, good, fast and time-saving services, and fresh quality products) to be interconnected and customer-centric. In line with the Company policy to be a convenience food store rather than a typical convenience store, all processes and support units which create value for customers must be improved and work together in synergy. The Company also places great importance on food safety. The Company selects and monitors manufacturers with acceptable standards and provides knowledge on improving manufacturing quality standards. Store employees are also trained on good management of products, especially those in the food category. Experts from the Food and Drug Administration (FDA) are invited to provide training to the Company's employees on food safety. Experts from the private sector are also invited to provide training in management and development of food products. In addition, random inspection of foods and beverages guarantees quality and makes employees more aware of food safety.

- **Development of Services from Employees**

Customers are most concerned about service and expect excellent service. With the corporate philosophy "Through happy employees, we desire to see smiles from our customers", the Company not only gives importance to mechanisms or

systems used to create customer satisfaction, but also cares for all processes that create value for customers, especially those related to employees. The Company regularly conducts a Customer Relationship Study (CRS) and Employee Relationship Study (ERS) every year to study the opinions and relationships of customers and employees and used the research results to improve its services. This will enable the design of a process to build customer - store relationships and employee - organization relationships to provide value for customers, leading to long-lasting commitment.

At the same time, comments and advice from customers are also used to develop products and services to better satisfy customers' needs and to develop strategies to maintain current customers and attract new customers. Moreover, opportunities are provided for share learning through VDO Conference where employees exchange experiences on providing services. Share learning allows knowledge to be shared between the head office and stores in various regions in order to increase employee potential and satisfaction as well as customer satisfaction.

#### **4. Building Organizational Competency through Human Resource Development and Knowledge Management**

Employees are one of the Company's key success factors. Because the retail business utilizes a large number of human resources, the Company gives great importance to continuously developing essential competency in all areas. Teamwork is promoted under a strong organizational

culture. Plan-Do-Check-Act (PDCA) is emphasized. Knowledge Management (KM), which will ultimately lead to a Learning Organization (LO), is promoted.

Creating innovation is another strategy that the Company emphasizes since it is the heart of new business, product and service development which brings about competitive advantage. Therefore, the Company encourages learning, sharing and transfer of experiences, best practices and knowledge among employees in a systematic manner for adapted use, improvement of work processes and innovation within the organization.

#### Delivery of Products and Services

The Company strives to continuously develop its value chain to deliver the best to customers. Apart from proper product selection to serve customers' demand under store assortment and store development as a direct contact with customers, the area of product distribution is an important part of the value chain. With continuous developments, the Company has expanded the number of distribution centers in strategic areas in order to accommodate new store expansion and distribute products efficiently and effectively. In addition, the Company has introduced new equipment and tools such as the Digital Picking system to assist with product arrangement, making it more accurate and faster.



Presently, the Company has 4 main distribution centers in Bangkok and its vicinities and the provinces. There is strict quality control at every process, timely delivery and increased frequency of delivery in order to improve the efficiency of product delivery to reach stores in a complete, correct and timely manner, ensuring product quality until reaching consumers. In addition, the Company has established a project to guarantee Good Manufacturing Practice (GMP) standards at the distribution centers to further ensure quality and safety of products delivered to customers.

CONVENIENCE  
FOOD STORE



ได้ทุกที่  
Full and Convenient  
Anywhere







เซเว่นอีเลฟเว่น พร้อมให้บริการทุกทิศทั่วไทย  
 จากเหนือ...จรดใต้ จากตะวันออก...สู่ตะวันตก  
 ไม่ว่าจะคุณจะไปอยู่ที่ไหน เซเว่นอีเลฟเว่น ให้บริการด้วยสินค้าที่ครบครัน  
 พร้อมเป็นเพื่อนร่วมทางทุกครั้งที่คุณหิว  
 เซเว่นอีเลฟเว่น อิ่มสะดวกได้ทุกที่ ทุกเวลา



## 7-Eleven Prepared to Serve Everywhere Across Thailand

From North to South, from East to West

Wherever you are, 7-Eleven serves you with all kinds of products

Ready to be your travel mate every time you're hungry

**7-Eleven, Full and Convenient Anywhere Anytime**

## ปัจจัยความเสี่ยง Risk Factors

### 1. Risk from 7-Eleven Trademark Termination

The Company operates its convenience store business under the Area License Agreement entered with 7-Eleven, Inc., USA since November 7, 1988. Under the terms, the Company is granted a license to operate convenience stores in Thailand under the “7-Eleven” trademark including related trademarks and to obtain training and technical assistance in convenience store business from 7-Eleven, Inc. On August 20, 2003, 7-Eleven, Inc. entered into the Consent Agreement which is an agreement among the Company, the Charoen Pokphand Group (“CPG”) and 7-Eleven, Inc. under which 7-Eleven, Inc. has agreed to give consent to the public offering of shares and the listing of shares for trading on the Stock Exchange of Thailand.

The Area License Agreement does not specify the term of the Agreement. However, both parties have the right to terminate the Agreement if any event stipulated in the conditions does occur or if there is any event which constitutes a cause for termination under the Consent Agreement and also results in termination of the Area License Agreement. In case the Area License Agreement is terminated, the Company will lose its right to use the trademark, which will significantly affect the Company’s business. In such case, the Company

might also be required to pay damages to 7-Eleven, Inc. In addition, if the relationship between the Company or CPG and 7-Eleven, Inc. turns sour, the Company may not obtain appropriate assistance from 7-Eleven, Inc.

#### The Company’s Risk Management

For over the past 22 years of good business relationship, the Company has never had any critical conflict with 7-Eleven, Inc. Furthermore, the Company has followed the regulations as per the agreement since signed date. The Company believes that the relationship of itself and CPG with 7-Eleven, Inc. remains good and that its business operation under the “7-Eleven” trademark is of mutual interest. So far, the business relationship and assistance have been satisfactory. The chance that such relationship will turn sour is unlikely. At present, there is no reason to believe that there would be any event that may negatively affect the relationship of the Company and CPG with 7-Eleven, Inc.



## 2. Risk from Distribution Center Error or Problem

Most of the products sold in 5,790 7-Eleven outlets nationwide are delivered via the Company's distribution center, whereby thousands of manufacturers and suppliers will deliver their products to the center according to the given delivery date. Therefore, the distribution center plays a vital role in 7-Eleven's business. Severe damages to the distribution center due to natural disasters, communication system and information technology failure, crucial accidents, or any force majeure will have an adverse impact on the supply of products to all 7-Eleven outlets and may negatively affect the Company's operating performance.

### The Company's Risk Management

The Company has prepared measures to protect against various risks. The Company has also taken out insurance against damages which may be caused by such risks as deemed appropriate.

However, there are still risks which various plans and insurance may not completely prevent and compensate. Besides, the Company still has to depend on manufacturers and suppliers to deliver their products to the distribution centers and branches. Delivery errors of both manufacturers and suppliers may also negatively affect the Company's sales volume.

## 3. Risk from Information Technology Error or Problem

The Company has invested in various information technology systems such as the store management system and the distribution center management system. Information technology has played a major role in assisting the Company to achieve higher efficiency in dealing with inventory, purchasing, and data storage and analysis. Therefore, an error or problem in the information

technology systems will affect the Company's ability to manage the 7-Eleven outlets on a normal basis and may negatively affect the Company's operating performance.

### The Company's Risk Management

The Company realizes the importance of information technology at both the store and the offices level and has established a prevention and back-up system that meets generally-accepted standards. The Company has set up its second computer center in the Chaengwattana area to diversify and reduce risks.

The Company has the disaster recovery plan which has been rehearsed on a regular basis (BCM: Business Continuity Management). Apart from a regular check up by the internal audit team, the external audit company has tested on the IT system annually for highest assurance of the Company's information technology system.

## 4. Risk from Controlling Influence of the Charoen Pokphand Group

The Charoen Pokphand Group has direct and indirect control over the Company. In the Consent Agreement with 7-Eleven, Inc., CPG agrees to maintain its minimum shareholding ratio as well as its power to appoint and control the majority of the Company's directors. As at December 30, 2010, companies in the Charoen Pokphand Group continue to hold an aggregate 46.09 percent stake. Therefore, the Charoen Pokphand Group will be able to appoint the majority of the directors and remain influential to the management and administration of the Company, including consideration of or support for matters that require approval from the Company's shareholders.

At present, there is no agreement between the Company and the Charoen Pokphand Group and its affiliates that will prohibit the Charoen

Pokphand Group to expand businesses or invest in other retail operations. Therefore, there may be a risk that the Charoen Pokphand Group will not consider granting opportunities and resources that will be of best interest to the Company and its shareholders.

#### **The Company's Risk Management**

The Company has independent directors and the Audit Committee to assure that business policies and directions will be considered for the best interests of all shareholders. In addition, the Company has formulated a policy and regulations concerning connected transactions and has published a guideline for good corporate governance so that all stakeholders benefit equitably.

#### **5. Risk from Laws and Government Policies**

The Company operates a convenience store business in Thailand under the government laws and policies such as the Consumer Protection Act, Price Control Act, Food and Drug Act, and other by-laws. In addition, the government may issue new laws e.g. Retail Business Act, rules and regulations which may affect the Company's business. The Product Liability Act B.E. 2551 had an impact on the operating process of the Company and its suppliers. This increased care in product

management of more than 2,000 product items and of 5,790 7-Eleven outlets from product origin to the customer to ensure product safety. Better product management enables complete product identification and prevents possible harm to customers who visit 7-Eleven stores across the country.

#### **The Company's Risk Management**

The Company has reviewed its quality assurance process and imposed higher quality control standards on all product categories. Both the quality of raw materials from suppliers and the quality of products during the manufacturing process are focused and examined. In addition, the Company in cooperation with manufacturers and suppliers tests the quality of the finished products before sale to customers. The Company has also set up a product liability team consisting of the Procurement and Product Distribution Unit, Product Management Unit, Product Guarantee Unit, Legal Unit, and Operations Unit to be responsible for product quality assurance.

Moreover, the Company has set up customer care unit in which customers can make contact via the store or the 24-hour call center for taking care of their problems in a systematic and timely manner.

## โครงสร้างการถือหุ้นและการจัดการ Shareholding Structure and Management

### Securities of the Company

As at 31 December 2010, the Company's registered capital was at Baht 4,500,000,000, of which Baht 4,493,148,024 has been paid up. The paid-up capital comprises 4,493,148,024 ordinary shares with a par value of Baht 1 per share.

### Shareholders

| Major Shareholders   | As at December 30, 2010 |               |
|--|-------------------------|---------------|
|  | No. of shares           | %             |
| 1. C.P. Merchandising Co., Ltd.*                             | 1,214,642,200           | 27.03         |
| 2. Charoen Pokphand Group Co., Ltd.*                         | 764,946,000             | 17.02         |
| 3. American International Assurance Company, Limited-Di-Life | 327,184,400             | 7.28          |
| 4. State Street Bank and Trust Company                       | 278,113,045             | 6.19          |
| 5. Thai NVDR Company Limited                                 | 186,007,339             | 4.14          |
| 6. Chase C.S. Central Nominees Limited                       | 165,586,213             | 3.69          |
| 7. HSBC (Singapore) Nominees Pte Ltd.                        | 123,513,387             | 2.75          |
| 8. Albouys Nominees Limited                                  | 116,533,400             | 2.59          |
| 9. Government of Singapore Investment Corporation            | 106,015,600             | 2.36          |
| 10. Bangkok Produce Merchandising Plc.*                      | 91,505,200              | 2.04          |
| 11. Others   | 1,119,101,240           | 24.91         |
| <b>Total</b>   | <b>4,493,148,024</b>    | <b>100.00</b> |

\* Denotes companies in the Charoen Pokphand Group which hold a combined shareholding of 46.09 percent of the total paid-up capital

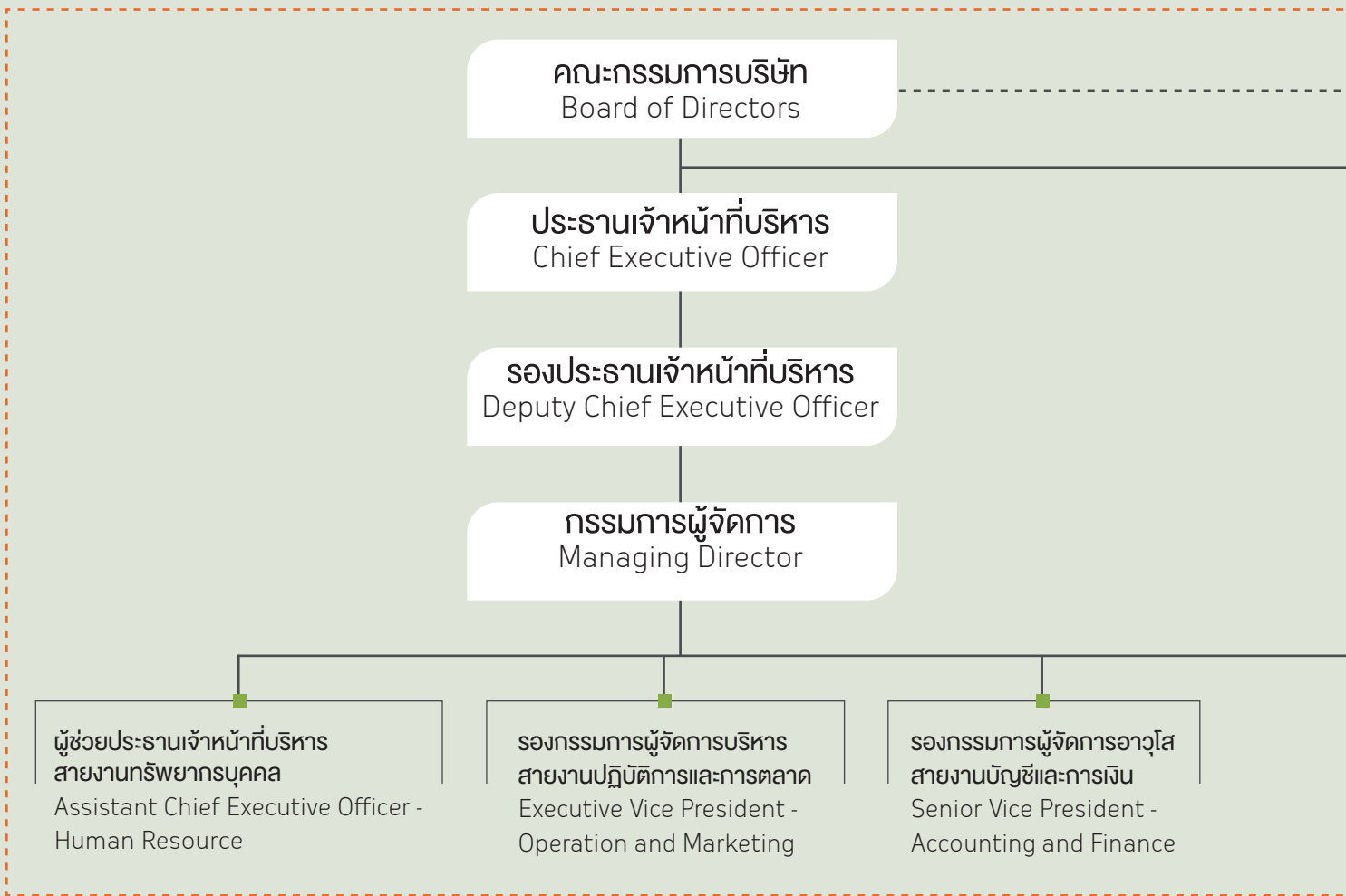
### Dividend Policy


The Company's Board of Directors has a policy to propose a dividend payment to shareholders at approximately 50 percent of net profit generated from operations after income tax deduction and statutory reserves from the separate financial statement by contemplating consolidated financial statement. However, the policy will be subject to change should the Board of Directors consider the financial standing, economic situation, operating


performance and future projects and find that it is appropriate to propose the shareholders otherwise.

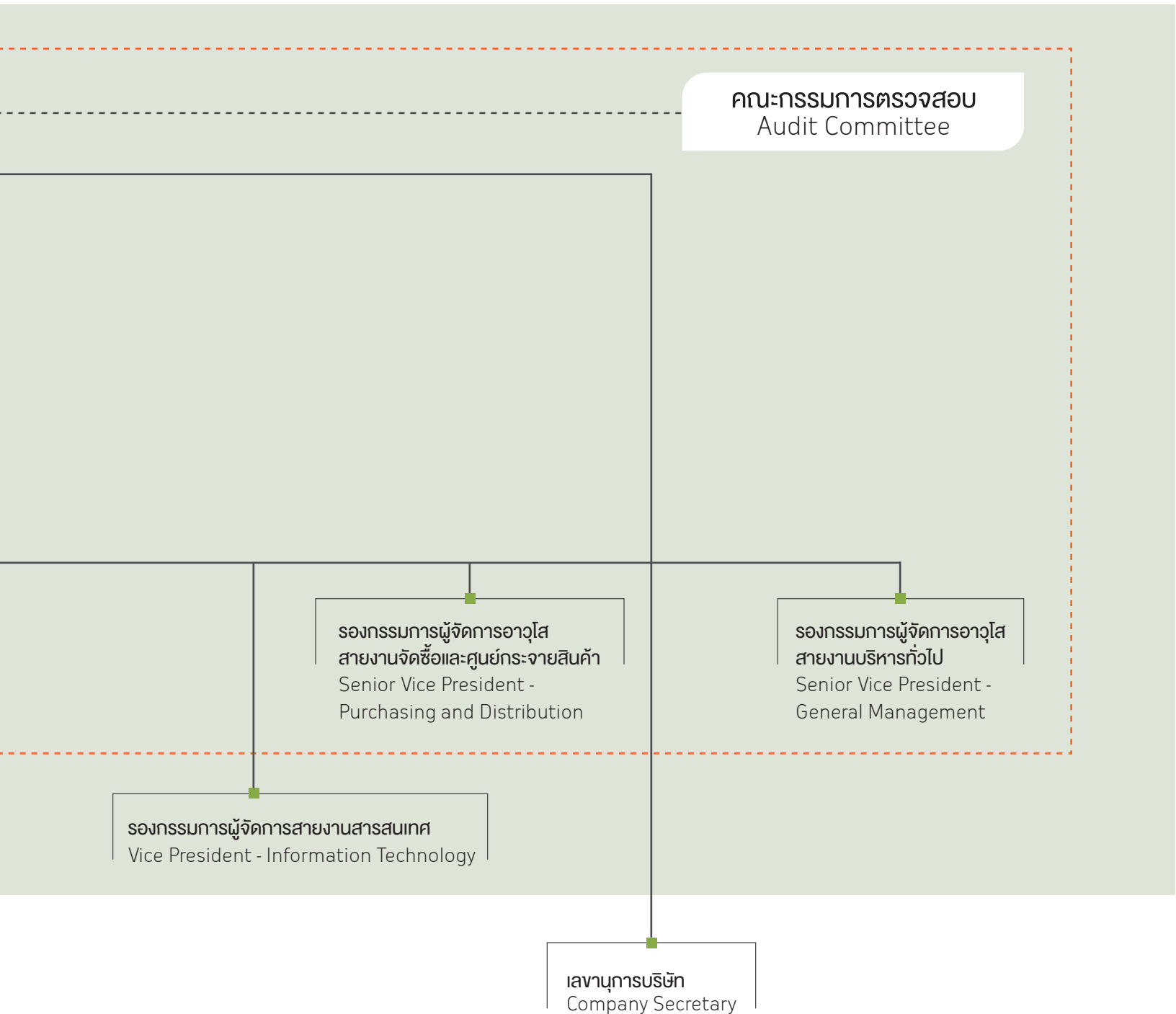
With respect to subsidiaries, the Board of Directors of subsidiaries has policies to distribute dividends in accordance with the operating performance of the relevant companies without determining a certain rate of dividend payment. The distribution of dividends will be based on financial position and future investment plans of each subsidiary.

### โครงสร้างการจัดการ Management Structure



 ผู้บริหารตามนิยามที่ประกาศกำหนด  
Definition of executive according to notification

 ผู้บริหารที่ต้องเปิดเผยค่าตอบแทน  
Executive who shall declare remuneration



The Company's management structure consists of (a) the Board of Directors (b) the Audit Committee (c) the Company Secretary (d) the Chief Executive Officer and (e) the Executive Committee, with scope of authority and duties as follows:

#### (a) Board of Directors

Presently, the Company's Board of Directors consists of 15 members including:

- Non - Executive Directors 11 persons (Independent Directors 5 persons)
- Executive Directors 4 persons

#### The name of the Board of Directors:

|                                   |                      |
|-----------------------------------|----------------------|
| 1. Prof. Dr. Komain Bhatrabhirom  | Independent Director |
| 2. Mr. Pridi Boonyoung            | Independent Director |
| 3. Mr. Padoong Techasarintr       | Independent Director |
| 4. Prof. Suphachai Phisitvanich   | Independent Director |
| 5. Pol. Gen. Kowit Wattana        | Independent Director |
| 6. Mr. Dhanin Chearavanont        | Chairman             |
| 7. Mr. Korsak Chairasmisak*       | Vice Chairman        |
| 8. Mr. Adirek Sripratak**         | Director             |
| 9. Mr. Umroong Sanphasitvong**    | Director             |
| 10. Mr. Soopakij Chearavanont**   | Director             |
| 11. Mr. Narong Chearavanont**     | Director             |
| 12. Mr. Prasert Jarupanich**      | Director             |
| 13. Mr. Pittaya Jearavisitkul*    | Director             |
| 14. Mr. Piyawat Titasattavorakul* | Director             |
| 15. Mr. Tanin Buranamanit *       | Director             |

Note: The 5th and 15th members of the Board were appointed by the Annual General Meeting 2010 on April 28, 2010

#### Authorized Director

Certification documents of the Company stipulate that the binding signatures must include 2 directors - consisting of any authorized director marked \* and any authorized director marked \*\*. Both directors must sign and affix the Company's seal.

#### Qualifications of Independent Directors

The Company has determined the definition of the Company's independent directors to be more stringent than the minimum requirements of the Notification of the Capital Market Supervisory Board with regards to holdings of the Company's shares under No. 1 and No. 8 as follows:



1. Holding shares not exceeding 0.5% of the total number of shares with voting rights of the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, including shares held by related persons of such independent director;
2. Neither being nor used to be an executive director, employee, staff, advisor who receives salary, or controlling person of the Company, its parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder or controlling person, unless the foregoing status has ended not less than 2 years. Such prohibited characteristic shall not include the case where the independent director used to be a government official or advisor of a government unit which is a major shareholder or controlling person of the Company;
3. Not being a person related by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of child, executive, major shareholder, controlling person, or person to be nominated as executive or controlling person of the Company or its subsidiary company;
4. Neither having nor used to have a business relationship with the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, in the manner which may interfere with his independent judgment, and neither being nor used to be a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years;
5. Neither being nor used to be an auditor of the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years;
6. Neither being nor used to be a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding 2 million baht per year from the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than 2 years;
7. Not being a director appointed as representative of directors of the Company, major shareholder or shareholder who is related to a major shareholder;
8. Not undertaking any business in the same nature and in competition to the business of the Company or its subsidiary company or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares exceeding 0.5% of the total number of shares with voting rights of other company which undertakes business in the same nature and in competition to the business of the Company or its subsidiary company;
9. Not having any other characteristics which cause the inability to express independent opinions with regard to the Company's business operations.

After being appointed as independent director with the qualifications under No. 1 - 9, the independent director may be assigned by the Board of Directors to take part in the business decision of the Company, its parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder or controlling person, provided that such decision shall be in the form of collective decision.

In the case where the person appointed by the applicant as independent director has or used to have a business relationship to provide professional services exceeding the value specified under No. 4 or No. 6, the Board of Directors may grant an exemption if the appointment of such person does not affect performing of duty and expressing of independent opinions. The following information shall be disclosed in the notice calling the shareholders meeting under the agenda for the appointment of independent directors:

- a. The business relationship or professional service which make such person's qualifications not in compliance with the prescribed rules;
- b. The reason and necessity for maintaining or appointing such person as independent director;
- c. The opinion of the Company's Board of Directors for proposing the appointment of such person as independent director.

#### **Scope of Authority and Responsibilities of the Board of Directors**

1. Perform duties with responsibility, prudence and honesty as any person with ordinary prudence would under the same circumstances for the greatest benefits of the Company, and in compliance with the laws, the objectives, the Company's Articles of Association, and the resolutions of the Board of Directors and shareholders' meeting
2. Decide on important policies and strategies, financial objectives, work plans, and budgets

- and monitor that the work plans are executed
3. Continuously follow and monitor the performance of management, determine management's remuneration, and review the succession plan
4. Ensure that the financial reporting system and audit system are reliable and that the risk management system and internal control system are appropriate

In addition, the Board of Directors may appoint one or more directors or persons to carry out any act on behalf of the Board.

#### **Appointment and Removal of Members of the Board**

The general shareholders' meeting elects the directors by a majority of votes in accordance with set rules and procedures. Every shareholder entitled to vote shall have the equivalent of one vote for each share held. Each shareholder may give all votes to one or several candidate(s), but may not divide unequally his votes. The appointment of a successor to fill up a vacancy other than by rotation shall be made through a resolution of the Board of Directors by a vote not less than three-fourths of the number of remaining directors.

The Board of Directors of the Company shall be removed by a resolution of the shareholders' meeting by a vote not less than three-fourths of the number of shareholders attending the meeting who have voting rights and shares totaling not less than half of the number of shares held by shareholders attending the meeting and having the right to vote.

#### **Term of Office of Directors**

##### ***Number of Years per Term***

A director has a term of office of 3 years each, except a director who has been appointed to fill a vacancy for any reason other than by rotation, in which case he shall retain office for the remaining term of office of the director whom he replaces.

### *Number of Consecutive Terms of Directors*

The Company considers that every director who has been elected by the shareholders' meeting has the qualifications, knowledge, and capabilities that are accepted by all, has morals and ethics, and has satisfactorily performed his duties. If the shareholders' meeting gives their trust by re-electing the director, the Company respects the rights of the shareholders and therefore has not predetermined the number of consecutive terms of directors.

### **(b) Audit Committee**

#### **Qualifications of the Audit Committee**

1. Elected by the Company's Board of Directors or shareholders' meeting
2. Every member must be an independent director with all qualifications according to the requirements of the Notification of the Capital Market Supervisory Board and the requirements of the Company
3. Not involved in management or decision-making in operations and not a director of the parent company, subsidiary company, or same-level subsidiary company which is a listed company
4. At least one independent director must be capable in reviewing financial statements

The Annual General Meeting 2010 on April 28, 2010 has appointed 3 members of the Audit Committee who are non-executive directors and independent directors as follows:

|                                  |                                 |
|----------------------------------|---------------------------------|
| 1. Prof. Dr. Komain Bhatrabhirom | Chairman of the Audit Committee |
| 2. Mr. Pridi Boonyoung           | Member of the Audit Committee   |
| 3. Mr. Padoong Techasarintr*     | Member of the Audit Committee   |

\* Indicated member of Audit Committee capable upon reviewing financial statement reliability as detailed in experiences under "Directors and Management Biography".

Mr. Kidsada Euapiyachart, Vice President - Internal Audit, is the Secretary of the Audit Committee.

of office as an independent director, except an Audit Committee member who has been appointed to fill a vacancy for any reason other than by rotation, in which case he shall retain office for the remaining term of office of the Audit Committee member whom he replaces.

#### **Term of Office of Audit Committee**

An Audit Committee member has a term of office of 3 years each, concurrent with his term

### Roles and Responsibilities of the Audit Committee

The Audit Committee has the duties delegated by the Company's Board of Directors as follows:

1. To review the Company's financial reporting process to ensure accuracy and adequacy;
2. To review the appropriateness and effectiveness of the Company's internal control and internal audit systems, to consider the independence of the Internal Audit Department and to approve the appointment, transfer or dismissal of the Head of the Internal Audit Department or any other department responsible for internal audit;
3. To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business;
4. To consider, select, and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;
5. To review the connected transactions or the transactions that may lead to conflicts of interests to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company;
6. To prepare the Audit Committee's Report and disclose in the Company's annual report. The Audit Committee's Report must be signed by the Audit Committee Chairman and consist of at least the following information:
  - a. An opinion on the accuracy, completeness and credibility of the Company's financial report,

- b. An opinion on the adequacy of the Company's internal control,
  - c. An opinion on the compliance with the law on securities and exchange, the Exchange's regulations and other laws relating to the Company's business,
  - d. An opinion on the suitability of the auditor,
  - e. An opinion on the transactions that may cause conflicts of interests;
  - f. The number of Audit Committee meetings and the attendance of such meeting by each committee member,
  - g. An opinion or overall comment received by the Audit Committee from its performance of its duties in accordance with the charter, and
  - h. Other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors; and
7. To perform any other tasks as assigned by the Board of Directors and as agreed by the Audit Committee.

In its performance of the abovementioned duties, the Audit Committee must be directly responsible to the Company's Board of Directors, while the Board of Directors shall remain responsible to third parties for the Company's operations.

In addition, the Audit Committee held regular meetings every month and reported the audit results to the Board of Directors every quarter. The Audit Committee also had meetings with the Company's external auditor and the accounting department to audit the Company's financial statements.

## Board Members Attendance for the Year 2010 (Times)

| The Name of the Board of Directors | Board Meetings<br>(15 Members)<br>Number of Meetings<br>6 Times | Audit Committee Meetings<br>(3 Members)<br>Number of Meetings<br>13 Times | Shareholders'<br>Meetings<br>2 Times |
|------------------------------------|---|---|--------------------------------------|
| 1. Prof. Dr. Komain Bhatrabhirom   | 6/6   | 13/13   | 2/2                                  |
| 2. Mr. Pridi Boonyoung             | 6/6   | 13/13   | 1/2                                  |
| 3. Mr. Padoong Techasarintr        | 6/6   | 13/13   | 2/2                                  |
| 4. Prof. Suphachai Phisitvanich    | 6/6   |   | 2/2                                  |
| 5. Pol. Gen. Kowit Wattana*        | 4/6   |   | 0/2                                  |
| 6. Mr. Dhanin Chearavanont         | 4/6   |   | 0/2                                  |
| 7. Mr. Korsak Chairasmisak         | 6/6   |   | 2/2                                  |
| 8. Mr. Adirek Sripratak            | 5/6   |   | 1/2                                  |
| 9. Mr. Umroong Sanphasitvong       | 6/6   |   | 2/2                                  |
| 10. Mr. Soopakij Chearavanont      | 4/6   |   | 0/2                                  |
| 11. Mr. Narong Chearavanont        | 3/6   |   | 0/2                                  |
| 12. Mr. Prasert Jarupanich         | 6/6   |   | 0/2                                  |
| 13. Mr. Pittaya Jearavisitkul      | 5/6   |   | 2/2                                  |
| 14. Mr. Piyawat Titasattavorakul   | 6/6   |   | 2/2                                  |
| 15. Mr. Tanin Buranamanit *        | 4/6   |   | 1/2                                  |

\* Has been appointed by the Annual General Meeting 2010 on April 28, 2010

**(c) Company Secretary**

Mr. Supot Shitgasornpongse is the Company Secretary responsible for the following matters on behalf of the Company or the Board of Directors:

1. Preparing and keeping the following documents;
  - a. A register of directors
  - b. Notice of the Board of Directors' Meeting, Minutes of the Board of Directors' Meeting, and the Company's annual report
  - c. Notice of the shareholders' meeting and minutes of the shareholders' meeting
2. Keeping the reports of interest filed by the directors or executives;

3. Performing any other acts as specified in the notification of the Capital Market Supervisory Board.

In cases where the Company Secretary vacates his position or is incapable of performing his duty, the Board of Directors shall appoint a new Company Secretary within 90 days from the date on which the Company Secretary has vacated his position or has been incapable of performing his duty. In this regard, the Board of Directors shall be empowered to assign any director to perform the duty as the substitute during such period.

#### (d) Chief Executive Officer

The Chief Executive Officer, Mr. Korsak Chairasmisak, was appointed by the Board of Directors and is responsible for the overall operation and management of the Company's activities. He has authority in routine management of the Company except authority in approving the following 13 matters:

1. The sale or transfer of all or partial portions of the Company's business to other persons
2. The purchase or takeover or transfer of business from other companies or private companies
3. The execution, amendment and termination of agreements concerning the leasing out of all or substantial parts of the Company's business, the delegation of authority to other persons to manage the business of the Company or consolidation with other persons for the purpose of sharing of profit and loss
4. The amendment of the Memorandum or Articles of Association of the Company
5. The increment or decrement of capital, the issuance of debentures, the consolidation or dissolution of the Company
6. The approval of balance sheets or income statement
7. The appropriation of profits and payment of dividends
8. The borrowing of money or the guaranteeing of loans or creation of obligations to the Company with financial institutions or other companies in the amount exceeding Baht 200 million per time in a year
9. The lending of money to other companies in the amount exceeding Baht 200 million per time in a year

10. The investment, joint-venture, increment of capital in subsidiaries, affiliates or other companies in the amount exceeding Baht 200 million per time in a year
11. The expenses for investment in large projects or the acquisition of assets of the Company where the cost of such a project or the value of assets exceeds Baht 200 million per time in a year
12. The sale or disposal of fixed assets of the Company at a sale or disposal price exceeding Baht 200 million per time in a year
13. The operation plan and annual budget of the Company

The Chief Executive Officer may sub-delegate any executive officer and/or employee of the Company to approve one or several matters as the Chief Executive Officer considers appropriate, provided that the power of sub-delegated may not be sub-delegated any further. With respect to the foregoing approval, the Chief Executive Officer or person delegated by him shall not be able to approve any transaction in which he or any person who may have a conflict of interest would have an interest or might have any other conflict of interest with the Company or its subsidiaries, unless such approval is in accordance with the policy and criteria approved by the Board of Directors.

#### Appointment and Removal of the Chief Executive Officer

The Board of Directors appoints and removes the Chief Executive Officer with majority vote of the Board of Directors' Meeting.

### (e) Executive Committee

As at 31 December 2010, the Company's Executive Committee consists of the following persons:

|                                      |  |
|--------------------------------------|--|
| 1. Mr. Korsak Chairasmisak*          | Chief Executive Officer                            |
| 2. Mr. Pittaya Jearavisitkul*        | Deputy Chief Executive Officer                     |
| 3. Mr. Piyawat Titasattavorakul*     | Managing Director                                  |
| 4. Mr. Suraphan Pussadej*            | Assistant Chief Executive Officer, Human Resource  |
| 5. Mr. Tanin Bhuranamanit*           | Executive Vice President, Operation and Marketing  |
| 6. Mr. Taweesak Kaewrathtanapattama* | Senior Vice President, Accounting and Finance      |
| 7. Mr. Chuan Nimkittikul*            | Senior Vice President, Purchasing and Distribution |
| 8. Mr. Suwit Kingkaew*               | Senior Vice President, General Management          |
| 9. Mr. Kosa Pongsupath               | Vice President, Information Technology             |

\* Executive according to the definition in the Notification of the Capital Market Supervisory Board under the Securities and Exchange Act.

#### Selection of Directors and Executives

Though the Company has not appointed a Nomination Committee to select and propose nominees to be appointed as directors, if there is a vacancy in the Board of Directors, the Board of Directors shall select and propose nominees to fill the vacant position. In the selection of candidates, various criteria are considered such as knowledge, capabilities and business-related experience.

In addition, the Company's directors and executives must not possess untrustworthy characteristics as determined by the Notification of the Securities and Exchange Commission as follows:

1. Having deficiency in legal competence or having been subject to any legal proceeding under the law governing capital market
  - a. Being an insolvent person, or
  - b. Being an incompetent or a quasi-incompetent person, or
  - c. Having been named in any criminal complaint filed by the SEC; or having

been subject to any legal proceeding following the criminal complaint initiated by the SEC; or having been sentenced to imprisonment by the court's final judgment and it has not yet surpassed the three-year interval time after either the person completed the term of imprisonment or the suspension of sentence period was over, provided that the action taken hereto shall base upon the violation of the Securities and Exchange Act or the Derivatives Act.

2. Having any record of deceitful, fraudulent or dishonest management of assets
  - a. Having been named in any criminal complaint filed by a financial regulatory authority or subject to any legal proceeding following the criminal complaint initiated by a financial regulatory authority, or barred from serving as director or executive of a financial regulatory agency, whereas the term "financial regulatory authority"

- herein means both local and foreign one; or having been sentenced to imprisonment by the court's final judgment and it has not yet surpassed the three-year interval time after either the person completed the term of imprisonment or the suspension of sentence period was over, provided that the action taken hereto shall base upon the commission of offences regarding deceitful, fraudulent or dishonest management of assets which has caused damage to either the financial institution which with which the person was associated or the customers thereto; or
- b. Having been sentenced to imprisonment by the court's final judgment and it has not yet surpassed the three-year interval time after either the person completed the term of imprisonment or the suspension of sentence period was over, provided that the action taken hereto shall base upon the commission of public offences regarding deceitful, fraudulent or dishonest management of assets; or
  - c. Having been subject to the court's order of asset seizure under the Counter Corruption Act, the Anti-Money Laundering Act or any other similar law and it has not yet surpassed the three-year interval time after the date on which the court issued such order.
3. Having engaged in any transaction, practice or course of business which, if considered on a reasonable ground, materially affected

shareholders, company or capital market

- a. Acted or omitted to act, without good faith or with gross negligence, in executing any transaction for the company or its subsidiary, which caused damage to the company or shareholders or generated unjust enrichment for oneself or others; or
- b. Disclosed or disseminated false information or statement regarding the company or its subsidiary which may cause misunderstanding or concealing material facts that should have been stated which may affect decision making of shareholders, investors or other parties involved, either by ordering, taking responsibility for or involving in preparation, disclosure or dissemination of such information or statement by taking or omitting to take any other action, unless the person can prove that, by virtue of own position, status or duty, he was not aware of such untruth or omission; or
- c. Engaged in any unfair practice or taking advantage of investors in trading securities or derivatives or aided or abetted thereof.

## Remuneration for Directors and Executives

### (a) Cash Remuneration

The Company set fair and reasonable remuneration for directors with consideration on the appropriateness and in relation to the responsibilities of directors and executives as follows:



| Positions  | Type of Remuneration                                      | Total (Million Baht) |
|--|---|----------------------|
| Chairman of the Audit Committee and Independent Director | Remuneration for directors                                | 1.20                 |
|  | Bonus   | 2.36                 |
| Audit Committee and Independent Director (2 persons)     | Remuneration for directors                                | 1.92                 |
|  | Bonus   | 3.78                 |
| Independent Director (2 persons)                         | Remuneration for directors                                | 0.80                 |
|  | Bonus   | 0.95                 |
| Chairman   | Remuneration for directors                                | 1.20                 |
|  | Bonus   | 2.36                 |
| Vice Chairman: Non-Executive Directors                   | Remuneration for directors                                | 0.96                 |
|  | Bonus   | 1.89                 |
| Executive Directors (3 persons)                          | Remuneration for directors                                | 1.28                 |
|  | Bonus   | 1.89                 |
| Non-executive Directors (5 persons)                      | Remuneration for directors                                | 2.40                 |
|  | Bonus   | 4.73                 |
| <b>Total 15 directors</b>                                | <b>Remuneration for directors</b>                         | <b>9.76</b>          |
|  | <b>Bonus</b>  | <b>17.97</b>         |
|  | <b>Total</b>  | <b>27.73</b>         |
| Executives directors and executive officers (9 persons)  | Salary, bonus, compensation from EJIP, and other benefits | 232.65               |
| <b>Total remuneration for directors and executives</b>   |   | <b>260.38</b>        |

(b) Other Remuneration

- None

## Auditor's Remuneration

### (a) Audit Fee

In the fiscal year ended 2010, the Company paid the audit fees to the Company's auditor, Mr. Charoen Phosamritlert, Certified Public Accountant Registration No. 4068 of KPMG Phoomchai Audit Ltd., in the amount of Baht 4.1 million. Moreover, KPMG Phoomchai Audit Ltd. audited the Company's subsidiary in Thailand of 12 companies and the abroad subsidiary of 1 company, Lotus Distribution Investment Limited,

in the amount of Baht 2.72 million. For another abroad subsidiary, Successor Investments Limited, the Company paid the audit fees to KPMG Hong Kong in the amount of Baht 102,000 per year.

### (b) Non-audit Service Fee

In the fiscal year ended 2010, KPMG Phoomchai Audit Ltd. had provided services to subsidiaries on IFRS training in the total amount of Baht 0.26 million.

## Personnel

| 2010 (As at December 31, 2010)     | Convenience Store Business |
|------------------------------------|----------------------------|
| Store employees (Persons)*         | 21,939                     |
| Head office staff (Persons)*       | 7,182                      |
| Total (Persons)                    | 29,121                     |
| Total remunerations (Million Baht) | 9,080                      |

\* Included only Company's permanent staff

CONVENIENCE  
FOOD STORE



ทั้งครอบครัว  
Satisfaction and  
Convenience for All





เต็มอิ่มทุกช่วงเวลา หลากเมนูตรงใจ ทุกคนในครอบครัว  
เมื่อคุณหิวคราใด... จะมือเช้า มือสาย มือบ่าย มือค่ำ  
เซเว่นอีเลฟเว่น ร้านอิมสะดวก 24 ชม. พร้อมเสิร์ฟเมนูอร่อย ที่คัดสรรอย่างดีมีคุณภาพ  
ให้คุณและครอบครัวเต็มอิ่มกับความอร่อย ในทุกโอกาส  
เซเว่นอีเลฟเว่น คือผู้นำความสุข สู่ทุกครัวเรือน

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## การปฏิบัติตามหลักการการกำกับดูแลกิจการที่ดี

### Compliance with Good Corporate Governance Principles

CP ALL Public Company Limited is committed to operating its business with responsibility and fairness in line with the principles of good corporate governance which is part of the Company's management policy. Good corporate governance will enable the Company to achieve sustainable growth and bring the highest benefits to all stakeholder groups. Since 2004, the Company has had a written corporate governance policy and has continuously made improvements to be on par with international standards, with standards accepted both domestically and internationally. The corporate governance policy covers shareholders' rights; equitable treatment of shareholders; role of stakeholders; information disclosure and transparency; and responsibilities of the Board of Directors. In addition, the Company has published the Business Ethics and Code of Conduct for directors, executives and employees at all levels as well as provided knowledge and understanding on correct practice. The Code provides a guideline for performing duties with quality, fairness, transparency and accountability.

To ensure real practice, the Company has established a Corporate Governance Committee. This committee is responsible for ensuring that the Company's executives and employees perform their duties in line with the Company's corporate governance policy and Code of Business Ethics; reviewing complaints and providing justice to stakeholders; considering appropriate punishment; and appointing a Complaint Committee to receive, screen and present complaints to the Corporate Governance Committee for investigation and fair judgment.

According to the Company Corporate Governance Assessment Report 2010 conducted by the Thai Institute of Directors Association



(IOD), the Company had an overall score of “Very Good”. It was rated “Excellent” in the Rights of Shareholders category, Role of Stakeholders category, and Disclosure and Transparency category. For the Equitable Treatment of Shareholders category and Responsibilities of the Board category, the Company was rated “Good” and “Satisfactory”, respectively.

Compliance with good corporate governance principles in line with the Company’s policy in 2010 can be summarized as follows:

#### 1. Shareholders’ Rights

The Company recognizes the importance of shareholders. Not only is the Company concerned about shareholders’ basic rights as stipulated by the law such as the right to elect and remove any Board member, the right to consider directors’ remuneration every year, the right to approve profit appropriation and dividend payment, and the right to appoint the Company’s external auditor and determine their compensation, but it also promotes and facilitates exercise of shareholders’ rights.

- Provide information of the Company that is correct, complete and sufficient, timely and appropriate for decision-making. In addition, the Board has not prevented access to this information.

- Shareholders have the right to express opinions, provide suggestions and propose various matters to the Board for their consideration for the management of the Company resulting in the highest benefits.

- During the shareholders’ meeting, shareholders have the right to ask questions, propose agenda, and send in questions ahead of the meetings.

- Shareholders have the right to express opinions, provide suggestions and vote at the shareholders’ meeting in the case of any change in the Company’s important policies.

The Company has pursued the followings to promote shareholders’ rights.

#### 1. Shareholders’ Meeting

##### 1.1 Proceedings before the Shareholders’ Meeting

In 2010, the Company held the Annual General Meeting of Shareholders on 28 April 2010 at Meeting Room on 3rd floor, Convention Hall Center, Panyapiwat Institute of Management, Chaengwattana Road, Pak Kret, Nonthaburi and the Extraordinary Meeting of Shareholders no. 1/2553 on 29 June 2010 at Meeting Room on 11th Floor, C.P. Tower Building, Silom Road, Bangrak, Bangkok. The Company sends the invitation to the shareholders’ meeting and accompanying documents to shareholders at least 14 days prior to the meeting. This information is also posted on the Company’s website at [www.cpall.co.th](http://www.cpall.co.th) 30 days prior to the meeting so that shareholders have sufficient time to study the information ahead of the meeting.

The Company provides an opportunity for minority shareholders to propose agenda items before the Annual General Meeting of Shareholders. This information was posted on the Company’s website and disseminated to shareholders via the Stock Exchange of Thailand on 2 November 2010 to allow sufficient time for consideration by the Board before presenting to the Annual General Meeting of Shareholders. There is a clear and reasonable criteria for the consideration of agenda items proposed by shareholders. In addition, the Board of Directors has a policy not to add uninformed agenda items to the meeting agenda unless necessary. In 2010, there were no proposed agenda items by shareholders.

Each agenda item in the invitation to the shareholders' meeting clearly states whether the agenda item is for acknowledgement or approval, the facts and reasons, the Board's opinion, as well as the number of votes needed for the resolution. In addition, the invitation letter clearly states the required documents that the shareholders need to bring to the meeting, the voting rules and procedures according to the Company's regulations, information on proposed directors in replacement of those who retired by rotation, the detail of auditor, the names and details of the independent directors that the shareholders may select as their proxy, and the Company's Articles of Association concerning the shareholders' meeting. The Company also provides a map of the meeting venue and all types of proxy forms according to the regulations of the Ministry of Commerce. To protect the rights of shareholders to participate in the shareholders' meeting, the Company also encourages shareholders to attend the meeting and use their voting rights.

### **1.2 Providing Convenience to Shareholders on the Meeting Day**

Generally, the venue for the shareholders' meeting is on Silom Road which is conveniently accessible by both public and private transport. However, in 2010 the shareholders' meeting was relocated to Panyapiwat Institute of Technology, an educational institute owned by the Company, due to political unrest in the Silom Road area and concern for shareholders' safety. For the shareholders' meeting, the Company arranges a room that can sufficiently accommodate shareholders. Registration is open 2 hours before the meeting to allow sufficient time to check the documents of shareholders and proxies. For the shareholders' meeting, the Company arranges a convenient and easily accessible venue with a meeting room that can sufficiently

accommodate shareholders. Registration is open 2 hours before the meeting and convenience is provided to shareholders including staff to welcome shareholders and provide advice on registration, sufficient staff and tables for registration, registration using barcodes to provide efficient and fast registration for shareholders and proxies, and voting cards for each agenda item for voting in the meeting room.

### **1.3 Proceedings during Shareholders' Meeting**

Before the meeting commences, the Secretary of the Meeting asks for shareholders' cooperation to turn off their mobile phones to prevent disturbing the concentration of other shareholders. The Secretary then informs the shareholders of the Company's voting procedures. A shareholder of the Company's ordinary shares has one vote for each share of which he/she is the holder. Voting and vote counting is transparent. The barcode system is used in vote counting which makes tallying fast and accurate. The voting results of each agenda item, including the number of agree votes, disagree votes and abstain votes, are displayed on the screen for shareholders to easily view. As for the right to receive dividend payment, the Company has a clearly stated dividend policy and provides all details of the dividends that the Company must pay to its shareholders in the invitations letter.

The Chairman of the Audit Committee, members of the Audit Committee, Chief Executive Officer, Deputy Chief Executive Officer and Managing Director give high importance to the shareholders' meeting and were present in all the meetings. The Company's external auditor, independent financial advisor, legal consultant, and members of the Executive Committee were

invited to the meetings to provide information and answer shareholders' questions. Moreover, the Company invited representatives from external regulatory organizations such as the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) to observe the meeting procedures.

For shareholders who join the meeting after the meeting has already commenced, the Company allows them to vote on agenda items that are in the process of being considered and do not yet have a resolution.

In the selection of directors, the Company provides opportunities for shareholders to vote on individual directors. The invitation letter will have accompanying documents with details of the directors nominated for selection including their shareholding in the Company and the record of their meeting attendance in the particular year.

The Chairman of the Meeting allocated sufficient time, conducted the meeting appropriately and transparently, and provided opportunities for shareholders to express their opinions and raise questions in each agenda item. In addition, the questions and answers were carefully recorded to enable shareholders who were unable to attend to be informed of the issues discussed during the meeting. Furthermore, only the agenda items that were indicated in the meeting invitation were considered.

In addition, the Board of Directors may call an extraordinary meeting of shareholders at any time. Likewise, shareholders holding a total number of shares of at least one-fifth of the total number of shares sold or at least twenty-five shareholders holding a total number of shares of not less than one-tenth of the total number of shares sold, may request the Board of Directors in writing to summon an extraordinary meeting

of shareholders at any time, provided the written request shall specify the reasons of the request according to the Company's regulations. In this case, the Board of Directors shall arrange for the meeting of shareholders to be held within one month from the date of receipt of such written request.

#### **1.4 Proceedings after Shareholders' Meeting**

After the shareholders' meeting, the Company prepared the minutes of the meeting which included details such as voting and counting procedures, the resolution of each agenda item, and the number of approved votes, disapproved votes, and abstained votes. The minutes of the meeting was submitted to the Stock Exchange of Thailand within 14 days and posted on the Company's website within 1 month after the meeting to allow interested shareholders to read the information.

From the Annual General Shareholders' Meeting (AGM) Assessment 2010 organized by the Thai Investors Association, the Company received a score in the 80 - 89 range out of the grand score of 100, equivalent to a rating of "Very Good", while the mean score of listed companies was 86.16. This assessment is considered as a part of good corporate governance.

## **2. Examination of Company Information**

The Company has an Investor Relations Department which is responsible for disclosing important information to investors and preparing the quarterly Investor Information Release as well as financial and operating results in the form of powerpoint presentations to explain the Company's status and operating performance. The Investor Relations Department communicates with analysts, local and foreign institutional



investors, retail investors and regulatory bodies such as the SEC and SET on a regular basis. Analysts and investors may contact the Company for information via phone or e-mail and request for meetings. The main mission of the Investor Relations Department is to disclose information on material incidents or development of the Company's affairs that affects share prices in order to reflect the true value of the Company.

Investors and shareholders may download this information from the Company's website at <http://www.cpall.co.th> or contact Investor Relations Office for more information at:

Investor Relations Office  
CP All Public Company Limited  
119 Tara Sathorn Tower, 12th Floor  
Soi Sathorn 5, South Sathorn Rd.  
Thungmahamek, Sathorn  
Bangkok 10120, Thailand  
Tel. (66)2-648-2501 Fax. (66)2-679-0050  
Email: [investor@cpall.co.th](mailto:investor@cpall.co.th)

## 2. Equitable Treatment for Shareholders

The Company recognizes the importance of the rights of all shareholders. Therefore, the Company will not perform any acts which are considered as preferable treatment or which will lead to unfair treatment to shareholders, every single shareholder receives fair treatment, whether minority or majority shareholders, institutional investors, or foreign investors. The Company prepares the shareholders' meeting documents in both Thai and English.

The Company equitably provides voting rights to shareholders according to their shareholding. In case a shareholder is unable to attend the shareholders' meeting in person, he/she may appoint someone as his/her proxy to attend the meeting and vote on his/her behalf. In addition, the Company proposes at least 1 independent director as an alternative for shareholders to

select as their proxy. The Company also requires voting cards to be used for every agenda item, especially important agenda items such as related transactions and purchases and sales of assets, to ensure transparency and accountability. The Company keeps the voting cards as evidence in case of any dispute afterwards.

## 3. Role of Stakeholders

The Board of Directors places importance on all stakeholder groups, whether internal or external stakeholders, for sustained joint benefits. The Company has established a written policy and guidelines for treatment of stakeholders. The Business Ethics and Code of Conduct has been published and distributed to all the Company's directors, executives and employees to be strictly followed. The Business Ethics and Code of Conduct has been reviewed and revised to ensure that it can be practiced in reality in order to protect the interests of all stakeholder groups.

In 2010, the Company did not have any disputes with any stakeholder group. Treatment of the Company's stakeholders is as follows:

**Shareholders** : The Company gives importance to shareholders by adhering to the principle of fairness. It is committed to conducting its business with transparency, prudence, and emphasis on sustainable long-term growth with good returns in order to create the highest satisfaction for shareholders. The Company has established procedures to prevent the use of inside information for the personal interests of directors and executives, in order to protect the interests of shareholders.

**Customers** : The Company gives importance to and cares for customers with the highest responsibility. The Company is determined to give customers the greatest satisfaction in terms of both quality and value for money through quality control of products and services. Food products

in particular must be delicious, fresh, clean, hygienic and nutritious. Furthermore, the Company is dedicated to product development and fostering strong customer relationships. The Company has established a clear policy regarding fair treatment and responsibility to customers in its Business Ethics and Code of Conduct which is generally disseminated and known.

In addition, the Company provides several channels for customers to search for information, make business appointments, and send complaints via store branches, post, the Company's website and Call Center.

**Employees :** The Company's employees are a valuable resource and key to successfully achieving its set goals. The Company has a remuneration and welfare system that is fair, appropriate and comparable to other leading companies. In addition, the Company is committed to continuously developing its employees' knowledge and skills in order to support the Company's growth. Both in-house and external training is organized for every position. The Company has also developed a clear career path for each position in order to provide opportunities for employees to advance according to their skills. The Company has initiated various projects, such as the Big Crowd of Fish Project and the President Award Project, to promote an atmosphere for learning without limits in order to become an innovative organization.

In addition, the Company provides numerous employee rights such as the right to take leave and transfer. Channels for communication between employees and high-level executives have been established to allow executives to understand and directly listen to various problems and suggestions from employees. This in turn creates security for

employees, confidence in the Company, and employee dedication to performing their duties well.

In the area of employee welfare, the Company focuses on the quality of working conditions and treats all employees equitably. An employee satisfaction survey is conducted annually by research experts. Based on the survey, benefits such as hospital fees for employees and their family, life and health insurance for employees, provident fund, Employee Joint Investment Program (EJIP), scholarships for employees and their children, loans for in-patient hospital admission, and housing loans have been set to meet the diversified demands of employees. Caring for the safety of its employees, the Company organizes regular fire drills, activities related to safety and 7S and has established a safety prevention system.

**Government Sector :** The Board of Directors has managed the Company's business in compliance with the laws, rules and regulations. The Company has maintained good relations with government organizations through transparent contact and communication, and support for various projects such as the Aid for Disaster Victims from the Heart of the Army and 7-Eleven Project, the Drive Safe Campaign with the Department of Highways, the Development of Small Retailers Project with the Ministry of Commerce's Department of Internal Trade, the Inheriting Thai Music from the Heart of 7-Eleven Project with the Culture Sports and Tourism Department, the Bilateral Education Project and Student Training Project with the Office of the Vocational Education Commission and the Office of the Permanent Secretary Ministry of Education, the Go Game Training and Competition Project with the Go Game Association of Thailand, Sport Authority of Thailand, and the "Basic Firefighting

and Fire Drill” Training Program with various government agencies.

On 13 December 2010, the Company was awarded the Revenue Department’s Taxpayer Recognition Award which was presented by Prime Minister Abhisit Vejjajiva at the Royal Thai Government House. The Company was recognized as a responsible juristic taxpayer, a model juristic entity applauded for building conscience and stimulating social movement in doing good deeds and practicing good corporate governance. The Revenue Department criteria include tax payment history, audit results, creditability of accounting system and internal control, cooperation and willingness to pay taxes, understanding of tax system and consistency in being a responsible taxpayer.

**Society, Communities and the Environment :** With the realization that acceptance and support from society and communities enable the Company to manage its business in a smooth and sustainable manner, the Company is committed to being responsible to society, communities, and the nation. The Company adheres to the principles of good corporate governance, operating its business with ethics, morality, fairness, and caring for the environment in a concrete manner. Details about the Company’s corporate social responsibility can be found under “7-Eleven for Thai Society”.

**Suppliers :** The Company’s suppliers are treated appropriately, honestly, transparently, fairly, and equitably, without decisions being made based on personal relationships. The Company has established a policy to prevent conflicts of interest to ensure that all business partners receive fair and equal treatment. In addition, an E-Auction system has been set up.

**Creditors :** The Company adheres to its commitments and is fair to its creditors according to the priority of the obligations in line with the contracts entered into, with guidance as follows:

- Strictly maintain and follow conditions of creditors
- Monitor complete and timely repayment of principal and interest to all creditors and strictly follow conditions of borrowing agreement without using borrowed money in any way that contradicts with the borrowing objectives
- Manage operations so that the creditors are confident in the Company’s financial status and repayment ability
- Report correct and complete information to creditors

**Competitors :** The Company operates its business with integrity and professionalism, without any legal or ethical wrongdoings. The Company does not seek its competitors’ trade secrets or information through illegal means nor breach agreements not to disclose its competitors’ information whether received from customers or other persons.

The Board of Directors reports information about the Company’s operations that stakeholders and related parties should be informed of in Form 56-1, the annual report and website. In addition, two-way communication channels have been established for stakeholders and related parties to express their opinions and send complaints in case they have not received fair treatment from the Company.

The Company has established a channel for shareholders and stakeholders to contact, file complaints or provide information through the Corporate Governance Committee or the Internal

Audit Department at the address below, in order to verify information, investigate the truth and proceed according to the Company's procedures and report to the Audit Committee and the Board of Directors.

**Internal Audit Department**

**CP ALL Public Company Limited**

119 Tara Sathorn Tower, 16th Floor

Soi Sathon 5, South Sathon Rd.

Thungmahamek, Sathon

Bangkok 10120, Thailand

Tel. (66)2-648-2770 Fax. (66)2-679-0057

Email: kidsada@cpall.co.th

#### 4. Information Disclosure and Transparency

The Company places great importance on information disclosure and transparency as it affects the decision making of investors and stakeholders. The Company discloses information in a correct, complete, adequate, timely and regular manner. Besides disclosing information in compliance with the regulations of the Stock Exchange of Thailand in Form 56-1 and the annual report, the Company also holds meetings with analysts, investors, the press and interested persons to report its quarterly operating performance. In 2010, three Analysts Meetings were organized, with the Investor Relations Department and the Company's executives providing information on the Company's performance and answering questions. In addition, the Investor Relations Department and the Company's executives went on 15 road shows in Thailand and abroad to meet institutional investors on a regular basis. Two marketing activities were also organized where analysts and investors were invited to visit the Company's operations such as dry products

distribution center, chilled temperature-controlled distribution center, food and bakery manufacturing plant.

In 2010, the Company disseminated financial and non-financial information on each accounting period and on significant events as follows:

1. Important and adequate financial information in accordance with generally accepted accounting standards and examined by an independent external auditor with the auditor expressing an unqualified opinion and non-financial information in compliance with related laws in a correct, complete, timely, and transparent manner via the Stock Exchange of Thailand and the Company's website. This information is regularly updated.

2. Information about connected transactions; the opinion of the Board of Directors, the Audit Committee, and directors who have no vested interests in the transaction; and the opinion report of the independent financial advisor regarding the connected transaction.

3. Corporate governance policy and Code of Business Ethics and Bounden Duties in Working which has been approved by the Board of Directors and is disseminated on the Company's website so that shareholders and interested persons may have access any time.

4. The Company's shareholding structure is clear, transparent, and uncomplicated. There is no cross holding or pyramid holding. The shareholding structure displays the majority shareholders and the ratio of minority shareholding. The Company's directors have only 0.183 percent shareholding of the total paid-up capital.

5. The Board of Directors' Statement of Responsibility for Financial Reports and the Audit Report of Certified Public Accountant.

6. The remuneration for directors and executives in the annual report under the “Management” section. This remuneration is an appropriate rate for the duties and responsibilities of each of the Company’s directors and executives and is comparable to that of other companies in the same industry.

7. Each director’s attendance at the Board of Directors’ Meeting in 2010.

8. Information about the shareholding of directors and executives.

## 5. Responsibilities of the Board of Directors

The Company’s Board of Directors consists of individuals with knowledge, capability, skills and working experience from various fields who are highly recognized at the national level and have a good understanding of their expected roles and responsibilities. The Board plays an important role in determining the Company’s overall policy with the Executive Committee, including the Company’s vision, mission, business objectives, financial policy, risk management, and strategies for setting both short-term and long-term objectives and goals.

Furthermore, in order to increase the directors’ working effectiveness and efficiency, the Company has a policy to support directors’ participation in courses offered by the Thai Institute of Directors Association (IOD) and other institutions. This will assure shareholders and investors that directors are knowledgeable in carrying out their duties as a director in accordance to good corporate governance principles. The Secretariat of the Company liaises with the directors for their consideration in participating in courses and seminars throughout the year.

## 1. Structure and Qualifications of the Board of Directors

1.1 The Company’s Board of Directors currently has fifteen (15) members consisting of

- a. Five (5) Independent Directors
- b. Four (4) Executive Directors
- c. Six (6) Non-Executive Directors

1.2 Each term of a director is 3 years according to the Company’s Articles of Association and as stated in the Policy on Corporate Governance.

1.3 The Company’s independent directors have qualifications according to the Company’s regulations relating to the qualifications of independent directors, which is more stringent and circumspect than the minimum requirements of the SEC and SET regarding holding of the Company’s shares. This information is disclosed under the “Management” section.

1.4 The Chairman of the Board of Directors is not the same person as the Chief Executive Officer and is a Non-Executive Director with clearly defined role, authority and duties. The Chairman encourages all directors to debate and fully express their opinions by providing sufficient and appropriate time.

The authority and duties of the Chief Executive Officer has been clearly determined by the Board of Directors. In particular, important matters must be presented to the Board of Directors for consideration and approval.

1.5 The Board of Directors has appointed a Company Secretary. Information about the Company Secretary is under the “Board of Directors” section. The Corporate Secretary is responsible for providing advice regarding legal matters and various rules and regulations that the Board of

Directors must be aware of. The Company Secretary, with the Company Secretary Office as a supporting unit, is also responsible for looking after the activities of the Board of Directors and liaising to ensure that the resolutions of the Board of Directors are strictly adhered to. The main duties and responsibilities of the Company Secretary can be found under the “Management” section.

## 2. Committees

Even though the Company has not set up other committees besides the Audit Committee which must be established in compliance with the regulations of the Stock Exchange of Thailand, all of the Company’s practices in other areas such as determination of remuneration and selection of directors are carried out in a careful, transparent and honest manner in order to avoid any criticism.

### Audit Committees

The Company’s Audit Committee has qualifications, duties and responsibilities according to the Company’s requirements and the Notification of the Stock Exchange of Thailand Re: Qualifications and Scope of Work of the Audit Committee. The members of the Audit Committee and their duties and responsibilities can be found under the “Management” section.

The Audit Committee is comprised of 3 independent non-executive directors. One out of the three directors, Mr. Padoong Techasarintr, has sufficient knowledge and experience to review the reliability of financial statements.

The Audit Committee has independence in performing its duties. Besides reviewing the Company’s financial statements, the Audit Committee also reviews that the Company’s operations are in compliance with the policies, regulations, laws, procedures, and requirements of regulatory

bodies. The Audit Committee reviews the adequacy and effectiveness of internal control systems, internal audit systems, and risk management systems. The Audit Committee consults with the Company’s external auditor for its opinion on the Company’s financial reports and internal control and reports the results and suggestions to the Board of Directors’ Meeting every quarter as per the details in the “Audit Committee’s Report” section. The Company has immediately used the suggestions provided by the Audit Committee and the Company’s external auditor for improvement and will report on the improved results at the next Board of Directors’ Meeting.

## 3. Roles and Responsibilities of the Board of Directors

3.1 The Board considers and approves important matters related to the Company’s operations such as vision, mission, strategies, financial targets, risks, business plans and budget. In addition, the Board monitors and controls the Executive Committee to effectively and efficiently manage the business according to predetermined policies and plans.

3.2 For transparency in business operations, the Company has stipulated that the Board of Directors and Executive Committee shall report their interests or interests of related persons, which are related to the management of the Company or its subsidiaries.

3.3 The Company has published the Policy on Corporate Governance with the approval of the Board. The Policy on Corporate Governance is regularly reviewed to be in line with the principles of good corporate governance.

3.4 The Company has published the Codes of Business Ethics and Bounden Duties in Working as guidelines for directors, management

and employees to perform their appointed duties with high standards and quality and in good faith, upholding employee reputation and pride and leading to an organization with good corporate governance. The Company regularly reviewed the Codes in order to be more effective in practice. Shareholders, investors and interested persons may find the Codes of Business Ethics and Bounden Duties in Working on the Company's website.

3.5 The Board has a clearly stated policy on related transactions which may cause conflicts of interest. Related transactions must be for the benefit of the Company and shareholders in general. Related transactions are conducted in a careful manner and must be reviewed by the Audit Committee before being proposed to the Board for approval. Directors with vested interests do not take part in decision-making. The resolution of the Board is reported to the Stock Exchange of Thailand to be disseminated to shareholders on the same day after the connected transactions have been approved to ensure that shareholders receive correct and timely information.

3.6 The Board has appointed the Internal Audit Department to be responsible for internal control; review of business operations, financial reports and compliance with rules, regulations and policies; and reporting to the Audit Committee every month and the Board every quarter.

3.7 The Company has a risk management policy and risk management system that covers the entire organization. The Risk Management Committee and Risk Management Working Group study, analyze, and evaluate the chance and severity of risks that may affect the Company's business operations; find measures to eliminate, prevent and control these risks under the guidelines provided by the Board of Directors; review the adequacy of the risk management

system; evaluate the effectiveness of risk management; and closely monitor changing conditions and risk factors. Moreover, Crisis Management has been set up to create preparedness in case of emergencies. The Company has stipulated that a risk management report be presented to the Board of Directors twice a year. Details of the Company's risk management are under the "Risk Factors" section.

#### 4. Board of Directors' Meeting

4.1 The Board of Directors' Meeting is held once every quarter. The dates of the Board of Directors' Meetings are predetermined one year in advance so that directors can arrange their schedule to attend the meeting. However, additional meetings may be called if there are special matters that require the Board's approval.

4.2 In 2010, a total of 6 Board of Directors' Meetings were held which was appropriate for the duties and responsibilities of the Board and the management of the Company in the previous year.

4.3 The meeting's invitation, agenda and relevant documents were sent to the directors at least 7 days prior to the meeting date to allow sufficient time for the directors to study the information before decision-making. In the consideration of any issue, the directors are entitled to look at or check the related documents; ask the management to provide additional information; and bring in outside consultants or experts to provide advice, at the Company's expense.

4.4 In every meeting, the management had been asked on questions raised by directors. The directors exercised careful, independent and transparent judgment with fair consideration for the interests of shareholders and stakeholders. Directors with vested interests in the matter under

consideration must leave the meeting during consideration of that matter. The Chairman also provided sufficient time for directors to discuss problems and possible solutions. Management related to the presented agenda item was invited to the meeting to provide additional details and answer questions.

4.5 After the Board of Directors' meetings, the minutes were prepared, approved by the Board and filed at the Company Secretary Office for future reference and verification by directors and related persons.

## 5. Remuneration

### 5.1 Remuneration for Directors

In determining the remuneration for directors, industry rates, experience, duties and responsibilities, business expansion, financial position and performance results are considered before presentation at the shareholders' meeting for approval. The monthly remuneration for directors is the same as that the shareholders' meeting had approved in 2004.

In 2010, the shareholders' meeting also approved the payment of bonus for directors in the rate of 0.5 percent of dividends paid out to shareholders, equivalent to a total bonus of Baht 17.97 million. The Chairman is responsible for determining the appropriate amount to be allocated to each director.

In the agenda item to consider the remuneration of directors at the shareholders' meeting, the shareholders who are the Company's directors or their proxies are not entitled to vote.

### 5.2 Remuneration for Executives

The Company has a policy to set remuneration that is comparable to other companies in the same industry and appealing enough to attract and retain quality executives. Remuneration

is determined by duties and responsibilities, individual performance as well as the Company's performance and is adjusted accordingly.

In order to reward directors and executives of the Company and its subsidiaries for their commitment to create the greatest benefits for the organization; to provide incentives and keep personnel working with the Company for a long time; and to provide opportunities for executives to share in the Company's success and ownership, the Company established the Employee Joint Investment Program (EJIP) during 2009 - 2012. Details of the program can be found under the "Summary of the Employee Joint Investment Program" section.

## 6. Development of Directors and Executives

6.1 The Company encourages and facilitates persons whose work relate to corporate governance such as directors, members of the Audit Committee, management and Company Secretary to participate in various training courses and seminars, especially training courses organized by the Thai Institute of Directors Association (IOD). The objective is to have all related persons truly understand their roles and responsibilities and continuously improve their work.

6.2 In the case of new directors and executives, the Company provides documents and information to assist in performing their duties as well as an orientation of the Company's business and business practices.

6.3 The Company has a work development and succession plan and has created a learning organization by initiating various programs such as the Leadership Development Program and TLCA Executive Development Program to ensure that the business continues to operate smoothly.



## 6. Prevention of Conflicts of Interest, Control of Internal Information Use, Internal Control and Internal Audit Systems

### 1. Prevention of Conflicts of Interest

The Board considers prevention of conflicts of interest as an important duty. Directors, executives, employees, their families and those under the same roof shall not engage in transactions that have conflicts of interest with the Company, whether directly or indirectly and whether conducted by themselves, with members of their family or close persons. In order to prevent possible inappropriateness that may arise, the Board of Directors has administered the followings:

- The Board has stipulated that directors and executives of the Company and its subsidiaries shall provide a report of interest every year and file the report with the Company Secretary. In addition, copies of the report shall be sent to the Chairman of the Board of Directors and the Chairman of the Audit Committee. The report on the interest of directors and executives reveals the relationship of family members and other persons that may cause conflicts of interest. In case there is a necessity to engage in a related transaction, the transaction must be conducted with transparency and fairness like conducting transactions with outside parties and for the Company's best interests. In the approval of related transactions, directors or executives with vested interests shall be excluded from attending the meeting and voting.

- The Board of Directors' Meeting has approved the principle regarding normal business terms and undertakings that the management may approve the transaction between the Company and its subsidiaries and directors, executives or related persons if the transaction has the same commercial terms as those an ordinary person would agree with any unrelated counterparty under the similar circumstances, on the basis of commercial negotiation and without any dependent interest resulted from the status of the director,

executive or related person. In addition, a quarterly report of such transactions must be prepared by the Company and reported to the Board of Directors' Meeting every quarter after the revision by the Audit Committee.

In 2010, there was 1 connected transaction between the Company and its subsidiaries and related parties which was the entering into the connected transactions regarding the assets in relation to the investment in convertible bond of C.P. Lotus Corporation (C.P. Lotus), formerly Chia Tai Enterprises International Limited (CTEI), except for transactions between the Company and its subsidiaries and related parties on the basis of normal business terms and undertakings that the management can conduct under the principle approved by the Board of Directors.

### 2. Control of Internal Information Use

The Company is highly concerned about the use of the Company's inside information for personal interests. The Company's Business Ethics and Code of Conduct clearly prohibits the use of specific information that is the Company's inside information for trading of the Company's shares or providing this information to others for the trading of the Company's shares. The Company has established a policy and preventive measures regarding insider trading of related persons including directors, executives, employees working in departments related to the information, as well as spouse and minor children or adopted minor children of these persons.

- Related persons shall not trade in the Company's shares in the one-month period prior to the release of the Company's financial reports to the public. In case of trading or transfer of the Company's shares within the said period or any other period, directors and executives shall send a report to the SEC within 3 working days so that the SEC may disclose the share holding to the general public through the SEC website. The Company Secretary is responsible for sending

a reminder e-mail to related persons to halt trading of the Company's shares 1 week prior to the trading halt.

- Use of inside information that has not yet been disclosed to the public or SET for personal interest or the interests of related persons is considered as taking advantage of other shareholders and is prohibited.

## 7. Internal Control and Internal Audit Systems

The Company is fully aware that internal control is one of the most important processes and that good internal control will ensure that the Company's management system is correct, transparent and verifiable and can reduce or prevent possible damages. The Company has continuously developed its internal control system to be effective and efficient and has established the Internal Audit Department to be responsible for reviewing the effectiveness and adequacy of the internal control system. Meanwhile, the Risk Management Department is responsible for determining the risk management policy and processes so that the Company's risks are at acceptable and manageable levels.

The Company's Internal Audit Department is independent from management in auditing and reviewing the performance of various departments in the Company and its subsidiaries to ensure that they have complied with the Company's internal control system. The Department focuses on preventive auditing which will bring concrete benefits to all departments. Moreover, the Department provides advice and information to support good and transparent internal control and performance of duties in compliance with the Authority Guidebook, Business Ethics and Code of Conduct, and the Company's corporate governance policy in order to protect the benefits of all stakeholders and prevent conflicts of interest. The Department also monitors whether

various departments have followed the risk management measures in order to ensure that the Company's risks are at acceptable and manageable levels. The Internal Audit Department Manager must directly report to the Audit Committee every month, while the Audit Committee reports to the Board of Directors every quarter to evaluate the adequacy and appropriateness of the Company's overall internal control system. The Internal Audit Department Manager must directly report to the Audit Committee every month while the Audit Committee reports to the Board of Directors every quarter to evaluate the adequacy and appropriateness of the Company's overall internal control system.

In 2010, the Audit Committee and the Internal Audit Department evaluated the adequacy and appropriateness of the Company's internal control system with consideration to high internal control standards and environment for good internal control. The Company's risks were evaluated and managed to be at acceptable levels. The work processes were appropriately controlled to prevent possible risks. The information system was effective, resulting in good communication of information. There was also a continuously effective monitoring and evaluation system. All these contributed to accurate and reliable financial reporting. In addition, all departments adhered to related laws and regulations. The results of the evaluation of the Audit Committee according to the report of the Internal Audit Department and the results of the evaluation of the internal control system conducted by the external auditor indicate that the Company has an adequate and appropriate internal control system for its operations and all departments complied with the set procedures and regulations. There was no material weakness in the Company's internal control system.



นวัตกรรม... แห่งบริการ  
Innovation... in Service





จุดประกายความคิด

มุ่งพิชิตความเป็นเลิศ ด้วยนวัตกรรม

เซเว่นอีเลฟเว่น มุ่งสร้างนวัตกรรมด้านสินค้าและบริการ  
ด้วยการสร้างบรรยากาศการทำงาน ที่เอื้อให้พนักงานทุกระดับ  
ปรับกระบวนทัศน์ ร่วมคิด ร่วมทำ ร่วมสร้างสรรค์สิ่งใหม่  
เพื่อส่งมอบความสุข ความพึงพอใจให้กับผู้มีส่วนได้ส่วนเสียทุกกลุ่ม  
“นวัตกรรม สร้างปัญญา เพิ่มคุณค่า ทำได้จริง”

## Sparking Thinking, Achieving Excellence with Innovation

7-Eleven determined to create product and service innovation  
Through a supportive working atmosphere for employees at all levels  
Shifting paradigms, thinking, working and creating innovation together  
To deliver happiness and satisfaction to all stakeholder groups  
**Innovation Creates Intelligence, Value Added is Achievable**

## การวิจัยและพัฒนา Research and Development

Creating innovation is a strategy that the Company considers key to the development of new businesses, products and services in order to create competitive advantage and generate new business opportunities. Apart from product and service innovation, the Company also recognizes the importance of continuous improvement of the Company's internal business processes, enabling it to keep pace with customers' changes, maintain its customer base, acquire new customers and create opportunities for business expansion. Ultimately, the Company will be able to effectively fulfill the expectations of its stakeholders in a more balanced manner.

For this reason, the Company places importance on integration of internal and external information; analysis to receive in-depth information, especially factors which impact the retail business and purchasing power, which will lead to the trial and expansion process; and information on internal management, learning point and best practices in each department. In addition, there is know-how and best practices from abroad through exchange among 7-Eleven operators worldwide and consultation by international experts which covers internal management, new product development, manufacturing technology, cost management, store design, energy-saving stores, and opportunities for investment in the region. These information provide the Company with in-depth views for

proactive organizational development in various areas in order to satisfy customers' needs and develop higher competitive potential in various areas.

### A. Customer and Market Prospect

#### Learning about Customers' Needs and Wants and Responding to Customer and Market Changes in a Timely Manner

- Customer & Market Intelligence Project

The Company persistently engages in research and development to improve its information system and management of its customer and market database including the method of acquiring fast, accurate, and in-depth information for making business decisions. In addition, the Company has developed analytical tools in order to meet customer and market demand. This will lead to constant learning and improvement of processes



that create customer satisfaction in order to continuously and successfully fulfill customers' expectations and create value added for customers today and in the future.

- **Customer Relationship Improvement and Customer Experience Monitoring**

The Company has continuously conducted customer research in order to obtain information about target customers' opinions and demands. The Customer Relationship Improvement Project is one of the channels that the Company commissions annually. An external research company is employed to conduct customer satisfaction surveys and inquiry of target customers' opinions in various areas, including customer loyalty, in order to continuously enhance customers' relationship with 7-Eleven stores and to further adopt them to become heavy spenders at the stores. The Company also implemented the Customer Experience Monitoring Project to closely follow the changes of target customers as well as competitors during the year (Tracking Study).

Results from the Company's various research projects concerning customers, employees and franchise stores are analyzed to find weaknesses, strengths and opportunities for improvement; to develop plans for improvement to best meet customers' demands.

## **B. Business Prospect**

### **Development of Operational Management for Sustainable Growth**

- Development and improvement of business processes, especially process which are the heart of the business such as the product assortment and product development process, product ordering and store assortment process, product

delivery process, and store design process. The Company has studied best practices from abroad and received advice from experts in order to develop and improve processes to be more effective with lower costs and able to meet the needs and expectations of current and future customers, resulting in sustained growth.

- The Company continuously strives to develop its business and service, including new channels which will provide access to the Company's products and services. Besides, the Company has invested in related businesses to expand its business operations such as Catalog Order, Book Smile, Kudsan (specially selected products, including coffee and bakery) and eXta (pharmacy, health, and beauty products). As Internet has become an integral part of daily life, the Company plans to develop this new channel to provide better services to customers. In August 2010, the website [www.ShopAt7.com](http://www.ShopAt7.com) was launched as an alternative channel for consumers to purchase products such as books, toys, fashion products, makeup, home and garden decor, and IT products.

- The Company has continuously strived to improve its value chain in order to deliver only the best to customers. This includes developing the supply chain and lifting the standards of manufacturers that supply products to the Company by being involved in the development of production processes and raising factory standards to control product quality and hygiene for the safety of consumers. The Company verifies product quality starting from production, delivery and storage, complying with international standards and best practices.

### New Products and Services Differentiation

- Product innovation is one of the processes in attracting new customers and stimulating existing customers to repeat purchases. The Company has set up team merchandising to search for, select and develop quality products that are different from those of competitors. Meeting customers' demands is set as the goal when developing new products with manufacturers or creating innovations. The Company shares and learns from best practices of 7-Eleven stores worldwide and its business alliances, in order to deliver differentiated, high quality products and services.

- One of the Company's strategic policies for the year 2011 is to be a convenience food store as it foresees that food and beverage products are necessity products desired by convenience store customers. In addition, the Company can utilize its potential and strength in sourcing raw material, know-how, and experiences from experts in its domestic and international business network to create value added and differentiate itself from competitors. The Company is determined to increase the proportion of food products, especially ready-to-eat products. This can be seen from the Chilled Meal Box Project which has developed new menus that are popular and price-worthy and provide greater choices for consumers. In 2010, new menus were introduced and the number of stores selling the chilled meal box was increased to provide greater convenience for consumers. At the end of 2010, approximately 1,400 stores sold the chilled meal box and there are plans to increase to 2,000 stores in 2011.

### C. Human Resource Prospect Organizational and Human Resource Development

- The company's employees, especially store employees who have direct contact with customers, are very important in providing services to customers, creating motivation, searching for opportunities to improve strategies, as well as developing human resource management processes. Thus, the Company has conducted an Employee Relationship Study in order to plan and develop the Company's human resource management processes. The study also enables the design of the process to create employee-organization relationships so that employees are happy with their work in order to generate innovative ideas cross-function and to deliver value to customers.

- An Innovation Culture has been developed and promoted in the organization as the Company realizes that innovation is the heart of developing new businesses, products and services, creating competitive advantage which will enable the business to grow sustainably. The Big Crowd of Fish Project and the President Award Project were established with the aim of making employees think out of the box and dare to express their opinions. The projects provide employees opportunities to suggest new ideas which will provide an answer to customers' needs; ideas which are innovative and creative and will lead to new work procedures or innovations for the organization; or ideas for cost reduction. The Big Crowd of Fish Project focuses on 7-Eleven

store employees at the operational level who closely interact with customers while the President Award Project focuses on employees at all levels from both CP ALL and its subsidiaries.

- 7-Eleven has continuously placed importance on human resource development as it is the key to sustainable business growth. The Company therefore promotes education and training to develop high quality staff. Human resource development is provided through the bilateral education system, or learning from both coursework and real-life experience, which was developed in cooperation with the Office of the Vocational Education Commission. This eventually led to the establishment of Panyapiwat Techno Business School to provide vocational education. The establishment of learning centers, in Bangkok and vicinities and in the provinces, expanded the education level and accessibility. Private vocational schools also joined the bilateral education program, teaching through video conference. Furthermore, the Panyapiwat Institute of Management was established to provide Bachelor's and Master's degree programs.

#### D. Suppliers and Franchisees Prospect

- The purpose of the Advanced Retail Management Program is for the Company's executives to share knowledge, ways of thinking, and strategies in managing retail business with franchisees and interested executives from other businesses, allowing them to adapt these ways of thinking to their own business. This program also provides an opportunity for networking with different types of businesses and forming new business alliances which will be beneficial to the Company's future business operations. This program was started in 2008 and has continued to offer more classes every

year. In 2010, this program has offered 7 classes.

- Franchisee Relationship Study Project - From the Company's policy of business expansion into various communities through franchising with close business assistance, obtaining franchisees' opinions is essential in improving and developing the Company's services and support. Not only does the Company give importance to the satisfaction and dissatisfaction information received from the study, but it is also concerned about transparency in the business partnership. The feedback from the study will be used in designing the total franchise management in the future. This will bring satisfaction in working together, loyalty and good working relationships in the long run.

#### E. Society and Communities Prospect

The Company has a continuous project to study the Company's image and social activities as it recognizes that Corporate Social Responsibility (CSR) is one of the key elements in operating a business. From results of the study, the Company can evaluate the satisfaction level, the strength and weaknesses which can be used to improve the Company's businesses and various projects in order to meet the expectations of stakeholders and to bring greater benefits to society.

In addition, the Company realizes the importance of the co-existence and growth of both modern and traditional retail stores. It has established a project to provide knowledge regarding retail business development through organizing "Strategies for Sustainable Retail Business" seminars in cooperation with the Department of Internal Trade. In 2010, the Company expanded seminar participation to various regions across the country, organizing four seminars, with plans to further organize the seminars in 2011.



## โครงการดำเนินงานในอนาคต Future Projects

### 1. Expansion and Renovation of 7-Eleven Stores

In 2010, the Company plans to open another 500 stores to cover densely-populated areas in Bangkok, vicinities and the provinces nationwide, both as stand-alone stores and stores in PTT gas stations, depending on location and competition. At present, initial investment of new stores requires approximately Baht 3.5 million per outlet. The Company has a policy to invest only in store equipment and to lease the property from external parties. The lease averages 3 years and can be extended as per agreed condition. The Company expects 25 percent gross margin of sales value at store level (depending on product mix and competition). The payback period for each store is expected at around 3 years. The expected total investment for new store expansion is Baht 1,800 million which the Company looks forward to be able to augment sales and profit in the future.

In addition, the Company plans to renovate 400 stores which have been opened for 6 years. The renovation and equipment replacement will enable the Company to maintain its sales volume

and customer base. Approximately Baht 1.9 million is required for each store renovation. The expected renovation cost in 2010 is approximately Baht 800 million.

### 2. Expansion of Regional Distribution Centers

Presently, the Company has 4 main distribution centers (DC): Bang Bua Thong DC (DC4), Lat Krabang DC (DC5), regional DC in the south at Surat Thani, and regional DC in the Northeast at Kon Kaen, which commenced operations in early 2011. The Company has an expansion target of reaching 7,000 stores within 2013 in Bangkok, vicinities, and provincial areas. In order to support future store expansion, the Company plans to expand another regional DC: in the North at Lampoon. Approximately Baht 500 million is required for the overall investment in 2011-2012. As one of the key competitive advantage, the expansion of regional distribution centers will enhance the efficiency of our supply chain system, enabling the Company to serve customers' needs in a timely manner.

## ข้อมูลอื่นๆ

## Other Information

## Company History in Brief

## 1988

- Granted the 7-Eleven license from 7-Eleven, Inc., USA
- Established the Company to operate a convenience store business in Thailand under the "7-Eleven" trademark

## 1990

- Changed the Company's name from "C.P. Convenience Store Co., Ltd." to "C.P. Seven Eleven Co., Ltd." and opened the first 7-Eleven outlet at Soi Patpong, Bangkok

## 1994

- Established Counter Service Co., Ltd. to operate the business of bill payment collection service

## 1996

- Established C.P. Retailing and Marketing Co., Ltd. to operate the business of manufacturing and sale of frozen foods and bakery

## 1997

- Officially opened Bang Bua Thong distribution center (DC4)

## 1998

- Established Lotus Distribution Investment Limited
- Became a public company
- Celebrated the 1,000th 7-Eleven store in Thailand

## 1999

- Established Retailink (Thailand) Co., Ltd. to operate the business of sale and maintenance of retail equipment

## 2000

- Joined with the China Retail Fund, LDC, a fund under the management of American International Group, to establish Yangtze Supermarket Investment Co., Ltd. to invest in the supercenter business in the PRC
- Established Shanghai Lotus Supermarket Chain Store Co., Ltd.

## 2001

- Incorporated Thai Smart Card Co., Ltd. with 8 alliances

## 2002

- Celebrated the 2,000th 7-Eleven store in Thailand
- Co-operated with PTT Public Co., Ltd. to exclusively open 7-Eleven stores in PTT gas stations

## 2003

- Established Gosoft (Thailand) Co., Ltd.
- Established MAM Heart Co., Ltd.
- Established Dynamic Management Co., Ltd.
- Offered shares to the public and listed the Company on the Stock Exchange of Thailand

#### 2004

- Established Suksapiwat Co., Ltd.
- Awarded the Thai Quality Class: TQC at the Thailand Quality Award 2004

#### 2005

- Celebrated the 3,000th 7-Eleven store in Thailand
- Officially opened Panyapiwat Techno Business School

#### 2006

- Officially opened Suvarnabhumi distribution center (DC5)
- Officially launched “Smart Purse” card and became the first convenience store in Thailand to offer payment of products and services with Smart Purse, a digital cash card
- Established Panyatara Co., Ltd.

#### 2007

- Established Panyapiwat Institute of Technology
- Disposed the assets and investment of Supercenter business in the PRC
- Changed the Company’s name from “C.P. Seven Eleven Public Company Limited” to “CP ALL Public Company Limited” and changed trading symbol from “CP7-11” to “CPALL”

#### 2008

- Received ISO 9000 : 2000 certification from Management System Certification Institution (MASCI) in distribution center at Lat Krabang (DC5), chilled distribution center at Surat Thani (CDC) and bakery distribution center at Chokchai Ruammit (BCD)

- Increased registered capital in Thai Smart Card Co., Ltd. to Baht 1,600 million on March 28, 2008

- Completed the restructuring of supercenter business in the PRC on October 31, 2008
- Received the highest vote in Thailand for “Asia’s 200 Most-Admired Companies” from The Wall Street Journal Asia’s survey

#### 2009

- Celebrated the 5,000th 7-Eleven store in Thailand, making Thailand the country with the third largest 7-Eleven network in the world after Japan and the USA
- Became the first listed company in the Stock Exchange of Thailand in establishing a 3-year Employee Joint Investment Program (EJIP), starting from July 1, 2009 till June 30, 2012
- Celebrated the 20th anniversary of operating 7-Eleven in Thailand since the first outlet at Soi Patpong, moving towards convenience food store
- Opened a regional distribution center in Surat Thani
- Received the Top 10 Thailand’s Most Innovative Companies 2009 Award, which was ranked by Faculty of Commerce and Accountancy, Chulalongkorn University and Krungthep Turakij newspaper

## 2010

- Officially opened the second chilled distribution center at Suvarnabhumi (CDC2)
- Taxpayer Recognition Award (Award for Being a Responsible Taxpayer) presented by the Ministry of Finance's Revenue Department. CP All is one of the three large juristic entities in Thailand that received the Award
- Gold Award for Retailers in Thailand Presented by Retail Asia Magazine in Partnership with Euromonitor International and KPMG At the "Retail Asia-Pacific Top 500 Ranking 2010 Awards"
- Mr. Korsak Chairasmisak, Chief Executive Officer, received the Best CEO Award for a SET-listed firm 2010 presented by the Stock Exchange of Thailand and Money and Banking Magazine and the Best CEO Award in the Service Industry at the SAA Award for Listed Companies 2010 presented by the Securities Analysts Association
- Mr. Kriengchai Boonpoapichart, Vice President, received the Best CFO Award in the Service Industry at the SAA Award for Listed Companies 2010 presented by the Securities Analysts Association
- Completion of assets disposition regarding a connected transaction on the investment in convertible preferred shares (CPS) issued by C.P. Lotus Corporation (C.P. Lotus) to C.P. Holding (BVI) Investment Company Limited (CPH). CPH paid cash for CPS in the amount of Baht 3,787.7 million on September 30, 2010
- Changed the name "Panyapiwat Institute of Technology" to "Panyapiwat Institute of Management" effective since November 23, 2010.





เซเว่นอีเลฟเว่น...  
บ่มเพาะเมล็ดพันธุ์  
แห่งความรู้คู่ความดี

7-Eleven... Nurturing  
Seeds of Intelligence  
Towards Virtue





## ผูกสัมพันธ์ แบ่งปันโลกกว้าง สู่สังคมที่เติบโตอย่างยั่งยืน

เพราะเราคือส่วนหนึ่งของสังคมไทย เซเว่นอีเลฟเว่น ตอบแทนคุณความดีคืนสู่สังคมไทย ด้วยการบ่มเพาะเมล็ดพันธุ์แห่งปัญญาสู่เยาวชนคนรุ่นใหม่ ให้มีความรู้ ความสามารถ มีอนาคตที่สดใสเติบโตเป็นอนาคตสำคัญของชาติ ด้วยการส่งเสริมและสนับสนุนด้านการศึกษา ศาสนา วัฒนธรรม และเปิดโอกาสให้เยาวชนเรียนรู้คู่การปฏิบัติงานจริง สร้างคนดีมีคุณภาพ สร้างงาน สร้างอาชีพ ที่มั่นคง เพื่อให้เยาวชนไทยเป็น คนเก่ง คนดี ของสังคม

## Forging Ties, Sharing the World, Towards a Society Growing Sustainably

Because we are a part of Thai society, 7-Eleven gives back to society by nurturing seeds of intelligence To be new generation youth who are knowledgeable and capable with a bright future, becoming the nation's future. By promoting and supporting education, religion, culture and opening opportunities for youth to learn and work, building good and high-calibre people, creating stable work and occupations.  
**So that Thai youth are good and capable people for Thai society**

## เซเว่น อีเลฟเว่น เพื่อสังคมไทย 7-Eleven for Thai Society

Since 1993, CP All Public Company Limited - the Operator of 7-Eleven Stores, the Convenience Food Store of Thais - has collaborated with government and private organizations to create various projects relating to education, culture, ethics and social contribution which will help make Thai society a more pleasant place to live in.

### Developing Reading Decade, Building Learning Society

#### 8 Years of "School that Loves Reading"

Since 2002, the Company, in collaboration with the Bangkok Department of Education, has supported the School that Loves Reading Project to promote and instill a love for reading among students and to teach students to use reading as a tool in effective learning. To date, a total of 431 schools have received the "School that Loves Reading" plaque and a total of 10 schools have received the "Outstanding School that Loves Reading" plaque.

#### 7 Years of "7 Book Awards"

The 7 Book Awards has been organized for 7 consecutive years to select and promote quality books in seven categories - literature for youth, novels, poems, short stories, documentaries, cartoons, and the "Young Writer" Award. The first-prize winner of each book category receives an honorable plaque from Her Royal Highness Princess Maha Chakri Sirindhorn (except the "Young Writer" Award which consists of a certificate and cash prize).

#### 7 Years of "Growing Seedlings"

To expand on the 7 Book Award as well as to further promote the quality of the entries sent in by the youth, the Company and partnering organizations - Srinakarinwiroj University, the Writers Association of Thailand, the Association of Thai - Language Teachers of Thailand and the Thai Cartoons Association - established the Literature Seeds Project and 7-11 Discovers Dream Cartoonist Project.

The year 2010 was the 7th time that both projects were organized. 150 youths from 63 provinces, Thai-language teachers and art teachers were selected to join the projects. Thirty-five renown writers, cartoonists and experts, namely Sathaporn Srisajjang, Adul Jantrasak, Prapatsorn Sevikul, Chamaiporn Saengkrachang, Raj Lersuang, Sear Thai Raj, Salah Nakbumrung, Reungsak Duangpala and Kouad Daily News.



ปัจจุบันมีโรงเรียนที่ได้รับ  
การติดป้ายโรงเรียนรักการอ่าน  
431 แห่ง

### “Communities that Love Reading, 3rd Year”

The Communities that Love Reading Project was first initiated in 2008 in cooperation with the Office of Non-Formal and Information Education. The project’s objective is to promote the awareness of the importance of reading among the people and local communities, which will ultimately transform Thai society into a learning and knowledge management society.

The project included supported and organized activities that promote reading among various communities in different regions under the “Regional Communities that Love Reading Project”. All sectors in society including families, educational institutes, local administrations, as well as government and private organizations were encouraged to participate in the activities.

### 3 Years of “Developing Young Book Lovers... With First Book”

Realizing that successfully developing a reading habit begins at a young age, the Company collaborated with the Books for Children Foundation to operate the Book Start Project. The project aims to encourage parents who are 6 months pregnant or have children under 3 years of age to learn how to organize activities to instill a reading habit in their children by using books as a tool and as an alternative in developing their children. In addition, the project aims to foster warmth and closeness in the family, and covers employees of the Company and affiliates, and interested people in the region.

In 2010, the project expanded to include a 4-day intensive training course for lecturers of the Book Start Project. A total of 148 people from every region across the country passed the course.

### Developing Buddhism

#### 14 Years of “Buddhism Instructors”

Since 1996, the Company has collaborated with the Ministry of Education, the Bangkok Department of Education and other partners to implement the Buddhism Instructors Development Project. The objective of this project is to enhance the confidence, knowledge and understanding of Buddhist principles, and teaching motivation of Buddhism instructors so that they can effectively convey knowledge to their students. To date, a total of 11,915 Buddhism teachers and educational personnel have received training from this project.

#### 15 Years of “Relocating Temples to 7-Eleven”, Happiness in the Heart of the City

With the belief that Buddhism can turn people into good people, and to encourage people in society to be both “capable” and “good” people, the Company has continuously implemented the “Relocating Temples to 7-Eleven” Project. The objectives of the project are to promote Buddhism; to encourage people to follow the teachings of the Lord Buddha in everyday life; and to make people truly understand the Lord Buddha’s teachings which will be beneficial to work and everyday living as well as help reduce unrest in Thai society.



For the past 15 years that the Company has implemented this project, it has received positive response. The project provides convenience to employees who are busy executing their duties to have the opportunity to pray and listen to Buddhist teachings without any expenses. Monks are invited to give sermons every week three times a month, while a layperson is invited once a month to share experiences on how to apply Buddhist teachings in everyday life.

### 10 Years of “Dharma Studies”, for a Better Worldly and Spiritual Life

The Company manages its business following the teachings of the Lord Buddha as well as promotes Buddhist activities. For the tenth year, it has implemented the “Dharma Studies” Project, providing an opportunity for employees to study and truly understand the teachings of the Lord Buddha, leading to good morality and ethics applicable to everyday life.

Recently, the Company has joined with the Office of National Buddhism and the Office Chief Fair Sanamluang to organize the Dharma test at the Panyapiwat Institute of Management, an educational institute of the Company and its subsidiaries. Besides being a test center, Panyapiwat Institute of Management was the host disseminating the test to over 4,000 test centers nationwide, under the “One Million Hearts Dharma Test” Project. Over 2,300,000 people, including the Company’s employees and the general public, took the test.

### Sowing the Seeds of Intelligence, Education to Develop Youths

The Company is determined to create new alternatives for education and develop youths by developing an educational system that provides opportunities for students to learn about professions

from practical experiences. With knowledge about the ever-changing business world, students will be able to achieve success in life and become valuable assets for Thai society in the future.

For over 17 years, the Company has cooperated with the Office of Vocational Education Commission to initiate and develop the bilateral education system which emphasizes both in-class learning and operational practice so that graduates can begin working immediately without having to go through training. Students with vocational certificates and high vocational certificates from 29 institutes countrywide have participated in the program. Experts from Germany, the country which has successfully developed the bilateral education system for over 200 years, provide advice to the program.

### Panyapiwat Techno Business School Free Education, Income While Studying, Work After Graduation

With experience from the bilateral education system, the Company further developed another alternative for Thai education by establishing Panyapiwat Techno Business School in 2005, with the objective of creating retail professionals. Panyapiwat Techno Business School is the first private vocational school in Thailand with direct professional retail expertise and a venue for real practical training.

The retail program’s practical training at 7-Eleven stores enables students to earn income while studying. In addition, the Company gives scholarships to youths and children of local mom and pop stores who have good conduct but lack funds. These scholarships provide opportunities for Thai youth to have access to a modern education system and to become professionals in the retail business or modern business owners in the world

of commerce in the future. To date, 277 students have graduated and 1,660 students are in the program.

#### **Panyapiwat Learning Center, Learning Anywhere**

In 2006, the Company expanded educational opportunities to various regions across the country with the establishment of Panyapiwat Learning Center, accredited by the Ministry of Education. The Center provides an opportunity for youth in every community to study close to their home while earning a living and living life as usual. It is an alternative that helps solve the problem of the Thai educational system. At present, there are 20 Panyapiwat Learning Centers in Bangkok and its vicinities and in the provinces.

In 2008, the Company in collaboration with the Association of Private Vocational Schools of Thailand and 40 private vocational schools nationwide advanced this new education model. It provided an opportunity for youths in different localities to access the new learning method through long-distance learning via satellite and provided scholarships to students in the program.

#### **Panyapiwat Institute of Management, Creating Professionals through Professionals**

The Company expanded educational opportunities for youth at the college level with the establishment of Panyapiwat Institute of Technology in 2007, providing education at the Bachelor's and Master's level. The Institute's name was later changed to Panyapiwat Institute of Management in 2010. The Institute emphasizes work-based learning and transferring technical knowledge from experienced professionals from companies in the group or the company's business alliances which are leading companies

in the Southeast Asia region. The objective is to produce high quality graduates with both strong technical knowledge and practical experience for society.

At the bachelor's level, the **Faculty of Business Management** offers specialization in 4 areas - Retail Business Management, Logistics Management, Food Business Management, and Building and Facilities Management. **The Faculty of Engineering** offers specialization in 3 areas - Information Technology, Industrial Engineering, and Computer Engineering. **The Faculty of Liberal Arts** offers Chinese Language for Business. **The Faculty of Communication Arts** offers specialization in 3 areas - Brand Communication, Journalism, and Corporate Communications. At the master's level, the **Faculty of Business Management** offers Retail Business Management (Thai language program and Chinese language program).

#### **Developing Intellect with Go Game**

##### **17 Years of "Promoting the Go Game"**

Realizing that the Go Game has numerous benefits for players, including development of the brain, thinking and intelligence and formulation of good morals and ethics, the Company and the Go Game Association of Thailand has promoted the Go Game since 1997. Go Game lessons are provided to kindergarten, primary, high school and college students as well as the general public.

The Go Game has been officially accepted as one of the sports in the Thailand National Games and the Thailand National Youth Games. In 2007, the Go Game was selected as one of the demonstration sports at the 24th SEA Games in Nakhon Ratchasima Province. Most recently in 2010, it was officially included as one of the sports in the Asian Games 2010 held in China.

## Sharing Business Knowledge with Communities, Creating a Sustainable Economy

### “Creating Sustainable and Wealthy Groceries” in every region in Thailand

The Company in collaboration with The Development of Thai Capital Retailers Association, the Ministry of Commerce’s Department of Internal Trade, and the Chamber of Commerce of different provinces has regularly participated seminars with local grocery stores across the nation every quarter. The Company has organized the free seminar “Creating Sustainable and Wealthy Groceries” to transfer knowledge and experience on product and service management, marketing management, financial management, logistics and product inventory, human resource management, change management, use of modern technology, and government policies which support and promote national retail business. Many grocery operators and interested persons have attended the seminars.

## Safe Travel in Thailand

### 7-Eleven Opens Complaint Contact Point

The Company has joined with Bangrak District Office to introduce the “Suggestions and Complaints Via Convenience Stores” Project to provide convenience and service to the public in sending suggestions and complaints via 7-Eleven stores, which are open 24 hours, at 24 stores in the Bangrak district area. People may send complaints such as uncollected garbage, electricity blackout, inadequate lighting, damaged roads, flooding, and other nuisances to the complaint box at 7-Eleven stores. Assistant city law enforcement officers will collect the information everyday and

present it to the Bangrak District Office Director for further command.

### Emergency Call Via 7-Eleven

The Company in cooperation with the Ministry of Tourism and Sports and the Royal Thai Police has established the “7-Eleven Police Contact Point for Tourists” Project to assist tourists who encounter danger such as robbery or assault. With employees who have passed training to provide service and care to tourists, the project will be first launched at 181 7-Eleven stores in Pattaya, Banglamung and Na Jomtien in Chonburi Province. The project will then be later expanded to cover all tourist areas across the country.

## Thais Caring for One Another

### Assisting Flood Victims

The flood disaster during November - December 2010 had a severe widespread impact on the population in many provinces nationwide. With concern from the Company’s executives and employees, the Company contributed drinking water, ready to eat rice and disaster relief packages together with government and private organizations to assist flood victims in various areas under the “7-Eleven Assisting Flood Victims” Project.

In addition, the Company joined with the Royal Thai Army to establish the “Royal Thai Army and 7-Eleven Assisting Disaster Victims” Project, collecting donations from people nationwide through 7-Eleven stores 24 hours a day, free of charge. The donated money was used by the Royal Thai Army to purchase necessities to distribute to the disaster victims.

## CP ALL Receives 5 Distinguished Awards in 2010

The Company's quality management policy following TQM principles in order to achieve effectiveness and satisfy customers' demands as well as management with good corporate governance and corporate social responsibility has contributed to CP ALL and its executives receiving 5 distinguished awards in 2010.

### Taxpayer Recognition Award

Award for Being a Responsible Taxpayer

Presented by the Ministry of Finance's Revenue Department

One of the Three Large Juristic Entities in Thailand that Received the Award

For being a large juristic entity with best tax payment practices, reinforcing that CP ALL is a leader in the Thai retail business, which has continuously abided by good corporate governance

### Gold Award for Retailers in Thailand

Presented by Retail Asia Magazine

in Partnership with Euromonitor International and KPMG

At the "Retail Asia-Pacific Top 500 Ranking 2010 Awards"

For being a top retailing company with achievements in various areas

"Best CEO Awards 2010: CEO of Company Listed on SET"

Presented by the Stock Exchange of Thailand and Money and Banking Magazine

At the SET Awards 2010

To honor Mr. Korsak Chairasmisak, CEO, as a CEO who has led the company to success and manages the business with integrity

"Best CEO Award" in the Service Industry

and "Best CFO Award" in the Service Industry

Presented by the Securities Analysts Association

At the SAA Award for Listed Companies 2010

To present the "Best CEO Award" in the Service Industry to Mr. Korsak Chairasmisak, CEO, and the "Best CFO Award" in the Service Industry to Mr. Kriengchai Boonpoapichart, Vice President of CP ALL Public Company Limited. The selection criteria include leadership qualities and management capabilities in leading the organization towards success and sustainable growth in the opinion of analysts.

All these are testament to CP ALL being the leader in the Thai retail business that manages its business with responsibility to society and the nation, giving priority to good corporate governance

## รายการระหว่างกัน Related Transactions

In 2010, the Company and its subsidiaries conducted several transactions with related parties. These inter-company transactions were made and agreed as a normal business transaction at general market prices and commercial terms. (Details are provided in Note 4 of the Company's financial statements for the year ended December 31, 2010.) The Audit Committee has reviewed that all transactions were reasonable and transparent and complied with the rules and regulations under the notification of the Stock Exchange of Thailand regarding related transactions of a listed company. The related transactions incurred in 2010 were as follows:

### Trade Accounts Receivable

As at December 31, 2010, the Company and its subsidiaries had a trade accounts receivable balance with related parties in the amount of Baht 72 million or 15.2 percent of the Company and its subsidiaries' total trade accounts receivable.

### Other Accounts Receivable

As at December 31, 2010, the Company and its subsidiaries had an other accounts receivable balance with related parties in the amount of Baht 118 million or 15.7 percent of the Company and its subsidiaries' total other receivables.

### Trade Accounts Payable

As at December 31, 2010, the Company and its subsidiaries had a trade accounts payable balance with related parties in the amount of Baht 1,845 million or 8.5 percent of the Company and its subsidiaries' total trade accounts payable.

### Other Accounts Payable

As at December 31, 2010, the Company and its subsidiaries had an other accounts payable

balance with related parties in the amount of Baht 21 million or 2.1 percent of the Company and its subsidiaries' total other accounts payable.

### Sales of Goods

In 2010, the transactions for sales of goods with the Company's related parties were determined and agreed on a normal course of business at general market prices and commercial terms. These transactions for the fiscal year ended December 31, 2010 amounted to Baht 1,221 million or 0.9 percent of the Company and its subsidiaries' total sales.

### Purchases of Goods

In 2010, the transactions for purchases of goods with the Company's related parties were determined and agreed on a normal course of business at general market prices and commercial terms. These transactions for the fiscal year ended December 31, 2010 amounted to Baht 13,891 million or 14.1 percent of the Company and its subsidiaries' total cost of sales.

### Other Operating Income

In 2010, the Company and its subsidiaries recognized other income from related parties in the amount of Baht 241 million or 4.2 percent of the Company and its subsidiaries' total other income.

### Rental and Service Fees

In 2010, the Company and its subsidiaries paid rental and service fees according to the lease agreements to related parties. The rental and service fees were made and agreed at standard rates advised by the lessor. These fees for the fiscal year ended December 31, 2010 amounted to Baht 76 million or 0.2 percent of the Company and its subsidiaries' total selling and administrative expenses.

### Purchases of Fixed Assets

In 2010, the Company and its subsidiaries had no fixed assets purchase transactions.

### Technical Service Fees

In 2010, the Company and its subsidiaries paid technical service fees to related parties based on contract prices. The technical service fees for the fiscal year ended December 31, 2010 amounted to Baht 9 million or 0.03 percent of the Company and its subsidiaries' total selling and administrative expenses.

### Other Expenses

In 2010, the Company and its subsidiaries paid other remunerations to related parties in the amount of Baht 151 million or 0.5 percent of the Company and its subsidiaries' total selling and administrative expenses.

### Procedures for the Approval of Related Transactions

In the case of transactions for the purchase and sale of goods and services under the ordinary course of business, the Company has procedures to protect investors and prevent the transfer of interests. The Internal Audit Unit reviews the necessity of inter-company transactions and ensures that the prices of the transactions for goods and services are at the prevailing market rates. The Internal Audit Unit provides reports of related transactions to the Audit Committee every month and the Audit Committee further reports to the Board of Directors every quarter.

In reference to transactions with possible conflicts of interests or related transactions, the Audit Committee will review and ensure that transactions comply with the regulations of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, 2003 and the notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected

Transactions. The Audit committee will comply with the Securities and Securities Exchange laws, regulations and announcement from the Stock Exchange of Thailand, as well as the disclosure rule of the connected transaction. The policy on conflicts of interests is clearly stated in the Company's Code of Business Ethics for the directors and employees to correctly follow. In addition, the Related Transactions Review Committee has been established to monitor that these transactions are in accordance with the notification of the Capital Market Supervisory Board.

In the case of the purchases and sales of important assets of the Company and its subsidiaries, which are transactions that occur infrequently, the Company has a policy to engage external independent experts such as professional appraisers and independent financial advisors to provide counsel to the Audit Committee for further proposal to the Board of Directors.

### Policy on Related Transactions

The Board of Directors has a policy that clearly states that related transactions may occur under the ordinary course of business but these transactions must be necessary and have prices comparable to prevailing market rates for the best interests of the Company. There shall be no transfer of benefits between the Company and related companies or persons. As the Company and its subsidiaries operate a retail business and must purchase and sell goods and services with other companies as well as related companies, the Company expects related transactions for the purchase and sale of goods and services will still exist in line with the Company and its subsidiaries' business expansion. Other types of transactions will depend on business necessity. Short-term loans to related companies will depend on the short-term financial needs of the related companies and the Company's policy on cash flow management.

## คำอธิบายและการวิเคราะห์ฐานะการเงินและผลการดำเนินงาน Management Discussion and Analysis of Financial Status and Operating Results

### Overview of Operations

CP All Plc. operates the core business of convenience store business in Thailand under trademark "7-Eleven" and is considered as a primary source of income. The Company belongs to its nationwide store network of over 5,790 stores and owns other businesses operated by its subsidiaries which support the convenience store business in Thailand by leveraging the 7-Eleven store network to add value to the Company's products and services.

The Company's competitive advantage lies in its extensive store network and with outlets in prime locations scattered across the country. Modern management and information technology systems further enhance customer satisfaction by offering efficient and speedy services. The Company also has well-managed distribution centers to support timely and efficient product distribution to its stores as well as ensuring product quality and lowering costs. Moreover, the Company has constantly developed and introduced unique products and services to match customers' needs by differentiating itself from competitors.

### Analysis of Operating Results for the Year Ended December 31, 2010 Compared to the Operating Results for the Year Ended December 31, 2009

As at June 30, 2010, the Company changed the investment in the convertible bonds issued by C.P. Lotus to the investment in the convertible preferred shares (CPS) and exercised the right to sell (Put Option) CPS in full to CPH. The Company completed the transaction and received cash payment on September 30, 2010. In this regard, since the third quarter 2010, the Company has no longer recorded interest income from the convertible bonds. In 2010, the Company and its subsidiaries' total revenue was Baht 141,084 million, increasing 19.8 percent from that of 2009.

Net sales and service income before elimination of Baht 143,922 million originated from two businesses, (1) convenience store business accounting for 91 percent of total net sales and service income, and (2) other businesses in Thailand such as manufacture and sales of frozen food, payment service, distributing and maintenance of retailing equipment, etc. accounting for 9 percent of total net sales and service income.

The growth in net sales and service income was mainly due to the expansion of 520 7-Eleven outlets, which exceeded the target of 400-450 stores. In addition, improvement in the average

same store sales/store/day of 7-Eleven and increase in other income such as royalties and income from marketing support contributed to higher total net sales and service income, having a rise in average store sales/store/day including phonecard of 7-Eleven at Baht 78,316 Baht in 2010.

### Gross Profit

In 2010, the Company and its subsidiaries' gross profit was Baht 36,117 million, an increase of 21.8 percent from 2009, which was mainly due to improved performance of the convenience store business and other businesses segment. As a result of the improvement in the product selection process, the Company was able to increase a gross profit margin of 0.4 percent in 2010 to be 26.8 percent, comparable to that of the previous year.

### Selling and Administrative Expenses

In 2010, the Company and its subsidiaries' selling and administrative expenses were Baht 33,089 million, increasing 17.1 percent year-on-year as detailed below:

(1) Personnel expenses, which accounted for 28.3 percent of the total SG&A, amounted to Baht 9,363 million.

(2) Store management expenses, which accounted for 17.8 percent of the total SG&A, increased to Baht 5,894 million following the rise in the number of franchise stores and higher sales.

Other SG&A such as utility expenses, advertising and promotion expenses and other SG&A (including transportation expenses, servicing expenses, supplies expenses, maintenance expenses, etc) increased in relation to sales growth and store expansion of 7-Eleven.

However, selling and administrative expenses to total revenue decreased from 24.0 percent in 2009 to 23.5 in 2010 because of gaining a level of operating leverage on rental and depreciation expenses.

### Net Profit

In 2010, the Company and its subsidiaries net profit was Baht 6,663 million, or Baht 1.48 per share, increasing Baht 1,671 million or 33.5 percent when compared to 2009 net profit of Baht 4,992 million, or Baht 1.11 per share. Return on shareholders' equity was 36.5 percent in 2010, compared to 28.1 percent in 2009.

### Operating Results of the Convenience Store Business

In 2010, the convenience store business had net sales and service income of Baht 131,656 million, an increase of Baht 22,551 million or 20.7 percent from the previous year. The growth in net sales and service income was mainly due to store expansion and higher same store sales/store/day. Sales of the convenience store business continued to grow in line with store expansion of 520 stores, or an increase of 9.9 percent from 2009 and an average of 9.9 percent same store sales growth excluding phone card.

The cost of sales of the convenience store business was decreasing to 73.7 percent of sales in 2010 compared with 74.2 percent in 2009 due to a product mix; whereby, the portion of ready-to-eat products, which generated higher margin, was increasing. Meanwhile, gross margin of non-food product category also improved. Consequently, gross profit rose to Baht 34,641 million in 2010, an increase of Baht 6,463 million



or 22.9 percent from 2009. Operating expenses increased Baht 4,961 million or 17.6 percent from 2009 due to store expansion.

Other income also increased. For example, royalty fees and income from marketing support also rose due to store expansion and higher sales.

The convenience store business had an operating profit of Baht 8,364 million in 2010, up 36.4 percent from 2009 and net profit of Baht 6,143 million in 2010, up 33.6 percent from 2009.

### Operating Results of Other Businesses

Other businesses comprise of bill payment services, manufacturing and sale of frozen foods and bakery, distribution and maintenance of retail equipment, product and service payment through Smart Card, and other businesses, etc. In 2010, the operating profit generated from other businesses was Baht 1,245 million, increasing by 12.1 percent from 2009 and net profit was Baht 972 million, increasing by 16.7 percent from 2009 due to improved performance of frozen food and bakery, bill payment services and service payment through Smart Card.

### Analysis of the Company and its Subsidiaries' Financial Status for the Year Ended December 31, 2010

#### Total Assets

As at December 31, 2010, the Company and its subsidiaries reported total assets of Baht 47,904 million, an increase of 7.8 percent compared to the previous year, due to sales growth and 7-Eleven store expansion. Non-current assets decreased from Baht 21,316 million in 2009 to Baht 17,191 million in 2010 mainly due to changes of the investment in the convertible bonds issued by C.P. Lotus to the investment in the convertible

preferred shares (CPS) and the exercising of the right to sell (Put Option) CPS in full to CPH. The Company had received cash payment for CPS in the amount of Baht 3,787.7 million and the Board of Directors approved an interim dividend payment of Baht 0.40 per share to shareholders, totaling Baht 1,797.3 million. Thus, cash item under current assets increased from Baht 12,682 million in 2009 to Baht 15,716 million in 2010.

#### Total Liabilities

As at December 31, 2010, the Company and its subsidiaries had total liabilities of Baht 29,946 million, increasing 17.4 percent from the previous year mainly due to an increase of accounts payable variable to sales growth and store expansion.

#### Total Shareholders' Equity

As at December 31, 2010, consolidated total shareholders' equity was Baht 17,958 million, a decrease of 5.2 percent from the previous year. This was due to changes of fair value of the investment in the convertible bonds to the investment in the convertible preferred shares and the Board of Directors approved an interim dividend payment of Baht 0.40 per share to shareholders, totaling Baht 1,797.3 million.

### Analysis of Statements of Cash Flows, Liquidity and Sources of Funds of the Company and its Subsidiaries for the Year Ended December 31, 2010 Compared to the Year Ended December 31, 2009

#### Liquidity

As at December 31, 2010, the Company's liquidity was healthy with consolidated cash and cash equivalents of Baht 15,716 million, an increase of 23.9 percent from the end of 2009.

### Cash Flow from Operating Activities

In 2010, net cash flow from operating activities totaled Baht 12,340 million, increased 37.0 percent from 2009. The Company still has good working capital management, having negative cash cycle of 51 days in 2010, resulting from inventory period of 23 days and payable period of 75 days.

### Cash Flow from Investing Activities

In 2010, net cash flow used in investing activities amounted to Baht 3,873 million, decreasing 27.5 percent from 2009. Because in 2009, the Company increased the investment in convertible bonds of the supercenter business in the amount of Baht 1,221 million, compared with no investment in 2010. However, compared with the investment of 2009, the main investments in 2010 were increased which included store expansion of 7-Eleven in Thailand, store renovation, and investment in regional distribution center in Khon Kaen, the northeastern part of Thailand.

### Cash Flow from Financing Activities

In 2010, net cash flow used in financing activities totaled Baht 5,402 million, increasing 89.1 percent from 2009 pursuant to the completion upon the divestment of the supercenter business in the PRC and receipt of cash payment in the amount of Baht 3,787.7 million and the Board of Directors approved an interim dividend payment of Baht 0.40 per share to shareholders, totaling Baht 1,797.3 million. In addition, in 2010, the Company distributed normal cash dividend in the amount of Baht 3,594.5 million or dividend per share of Baht 0.80 for the operational performance of 2009, increased from Baht 0.60 per share in 2008.

### Factors which may Impact Operating Results and Financial Status of the Company and its Subsidiaries in the Future

The constantly evolving demand of consumers is a major factor that affects the Company's revenues and profits. If the Company is able to offer products and services that meet customers' needs, its customer base will expand, enabling higher sales and enhanced gross margin. The Company aims to increase the sales proportion of ready-to-eat products in order to gain higher frequency of visits and better profit margins. In addition, the Company's policy is to continue store expansion to reach more population density. On other businesses such as bill payment service business, manufacturing and sale of bakery, maintenance of retail equipment as well as new projects including best-sellers publications, books and magazines exclusively for Book Smile, these businesses will grow along with 7-Eleven stores to support more efficient operation, differentiate products and services from competitors as well as enhance revenue.

To support future stores expansion, the Company prepare for supply chain management via expansion of 2 regional distribution centers (RDC) during 2011-2012 as follows: in early 2011, opened RDC in the northeast at Khon Kaen serving more of 1,000 stores, in 2012, plan to open in the north at Lampoon. The expansion of regional DCs will enable the Company to deliver products more efficiently serving the customers' needs in the timely manner and create competitive advantage.

## รายงานของคณะกรรมการตรวจสอบ Audit Committee's Report

The Company's Board of Directors appointed the Audit Committee consisting of the three independent non-executive directors including Prof. Dr. Komain Bhatrabhirom, as the Chairman of the Audit Committee, Mr. Pridi Boonyoung and Mr. Padoong Techasarintr, as members of the Audit Committee. All three members are knowledgeable and have experience in various sectors such as accounting and finance, organization management and laws as stipulated by the Capital Market Supervisory Board. The vice president of internal audit was also designated as the Audit Committee's secretary.

The Audit Committee independently worked and expressed their opinions in accordance with the roles and responsibilities assigned by the Board of Directors. They oversaw the operation to ensure transparency according to the principles, the standard and the regulations which were relevant to the Company's businesses. They have also been receiving good cooperation from the company's management and both the internal and the external auditors.

During the year 2010, the Audit Committee had 13 meetings with the presence of all the three committee members through out the period and with the participation of the internal auditors and sometimes of the external auditors. The executive management of the finance department, information technology department and others were invited for some agenda that required their inputs. The main topics of the meetings have been summarized and reported to the Company's Board of Directors for every three months which included the following:

1. Review the quarterly and annually consolidated financial statements for the year 2010. The management of accounting and other departments were queried and respectively their

clarifications were received. The discussions with the external auditors were conducted in order to ensure that the financial reports were correctly prepared in accordance with the generally accepted accounting standard with sufficient disclosure of information. The Audit Committee agreed that the aforementioned financial statements were prepared in compliance with the accounting standard with enough disclosure of information and in time for the benefit of the shareholders and the users of the financial statements. Moreover the Audit Committee has also reviewed the readiness in preparing the financial statements to comply with the International Financial Reporting Standards (IFRS) through the discussions with external auditors and the Company's management. The Audit Committee has an opinion that the Company was ready for the mentioned standards.

2. Review and revise the internal control system in order to assess their sufficiency and effectiveness by participating in the internal auditors' meetings every month. This is to assess the systems of the internal control, the risk management and the follow-up on the remedial actions. The Audit Committee agreed that the Company had sufficient and effective internal control system which included the control of the internal environment, risk assessment, the good control of the information technology and communication systems, the clear performance monitoring system as well as the independent and effective internal auditing system.

3. Review and express the opinions about the related transactions including all the transactions which might cause conflict of interests; the Audit Committee requested the internal auditors to emphasize in reviewing the

related transactions between the Company and the related companies and reported those transactions to the Audit Committee meeting every month and to the Board of Directors meeting every quarter. The Audit Committee agreed that the related transactions or the transactions which might cause conflict of interests were reasonable and appropriate to the Company's operation. Additionally they ascertained that the information was clearly, completely and sufficiently disclosed in accordance with the announcement of the Capital Market Supervisory Board.

4. Review and approve the internal auditing plan for the year 2010. Suggestions were given to adjust some internal auditing plans to be complied with the Company's policy and business plan. There were continuous follow-up on remedial actions concerning important issues indicated in the auditing reports and the scope of work covered the subsidiary companies.

5. The Company's Board of Directors and the management have been giving emphasis on the risk management by setting up policies and procedures. There were assessments of risk factors and review of risks which might occur now or in the future. The preventive measures were formed in order to mitigate the possible business impacts and to keep them at the acceptable level. Additionally, the summary of works performed by the Risk Management Committee was reported to the management every 6 month. Moreover, the Audit Committee assigned the internal auditors to monitor the operation whether it worked in accordance with the risk management procedures to ensure that the Company's risks were kept at the acceptable and manageable level. The Audit Committee believed that the Company had procedures and preventive measures which were appropriate. The management of changes and situations which may affect to the business was prompt and effective.

6. The Audit Committee found that the management had a clear approach in working according to the Securities and Exchange Act as well as the regulations of the Stock Exchange of Thailand and all the laws which are relevant to the Company's business including the Company's obligations with the external parties. A staff has been designated to be directly responsible for this matter. No problem concerning this was found.

7. The Audit Committee supported the management in emphasizing on managing the work in accordance with the good corporate governance guidelines for transparency and good ethic in order to build up confidence of the shareholders and the stakeholders. With this regards the Company appointed the Good Governance Committee to be directly responsible for this initiative.

8. The Audit Committee together with the management scrutinized the selection of the auditors by requesting the four leading auditing firms to present their proposals and fees for the year 2010 to 2012. As a result, KPMG Phoomchai Audit Ltd. was selected because their performance during the year 2010 was satisfied. They provided good suggestions which could benefit all stakeholders. Therefore, it was proposed to the Company's Board of Directors for approval and for further endorsement of the shareholders' meeting, the appointment of Mr. Vairoj Jindamaneepitak or Mr. Veerachai Rattanajaratkul or Ms. Munchupa Singsuksawat of KPMG Phoomchai Audit Ltd. as the Company's external auditors for year 2011.

January 11, 2011

On behalf of the Audit Committee



(Prof. Dr. Komain Bhatrabhirom)  
Chairman of the Audit Committee

## รายงานความรับผิดชอบต่อคณะกรรมการบริษัท ต่อรายงานทางการเงิน

### Board of Directors' Statement of Responsibility for Financial Reports

The Board of Directors of CP ALL Public Company Limited strongly values the duties and responsibilities in accordance with good corporate governance principles. The Board of Directors is responsible for the financial statements of the Company and its subsidiaries including financial information presented in the annual report and the annual financial statements for the year ended December 31, 2010, which are prepared according to Generally Accepted Accounting Standards of Thailand. The Board of Directors has selected and consistently followed an appropriate accounting policy. The aforementioned financial statements are prepared using careful judgment and the best estimation. In addition, important information is adequately disclosed in the notes to the financial statements. The financial statements have been examined by an independent external auditor and the auditor has expressed an unqualified opinion. Therefore, the financial statements accurately and transparently reflect the Company's financial

status and operating performance in the past year and can be used for the benefit of shareholders and investors.

The Board of Directors has appointed the Audit Committee, which comprises of independent directors, to review the quality of the financial reports and to evaluate the internal control system, risk management system, and various systems to support effective financial documentation to ensure that accounting records are correct, complete, timely and able to prevent fraud or materially irregular operations. The Audit Committee's opinion is presented in the Audit Committee's report which is a part of this annual report.

The Board of Directors believes that the Company's overall internal control system is able to create credibility and reliability for the financial statements of CP ALL Public Company Limited and its subsidiaries for the period ended December 31, 2010.



(Mr. Dhanin Chearavanont)  
Chairman



(Mr. Korsak Chairasmisak)  
Chief Executive Officer

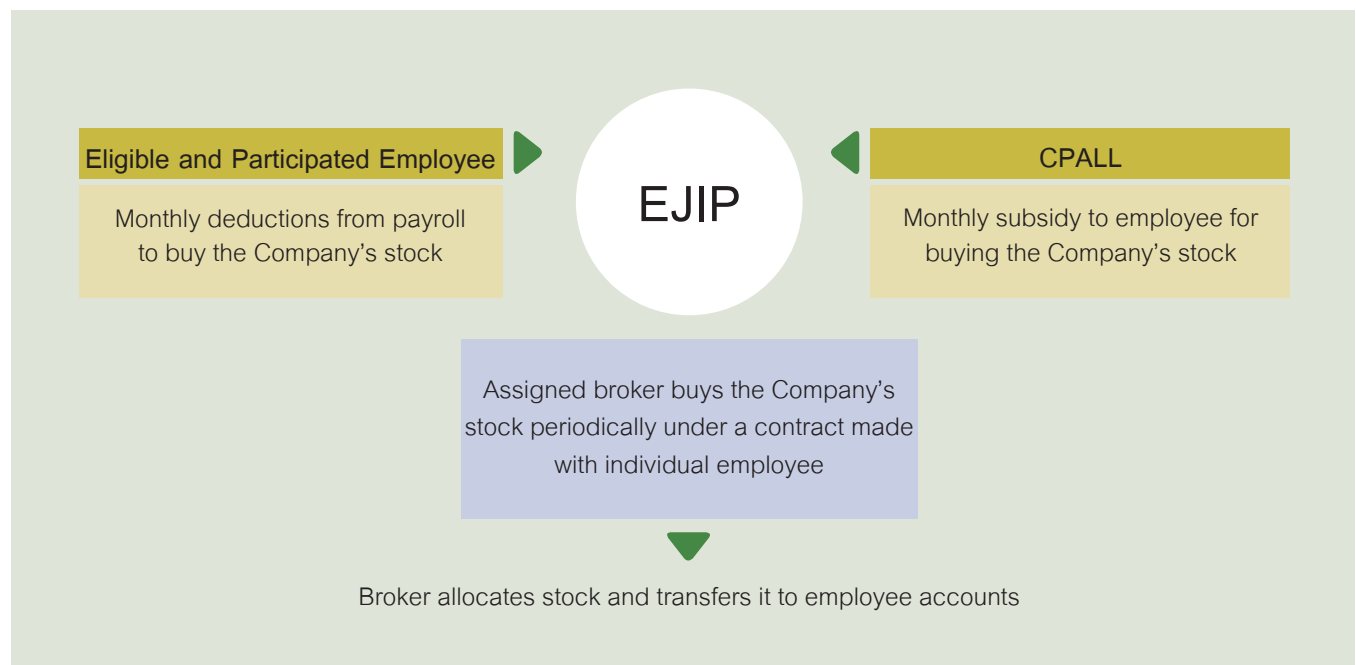
## สรุปข้อมูลเกี่ยวกับโครงการสะสมหุ้นสำหรับพนักงาน Summary of the Employee Joint Investment Program (EJIP)

Employee Joint Investment Program (EJIP) is a means of compensating employees and creating a feeling of ownership in the Company. It is also a tool for the Company in creating long-term incentives for employees.

### 1. Nature of EJIP

It is an investment program for the voluntarily employees of the listed companies in the Stock Exchange of Thailand upon accumulative buying of their Company's shares on a period basis (i.e. monthly or quarterly) using the dollar cost average method.

### 2. EJIP Arrangement



|                                     |   |
|-------------------------------------|---|
| Type of Stock                       | Ordinary shares of CPALL trading in the Stock Exchange of Thailand  |
| Time of Investment                  | Specified date on a monthly basis   |
| Investment Amount<br>(Per Employee) | <ul style="list-style-type: none"> <li>• Employee - 5% or 7% of salary (on a voluntarily basis)</li> <li>• CPALL - 80% of the deductible amount from employee in each month</li> </ul>                                      |
| Duration                            | July 2009 - June 2012 (Total 3 years)   |
| Method of Payment                   | <ul style="list-style-type: none"> <li>• Buying - employee's deduction from monthly salary and the Company's contribution</li> <li>• Selling - broker transfers money from stock sale to employee's bank account</li> </ul> |
| Stock Purchase                      | Automatic purchase as stated in the contract  |
| Stock Delivery                      | Delivered to individual employee account opened with the broker   |
| Benefits to Employee                | <ul style="list-style-type: none"> <li>• Dividend gain</li> <li>• Capital gain</li> <li>• Other rights such as rights issue, warrant, shareholders' meeting</li> </ul>  |
| Selling Stock                       | Employee has the right to sell stock during the specified period in the contract.   |
| Tax                                 | <ul style="list-style-type: none"> <li>• Employee must pay personal income tax on the contribution amount received from the Company.</li> <li>• Company can claim tax deductible on the contribution amount.</li> </ul>     |

### 3. Eligible Employee Under EJIP

Managers with the level of assistant department manager or equivalent and above with the working period till the initial contribution date of not less than 3 years, excluding directors and advisors of the Company

สรุปรายละเอียดเกี่ยวกับเงื่อนไขของการเปลี่ยนการลงทุน  
 ในหุ้นกู้แปลงสภาพเป็นการลงทุนในหุ้นบุริมสิทธิแปลงสภาพ  
 และการใช้สิทธิขายหุ้นดังกล่าว

Summary of Changes of the Investment in the  
 Convertible Bonds to the Investment in the Convertible  
 Preferred Shares and the Exercising of the Put Option

1. Changes of the Investment in CB to the Investment in CPS

|                       | Convertible Bonds  | Convertible Preferred Shares  |
|-----------------------|--|---|
| Underlying Securities | Unsecured convertible bonds with face value of HKD 1,519.9 million   | Convertible preferred shares of 3,897.1 million shares  |
| Par Value             | HKD 50.0 million per unit  | HKD 0.02 per share  |
| Maturity/ Redemption  | 3 years from the date of completion of the relevant agreement unless;<br>1) previously redeemed, converted or purchased and cancelled before the date falling on the 3rd anniversary of the date of completion of the relevant agreement, or<br>2) (if mutually agreed in writing between C.P. Lotus and the bondholders), the date falling on the 5th anniversary of the date of completion of the relevant agreement         | - None -  |
| Coupon Rate           | 1% per annum, however, unless previously converted or purchased or redeemed, CPALL, on the maturity date, shall received such amount which would (if aggregated with all interest previously paid on the convertible bond being redeemed) resulting in the bondholder receiving a 3.5% per annum yield to maturity on the principal amount of the Bond being redeemed from the date of issue of the Bonds to the maturity date | - None -  |
| Conversion            | The holders of the convertible bonds shall have the right to convert any convertible bond into C.P. Lotus shares during the conversion period. In addition, the convertible bonds will be automatically converted if either of the following events occur:   | Holders have the right to convert at any time but must be conformed with the conversion restriction |



|                  | Convertible Bonds  | Convertible Preferred Shares  |
|------------------|--|---|
|                  | 1) the closing price of the C.P. Lotus shares as quoted on the Hong Kong Stock Exchange is equal to or higher than HKD 0.43 (as adjusted for stock splits, stock combination, stock dividends, reclassifications and similar corporate actions) on at least 15 consecutive trading days; or<br>2) the average of the closing prices of the C.P. Lotus shares as quoted on the Hong Kong Stock Exchange on not less than 20 consecutive trading days is HKD 0.43 or higher (as adjusted for stock splits, stock combination, stock dividends, reclassifications and similar corporate actions). |   |
| Conversion Price | HKD 0.39 per share   | 1 convertible preferred share can be converted into 1 C.P. Lotus ordinary share |

## 2. The Exercising of the Put Option on the CPS in Full

|  |   |
|--|---|
| Parties with the Right to Sell           | CPALL and LDI   |
| Counterparty with Obligation to Purchase | CPH who is the connected party  |
| Trading Securities                       | The convertible preferred shares not exceeding 3,897.1 million shares |
| Exercise Price                           | HKD 0.248 per share   |
| Completion Date                          | After 30 days but not exceeding 90 days from the exercising date      |

As at June 30, 2010, the Company and LDI had exercised the right to sell (Put Option) the convertible preferred shares issued by C.P. Lotus in full to CPH at the exercise price of HKD 0.248 per share and CPH acknowledged the exercising of the put option on July 16, 2010. CPH paid cash for the CPS to the Company and

LDI on September 30, 2010 totaling HKD 966.5 million or equivalent to Baht 3,787.7 million.

As at November 9, 2010, the Board of Directors approved an interim dividend payment of Baht 0.40 (Forty Satang) per share to shareholders of 4,493,148,024 shares, totaling Baht 1,797.3 million.

## รายละเอียดการถือหลักทรัพย์ของกรรมการและผู้บริหาร

### Shareholdings of the Company by Directors and Management

ณ วันที่ 31 ธันวาคม 2553  
 As at December 31, 2010

| Shareholder's name                   | Designation   | Number of shares       |                        |
|--------------------------------------|---|------------------------|------------------------|
|                                      |   | 2009                   | 2010                   |
| Prof. Dr. Komain Bhatarabhirom       | Chairman of the Audit Committee and Independent Director        | 0                      | 0                      |
| Mr. Pridi Boonyoung                  | Audit Committee and Independent Director                        | 455,599                | 455,599                |
| Mr. Padoong Techasarintr             | Audit Committee and Independent Director                        | 4,912                  | 4,912                  |
| Mr. Suphachai Phisitvanich           | Independent Director  | 0                      | 0                      |
| Pol. Gen. Kowit Wattana <sup>1</sup> | Independent Director  | 0                      | 0                      |
| Mr. Dhanin Chearavanont              | Chairman  | 765,738                | 765,738                |
| Mr. Korsak Chairasmisak              | Vice Chairman and Chief Executive Officer                       | 5,727,303 <sup>2</sup> | 5,897,404 <sup>2</sup> |
| Mr. Adirek Sripratak                 | Director  | 0                      | 0                      |
| Mr. Umroong Sanphasitvong            | Director  | 0                      | 0                      |
| Mr. Soopakij Chearavanont            | Director  | 111,198                | 111,198                |
| Mr. Narong Chearavanont              | Director  | 194,901                | 152,401                |
| Mr. Prasert Jarupanich               | Director  | 0                      | 0                      |
| Mr. Pittaya Jearavisitkul            | Director and Deputy Chief Executive Officer                     | 647,606 <sup>2</sup>   | 707,335 <sup>2</sup>   |
| Mr. Piyawat Titasattavorakul         | Director and Managing Director                                  | 34,714 <sup>2</sup>    | 90,174 <sup>2</sup>    |
| Mr. Tanin Buranamanit <sup>1</sup>   | Director and Executive Vice President - Operation and Marketing | 20,785 <sup>2</sup>    | 53,676 <sup>2</sup>    |
| Mr. Suraphan Pussadej                | Assistant Chief Executive Officer - Human Resource              | 14,341 <sup>2</sup>    | 35,361 <sup>2</sup>    |
| Mr. Taweesak Kaewrathtanapattama     | Senior Vice President - Accounting and Finance                  | 30,320 <sup>2</sup>    | 70,728 <sup>2</sup>    |
| Mr. Chuan Nimkittikul                | Senior Vice President - Purchasing and Distribution             | 286,695 <sup>2</sup>   | 294,863 <sup>2</sup>   |
| Mr. Suwit Kingkaew                   | Senior Vice President - General Management                      | 460,029 <sup>2</sup>   | 484,941 <sup>2</sup>   |

Note: 1. Has been appointed by Annual General Meeting 2010 on April 28, 2010

2. Included ordinary shares received from participating the Employee Joint Investment Program (EJIP)

## ข้อมูลของบริษัทย่อย

### Subsidiaries Information

ณ วันที่ 31 ธันวาคม 2553  
 As at December 31, 2010

#### Subsidiaries and Affiliates in Thailand

##### Counter Service Co., Ltd.

Type of business : Bill payment collection  
 Incorporated : Thailand  
 Paid up capital : Baht 70 million  
 Par value : Baht 10 per share  
 Shareholding : 99.99%

##### Gosoft (Thailand) Co., Ltd.

Type of business : Information technology services  
 Incorporated : Thailand  
 Paid up capital : Baht 2 million  
 Par value : Baht 10 per share  
 Shareholding : 99.99%

##### C.P. Retailing and Marketing Co., Ltd.

Type of business : Manufacturing and sale of frozen foods and bakery  
 Incorporated : Thailand  
 Paid up capital : Baht 600 million  
 Par value : Baht 10 per share  
 Shareholding : 99.99%

##### MAM Heart Co., Ltd.

Type of business : Marketing services  
 Incorporated : Thailand  
 Paid up capital : Baht 1 million  
 Par value : Baht 10 per share  
 Shareholding : 99.99%

##### Retailink (Thailand) Co., Ltd.

Type of business : Sale and maintenance of retail equipment  
 Incorporated : Thailand  
 Paid up capital : Baht 20 million  
 Par value : Baht 10 per share  
 Shareholding : 99.99%

##### Dynamic Management Co., Ltd.

Type of business : Logistics services  
 Incorporated : Thailand  
 Paid up capital : Baht 2 million  
 Par value : Baht 10 per share  
 Shareholding : 99.99%

##### Suksapiwat Co., Ltd.

Type of business : Educational institution  
 Incorporated : Thailand  
 Paid up capital : Baht 810 million  
 Par value : Baht 10 per share  
 Shareholding : 99.99%

#### Thai Smart Card Co., Ltd.

Type of business : Payment of products and services through smart card  
Incorporated : Thailand  
Paid up capital : Baht 1,600 million  
Par value : Baht 10 per share  
Shareholding : 72.64%

#### Panyatara Co., Ltd.

Type of business : Training & seminar services  
Incorporated : Thailand  
Paid up capital : Baht 1 million  
Par value : Baht 10 per share  
Shareholding : 99.99%

### Subsidiaries and Affiliates in overseas

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#### Lotus Distribution Investment Limited

Type of business : Investment business  
Incorporated : British Virgin Island  
Paid up capital : USD 116.2 million  
Shareholding : 100%

#### Successor Investments Limited

Type of business : Investment business  
Incorporated : Hong Kong  
Paid up capital : HKD 1  
Shareholding : 100%



งบการเงินประจำปี  
และรายงานของผู้สอบบัญชีรับอนุญาต

Annual Financial Statements  
and Audit Report of Certified  
Public Accountant

สำหรับปีสิ้นสุดวันที่ 31 ธันวาคม 2553 และ 2552  
For the years ended 31 December 2010 and 2009

**รายงานของผู้สอบบัญชีอนุญาต**  
Audit Report of Certified Public Accountant

**To the Shareholders of CP ALL Public Company Limited**

I have audited the accompanying consolidated and separate balance sheets as at 31 December 2010 and 2009, and the related statements of income, changes in equity and cash flows for the years then ended of CP ALL Public Company Limited and its subsidiaries, and of CP ALL Public Company Limited respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2010 and 2009 and the results of operations and cash flows for the years then ended of CP ALL Public Company Limited and its subsidiaries, and of CP ALL Public Company Limited respectively in accordance with generally accepted accounting principles.



(Charoen Phosamritlert)  
Certified Public Accountant  
Registration No. 4068

KPMG Phoomchai Audit Ltd.  
Bangkok  
15 February 2011

## Balance sheets

CP ALL Public Company Limited and its Subsidiaries • As at 31 December 2010 and 2009

| Assets  | Note  | Consolidated<br>financial statements |                       | Separate<br>financial statements |                       |
|---|-------|--------------------------------------|-----------------------|----------------------------------|-----------------------|
|   |       | 2010                                 | 2009                  | 2010                             | 2009                  |
| <i>(in Baht)</i>                                    |       |                                      |                       |                                  |                       |
| <b>Current assets</b>                               |       |                                      |                       |                                  |                       |
| Cash and cash equivalents                           | 5     | 15,715,769,103                       | 12,682,282,755        | 12,179,562,440                   | 9,495,769,282         |
| Current investments                                 | 6     | 4,435,563,060                        | 1,196,010,076         | 398,417,012                      | 1,196,010,076         |
| Trade accounts receivable                           | 4, 7  | 473,505,316                          | 438,828,981           | 150,983,028                      | 117,816,832           |
| Other accounts receivable                           | 4, 8  | 752,059,798                          | 485,859,789           | 963,192,069                      | 650,369,523           |
| Inventories   | 4, 9  | 6,517,558,870                        | 5,900,343,208         | 6,019,330,055                    | 5,469,883,744         |
| Other current assets                                | 4, 10 | 2,818,429,051                        | 2,421,660,759         | 2,734,495,951                    | 2,382,120,943         |
| <b>Total current assets</b>                         |       | <b>30,712,885,198</b>                | <b>23,124,985,568</b> | <b>22,445,980,555</b>            | <b>19,311,970,400</b> |
| <b>Non-current assets</b>                           |       |                                      |                       |                                  |                       |
| Investments in subsidiaries                         | 11    | -                                    | -                     | 6,504,828,995                    | 6,504,828,985         |
| Investment in convertible bonds<br>of related party | 12    | -                                    | 5,821,112,983         | -                                | 59,677,754            |
| Other long-term investments                         |       | 690,883,156                          | 50,000,000            | 690,883,156                      | 50,000,000            |
| Long-term loans to related parties                  | 4     | -                                    | -                     | 263,000,000                      | 521,000,000           |
| Property, plant and equipment                       | 4, 13 | 14,524,789,535                       | 13,491,489,781        | 11,428,309,749                   | 10,269,461,680        |
| Intangible assets                                   |       | 783,129,066                          | 780,082,806           | 365,636,639                      | 331,998,831           |
| Leasehold rights                                    |       | 299,964,387                          | 334,284,195           | 299,964,387                      | 334,284,195           |
| Other non-current assets                            | 4     | 892,465,731                          | 839,507,262           | 1,230,410,459                    | 1,207,668,167         |
| <b>Total non-current assets</b>                     |       | <b>17,191,231,875</b>                | <b>21,316,477,027</b> | <b>20,783,033,385</b>            | <b>19,278,919,612</b> |
| <b>Total assets</b>                                 |       | <b>47,904,117,073</b>                | <b>44,441,462,595</b> | <b>43,229,013,940</b>            | <b>38,590,890,012</b> |

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

CP ALL Public Company Limited and its Subsidiaries • As at 31 December 2010 and 2009

| Liabilities and equity                             | Note  | Consolidated<br>financial statements |                       | Separate<br>financial statements |                       |
|--|-------|--------------------------------------|-----------------------|----------------------------------|-----------------------|
|  |       | 2010                                 | 2009                  | 2010                             | 2009                  |
| <i>(in Baht)</i>                                   |       |                                      |                       |                                  |                       |
| <b>Current liabilities</b>                         |       |                                      |                       |                                  |                       |
| Short-term borrowing from<br>financial institution | 14    | -                                    | 10,212,018            | -                                | -                     |
| Trade accounts payable                             | 4, 15 | 21,612,698,348                       | 19,189,030,763        | 17,481,777,873                   | 15,122,950,646        |
| Income tax payable                                 |       | 1,090,390,263                        | 683,812,764           | 974,492,747                      | 597,108,418           |
| Other current liabilities                          | 4, 16 | 4,666,237,959                        | 3,686,961,124         | 6,631,787,482                    | 6,083,438,563         |
| <b>Total current liabilities</b>                   |       | <b>27,369,326,570</b>                | <b>23,570,016,669</b> | <b>25,088,058,102</b>            | <b>21,803,497,627</b> |
| <b>Non-current liabilities</b>                     |       |                                      |                       |                                  |                       |
| Provision for employees'<br>severance pay          | 17    | 493,400,579                          | 275,976,743           | 436,900,000                      | 244,000,000           |
| Accrued guarantee deposits                         | 18    | 2,083,204,269                        | 1,658,927,813         | 1,943,841,459                    | 1,512,605,523         |
| <b>Total non-current liabilities</b>               |       | <b>2,576,604,848</b>                 | <b>1,934,904,556</b>  | <b>2,380,741,459</b>             | <b>1,756,605,523</b>  |
| <b>Total liabilities</b>                           |       | <b>29,945,931,418</b>                | <b>25,504,921,225</b> | <b>27,468,799,561</b>            | <b>23,560,103,150</b> |

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



## Balance sheets

CP ALL Public Company Limited and its Subsidiaries • As at 31 December 2010 and 2009

| Liabilities and equity  | Note | Consolidated<br>financial statements |                       | Separate<br>financial statements |                       |
|---|------|--------------------------------------|-----------------------|----------------------------------|-----------------------|
|   |      | 2010                                 | 2009                  | 2010                             | 2009                  |
|   |      | (in Baht)                            |                       |                                  |                       |
| <b>Equity</b>   |      |                                      |                       |                                  |                       |
| Share capital   | 19   |                                      |                       |                                  |                       |
| Authorised share capital  |      | 4,500,000,000                        | 4,500,000,000         | 4,500,000,000                    | 4,500,000,000         |
| Issued and paid-up share capital                                      |      | 4,493,148,024                        | 4,493,148,024         | 4,493,148,024                    | 4,493,148,024         |
| Additional paid-in capital  | 20   |                                      |                       |                                  |                       |
| Premium on ordinary shares  |      | 1,684,316,879                        | 1,684,316,879         | 1,684,316,879                    | 1,684,316,879         |
| Unrealised surplus  |      |                                      |                       |                                  |                       |
| Surplus on common control<br>transactions                             | 12   | -                                    | 5,630,707,680         | -                                | 40,623,111            |
| Currency translation differences                                      |      | (581,921,413)                        | (223,642,650)         | -                                | -                     |
| Retained earnings   |      |                                      |                       |                                  |                       |
| Appropriated  |      |                                      |                       |                                  |                       |
| Legal reserve   | 20   | 450,000,000                          | 450,000,000           | 450,000,000                      | 450,000,000           |
| Unappropriated  |      | 11,710,127,967                       | 6,705,795,137         | 9,132,749,476                    | 8,362,698,848         |
| <b>Total equity attributable to equity<br/>holders of the Company</b> |      | <b>17,755,671,457</b>                | <b>18,740,325,070</b> | <b>15,760,214,379</b>            | <b>15,030,786,862</b> |
| Minority interests  |      | 202,514,198                          | 196,216,300           | -                                | -                     |
| <b>Total equity</b>   |      | <b>17,958,185,655</b>                | <b>18,936,541,370</b> | <b>15,760,214,379</b>            | <b>15,030,786,862</b> |
| <b>Total liabilities and equity</b>                                   |      | <b>47,904,117,073</b>                | <b>44,441,462,595</b> | <b>43,229,013,940</b>            | <b>38,590,890,012</b> |

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

## Statements of income

CP ALL Public Company Limited and its Subsidiaries  
For the years ended 31 December 2010 and 2009

|   | Note  | Consolidated<br>financial statements |                        | Separate<br>financial statements |                        |
|---|-------|--------------------------------------|------------------------|----------------------------------|------------------------|
|   |       | 2010                                 | 2009                   | 2010                             | 2009                   |
| <i>(in Baht)</i>  |       |                                      |                        |                                  |                        |
| <b>Revenues</b>   | 4     |                                      |                        |                                  |                        |
| Revenue from sale of goods and rendering of services      |       | 134,953,814,479                      | 112,376,923,723        | 131,655,802,690                  | 109,105,253,348        |
| Interest income   |       | 339,202,521                          | 296,895,395            | 132,934,450                      | 115,231,430            |
| Dividend income   |       | 37,120                               | 33,736                 | 463,993,348                      | 433,995,488            |
| Other income  | 22    | 5,790,495,844                        | 5,086,924,815          | 6,312,185,947                    | 5,630,552,788          |
| <b>Total revenues</b>                                     |       | <b>141,083,549,964</b>               | <b>117,760,777,669</b> | <b>138,564,916,435</b>           | <b>115,285,033,054</b> |
| <b>Expenses</b>   | 4     |                                      |                        |                                  |                        |
| Cost of sale of goods and rendering of services           | 9     | 98,837,038,201                       | 82,718,135,267         | 97,015,291,888                   | 80,927,855,624         |
| Selling expenses  | 9, 23 | 24,200,632,889                       | 20,670,619,018         | 24,300,723,560                   | 20,690,606,346         |
| Administrative expenses                                   | 24    | 8,521,652,769                        | 7,334,768,771          | 8,620,807,660                    | 7,297,076,250          |
| Management benefit expenses                               |       | 260,380,483                          | 241,652,981            | 260,380,483                      | 232,235,951            |
| Net foreign exchange loss                                 |       | 106,608,248                          | 6,023,476              | 3,460,042                        | 3,780,808              |
| <b>Total expenses</b>                                     |       | <b>131,926,312,590</b>               | <b>110,971,199,513</b> | <b>130,200,663,633</b>           | <b>109,151,554,979</b> |
| <b>Profit before finance costs and income tax expense</b> |       | <b>9,157,237,374</b>                 | <b>6,789,578,156</b>   | <b>8,364,252,802</b>             | <b>6,133,478,075</b>   |
| Finance costs   | 4     | 111,706                              | 2,473,529              | -                                | -                      |
| <b>Profit before income tax expense</b>                   |       | <b>9,157,125,668</b>                 | <b>6,787,104,627</b>   | <b>8,364,252,802</b>             | <b>6,133,478,075</b>   |
| Income tax expense  | 27    | 2,487,358,316                        | 1,773,966,792          | 2,221,683,057                    | 1,536,156,864          |
| <b>Profit for the year</b>                                |       | <b>6,669,767,352</b>                 | <b>5,013,137,835</b>   | <b>6,142,569,745</b>             | <b>4,597,321,211</b>   |
| <b>Profit for the year attributable to:</b>               |       |                                      |                        |                                  |                        |
| Equity holders of the Company                             |       | 6,663,462,775                        | 4,992,071,549          | 6,142,569,745                    | 4,597,321,211          |
| Minority interests  |       | 6,304,577                            | 21,066,286             | -                                | -                      |
| <b>Profit for the year</b>                                |       | <b>6,669,767,352</b>                 | <b>5,013,137,835</b>   | <b>6,142,569,745</b>             | <b>4,597,321,211</b>   |
| <b>Basic earnings per share</b>                           | 29    | <b>1.48</b>                          | <b>1.11</b>            | <b>1.37</b>                      | <b>1.02</b>            |

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

## Statements of changes in equity

CP ALL Public Company Limited and its Subsidiaries • For the years ended 31 December 2010 and 2009

|  | Consolidated financial statements |                            |                                   |  |                                  |                    |                                  | Total equity attributable to equity holders of the Company | Minority interests | Total equity          |
|--|-----------------------------------|----------------------------|-----------------------------------|--|----------------------------------|--------------------|----------------------------------|--|--------------------|-----------------------|
|  | Issued and paid-up share capital  | Premium on ordinary shares | Revaluation differences on assets | Surplus on common control transactions | Currency translation differences | Legal reserve      | Unappropriated retained earnings |  |                    |                       |
| <b>Balance at 1 January 2009</b>   | 4,493,148,024                     | 1,684,316,879              | 626,400                           | 5,630,707,680                          | 70,886,912                       | 450,000,000        | 4,408,990,514                    | 16,738,676,409   | 160,856,331        | 16,899,532,740        |
| Realised revaluation differences on assets                                     | -                                 | -                          | (626,400)                         | -                                      | -                                | -                  | 626,400                          | -  | -                  | -                     |
| Translation differences relating to financial statements of foreign operations | -                                 | -                          | -                                 | -                                      | (294,529,562)                    | -                  | -                                | (294,529,562)  | 1,419,093          | (293,110,469)         |
| Total income (expense) recognised directly in equity                           | -                                 | -                          | (626,400)                         | -                                      | (294,529,562)                    | -                  | 626,400                          | (294,529,562)  | 1,419,093          | (293,110,469)         |
| Profit for the year  | -                                 | -                          | -                                 | -                                      | -                                | -                  | 4,992,071,549                    | 4,992,071,549  | 21,066,286         | 5,013,137,835         |
| <b>Total recognised income and expense</b>                                     | -                                 | -                          | (626,400)                         | -                                      | (294,529,562)                    | -                  | 4,992,697,949                    | 4,697,541,987  | 22,485,379         | 4,720,027,366         |
| Dividends  | -                                 | -                          | -                                 | -                                      | -                                | -                  | (2,695,893,326)                  | (2,695,893,326)  | -                  | (2,695,893,326)       |
| Decrease in minority interests from disposal of investments in subsidiaries    | -                                 | -                          | -                                 | -                                      | -                                | -                  | -                                | -  | 12,874,590         | 12,874,590            |
| <b>Balance at 31 December 2009</b>   | <b>4,493,148,024</b>              | <b>1,684,316,879</b>       | -                                 | <b>5,630,707,680</b>                   | <b>(223,642,650)</b>             | <b>450,000,000</b> | <b>6,705,795,137</b>             | <b>18,740,325,070</b>                                      | <b>196,216,300</b> | <b>18,936,541,370</b> |

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

## Statements of changes in equity

CP ALL Public Company Limited and its Subsidiaries • For the years ended 31 December 2010 and 2009

|  | Note | Consolidated financial statements |                            |  |                                  |                                   |                                  | Total equity attributable to equity holders of the Company | Minority interests | Total equity    |
|--|------|-----------------------------------|----------------------------|--|----------------------------------|-----------------------------------|----------------------------------|--|--------------------|-----------------|
|  |      | Issued and paid-up share capital  | Premium on ordinary shares | Surplus on common control transactions | Currency translation differences | Legal reserve<br><i>(in Baht)</i> | Unappropriated retained earnings |  |                    |                 |
| <b>Balance at 1 January 2010</b>   |      | 4,493,148,024                     | 1,684,316,879              | 5,630,707,680                          | (223,642,650)                    | 450,000,000                       | 6,705,795,137                    | 18,740,325,070   | 196,216,300        | 18,936,541,370  |
| Reversal of surplus on common control transactions on the disposal of investments in convertible preferred shares    | 12   | -                                 | -                          | (5,630,707,680)                        | -                                | -                                 | 5,630,707,680                    | -  | -                  | -               |
| Loss on changes of investments in convertible bonds to investments in convertible preferred shares                   | 12   | -                                 | -                          | -                                      | -                                | -                                 | (1,768,843,079)                  | (1,768,843,079)  | -                  | (1,768,843,079) |
| Loss on translation of investments in convertible preferred shares held in foreign currency relating to the disposal | 12   | -                                 | -                          | -                                      | -                                | -                                 | (129,216,917)                    | (129,216,917)  | -                  | (129,216,917)   |
| Translation differences relating to financial statements of foreign operations                                       |      | -                                 | -                          | -                                      | (358,278,763)                    | -                                 | -                                | (358,278,763)  | -                  | (358,278,763)   |
| Total income (expense) recognised directly in equity   |      | -                                 | -                          | (5,630,707,680)                        | (358,278,763)                    | -                                 | 3,732,647,684                    | (2,256,338,759)  | -                  | (2,256,338,759) |
| Profit for the year  |      | -                                 | -                          | -                                      | -                                | -                                 | 6,663,462,775                    | 6,663,462,775  | 6,304,577          | 6,669,767,352   |
| <b>Total recognised income and expense</b>   |      | -                                 | -                          | (5,630,707,680)                        | (358,278,763)                    | -                                 | 10,396,110,459                   | 4,407,124,016  | 6,304,577          | 4,413,428,593   |
| Dividends  | 30   | -                                 | -                          | -                                      | -                                | -                                 | (5,391,777,629)                  | (5,391,777,629)  | (6,652)            | (5,391,784,281) |
| Decrease in minority interest from disposal of investments in subsidiaries/liquidation of subsidiary                 |      | -                                 | -                          | -                                      | -                                | -                                 | -                                | -  | (27)               | (27)            |
| <b>Balance at 31 December 2010</b>   |      | 4,493,148,024                     | 1,684,316,879              | -                                      | (581,921,413)                    | 450,000,000                       | 11,710,127,967                   | 17,755,671,457   | 202,514,198        | 17,958,185,655  |

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

## Statements of changes in equity

CP ALL Public Company Limited and its Subsidiaries • For the years ended 31 December 2010 and 2009

|      |   | Separate financial statements |                      |                   |                    |                      | Total equity          |
|------|---|-------------------------------|----------------------|-------------------|--------------------|----------------------|-----------------------|
|      |   | Issued and                    | Premium on           | Surplus on        | Unappropriated     | attributable to      |                       |
|      |   | paid-up                       | ordinary shares      | common            | retained           | equity holders       |                       |
|      |   | share capital                 |                      | control           | earnings           | of the Company       |                       |
| Note |   |                               |                      | transactions      | Legal reserve      |                      |                       |
|      |   |                               |                      | (in Baht)         |                    |                      |                       |
|      | <b>Balance at 1 January 2009</b>  | <b>4,493,148,024</b>          | <b>1,684,316,879</b> | <b>40,623,111</b> | <b>450,000,000</b> | <b>6,461,266,451</b> | <b>13,129,354,465</b> |
|      | Profit for the year   | -                             | -                    | -                 | -                  | 4,597,321,211        | 4,597,321,211         |
|      | <b>Total recognised income</b>  | -                             | -                    | -                 | -                  | <b>4,597,321,211</b> | <b>4,597,321,211</b>  |
| 30   | Dividends   | -                             | -                    | -                 | -                  | (2,695,888,814)      | (2,695,888,814)       |
|      | <b>Balance at 31 December 2009</b>  | <b>4,493,148,024</b>          | <b>1,684,316,879</b> | <b>40,623,111</b> | <b>450,000,000</b> | <b>8,362,698,848</b> | <b>15,030,786,862</b> |
|      | Reversal of surplus on common control transactions on the disposal of investments in convertible preferred shares | -                             | -                    | (40,623,111)      | -                  | 40,623,111           | -                     |
| 12   | Loss on changes of investments in convertible bonds to investments in convertible preferred shares                | -                             | -                    | -                 | -                  | (21,364,599)         | (21,364,599)          |
|      | Total income (expense) recognised directly in equity  | -                             | -                    | (40,623,111)      | -                  | 19,258,512           | (21,364,599)          |
|      | Profit for the year   | -                             | -                    | -                 | -                  | 6,142,569,745        | 6,142,569,745         |
|      | <b>Total recognised income</b>  | -                             | -                    | -                 | -                  | <b>6,161,828,257</b> | <b>6,121,205,146</b>  |
| 30   | Dividends   | -                             | -                    | -                 | -                  | (5,391,777,629)      | (5,391,777,629)       |
|      | <b>Balance at 31 December 2010</b>  | <b>4,493,148,024</b>          | <b>1,684,316,879</b> | -                 | <b>450,000,000</b> | <b>9,132,749,476</b> | <b>15,760,214,379</b> |

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

## Statements of cash flows

CP ALL Public Company Limited and its Subsidiaries  
For the years ended 31 December 2010 and 2009

|  | Note   | Consolidated<br>financial statements |                      | Separate<br>financial statements |                      |
|--|--------|--------------------------------------|----------------------|----------------------------------|----------------------|
|  |        | 2010                                 | 2009                 | 2010                             | 2009                 |
| <i>(in Baht)</i>                                   |        |                                      |                      |                                  |                      |
| <b><i>Cash flows from operating activities</i></b> |        |                                      |                      |                                  |                      |
| Profit for the year                                |        | 6,669,767,352                        | 5,013,137,835        | 6,142,569,745                    | 4,597,321,211        |
| <i>Adjustments for</i>                             |        |                                      |                      |                                  |                      |
| Depreciation                                       | 13, 26 | 2,900,446,308                        | 2,684,037,438        | 2,524,094,759                    | 2,298,194,204        |
| Amortisation - intangible assets                   | 26     | 108,606,807                          | 90,572,792           | 69,335,500                       | 58,089,130           |
| Amortisation - leasehold rights                    | 26     | 83,939,748                           | 84,078,902           | 83,939,748                       | 84,078,902           |
| Interest income                                    |        | (339,202,521)                        | (296,895,395)        | (132,934,450)                    | (115,231,430)        |
| Dividend income                                    |        | (37,120)                             | (33,736)             | (463,993,348)                    | (433,995,488)        |
| Finance costs                                      |        | 111,706                              | 2,473,529            | -                                | -                    |
| Income tax expense                                 | 27     | 2,487,358,316                        | 1,773,966,792        | 2,221,683,057                    | 1,536,156,864        |
| Provision for employees' severance pay             | 17     | 217,561,434                          | 77,634,091           | 192,900,000                      | 66,400,000           |
| Allowance for losses on                            |        |                                      |                      |                                  |                      |
| slow-moving inventories                            |        | 209,559,771                          | 137,372,012          | 206,654,570                      | 121,413,846          |
| Bad and doubtful debts expenses                    |        | 2,349,011                            | 7,767,519            | 1,193,776                        | 2,175,234            |
| Impairment (reversal of impairment)                |        |                                      |                      |                                  |                      |
| losses of property, plant and equipment            |        | 1,898,843                            | (2,416,210)          | -                                | -                    |
| Unrealised (gain) loss on exchange                 |        | (33,297,014)                         | 5,812,969            | 3,394,157                        | 2,910,190            |
| Loss on disposal and write-off of                  |        |                                      |                      |                                  |                      |
| property, plant and equipment                      |        | 37,724,902                           | 50,829,056           | 36,584,040                       | 48,824,060           |
| Loss on write-off of intangible assets             |        | -                                    | 11                   | -                                | -                    |
| Gain on disposal of leasehold rights               |        | (455,010)                            | (2,200,186)          | (455,010)                        | (2,200,186)          |
| (Gain) loss on disposal of investments             |        |                                      |                      |                                  |                      |
| in subsidiaries                                    |        | -                                    | (10,115,010)         | -                                | 1,419,060            |
|  |        | <u>12,346,332,533</u>                | <u>9,616,022,409</u> | <u>10,884,966,544</u>            | <u>8,265,555,597</u> |

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

## Statements of cash flows

CP ALL Public Company Limited and its Subsidiaries  
For the years ended 31 December 2010 and 2009

|   | Note | Consolidated<br>financial statements |                      | Separate<br>financial statements |                      |
|---|------|--------------------------------------|----------------------|----------------------------------|----------------------|
|   |      | 2010                                 | 2009                 | 2010                             | 2009                 |
| <i>(in Baht)</i>  |      |                                      |                      |                                  |                      |
| <i>Changes in operating assets and liabilities</i>  |      |                                      |                      |                                  |                      |
| Trade accounts receivable   |      | (37,530,939)                         | 106,518,808          | (33,166,196)                     | (14,182,632)         |
| Other accounts receivable   |      | (276,888,306)                        | 36,821,725           | (315,648,251)                    | 23,331,927           |
| Inventories   |      | (826,775,433)                        | (593,808,872)        | (756,100,882)                    | (651,087,308)        |
| Other current assets  |      | (385,268,294)                        | (691,257,939)        | (351,631,348)                    | (745,978,359)        |
| Other non-current assets  |      | (119,319,905)                        | (18,470,535)         | (22,742,293)                     | (7,691,824)          |
| Trade accounts payable  |      | 2,423,667,585                        | 1,455,734,003        | 2,358,827,227                    | 2,511,724,348        |
| Other current liabilities   |      | 874,985,432                          | 312,346,330          | 449,844,226                      | (156,422,506)        |
| Provision for employees' severance pay  |      | (137,598)                            | -                    | -                                | -                    |
| Accrued guarantee deposits  |      | 424,276,456                          | 273,913,729          | 431,235,936                      | 293,841,439          |
| Income tax paid   |      | (2,083,431,798)                      | (1,492,428,937)      | (1,844,298,728)                  | (1,239,487,345)      |
| <b>Net cash provided by operating activities</b>  |      | <b>12,339,909,733</b>                | <b>9,005,390,721</b> | <b>10,801,286,235</b>            | <b>8,279,603,337</b> |
| <i>Cash flows from investing activities</i>   |      |                                      |                      |                                  |                      |
| Interest received   |      | 182,653,821                          | 150,303,666          | 133,822,719                      | 118,628,376          |
| Dividends received  |      | 37,120                               | 33,736               | 463,993,348                      | 433,995,488          |
| Purchase of current investments   |      | (4,849,562,712)                      | (445,692,264)        | (598,417,012)                    | (1,075,283,526)      |
| Sale of current investments   |      | 1,677,203,278                        | -                    | 1,396,010,076                    | -                    |
| Cash outflow on investments in subsidiaries/liquidation of subsidiary                                     | 11   | (27)                                 | -                    | (10)                             | (1,208,202,000)      |
| Proceeds from disposal of investments in subsidiaries   |      | -                                    | 75                   | -                                | 33                   |
| Cash outflow on investments in convertible bonds of related party   | 12   | -                                    | (1,221,370,093)      | -                                | -                    |
| Cash inflow on exercise of the right to sell investments in convertible preferred shares of related party | 12   | 3,787,726,201                        | -                    | 34,912,765                       | -                    |
| Cash outflow on other long-term investments   |      | (640,883,156)                        | (50,000,000)         | (640,883,156)                    | (50,000,000)         |
| Cash and cash equivalents of disposed subsidiaries  |      | -                                    | (37)                 | -                                | -                    |

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

**Statements of cash flows**CP ALL Public Company Limited and its Subsidiaries  
For the years ended 31 December 2010 and 2009

|  | Note | Consolidated<br>financial statements |                               | Separate<br>financial statements |                               |
|--|------|--------------------------------------|-------------------------------|----------------------------------|-------------------------------|
|  |      | 2010                                 | 2009                          | 2010                             | 2009                          |
|  |      | <i>(in Baht)</i>                     |                               |                                  |                               |
| Cash inflow on long-term loans to related parties                            | 4    | -                                    | -                             | 858,200,000                      | 637,500,000                   |
| Cash outflow on long-term loans to related parties                           | 4    | -                                    | -                             | (600,200,000)                    | (372,000,000)                 |
| Purchase of property, plant and equipment                                    | 32   | (4,093,294,946)                      | (3,674,588,868)               | (3,838,042,599)                  | (3,369,111,086)               |
| Sale of property, plant and equipment  |      | 224,318,477                          | 123,044,105                   | 217,026,656                      | 123,109,902                   |
| Purchase of intangible assets  | 32   | (111,754,892)                        | (138,688,460)                 | (102,973,307)                    | (111,179,546)                 |
| Sale of intangible assets  |      | 101,825                              | -                             | -                                | -                             |
| Purchase of leasehold rights   |      | (54,721,856)                         | (89,022,840)                  | (54,721,856)                     | (89,022,840)                  |
| Sale of leasehold rights   |      | 5,556,928                            | 7,415,658                     | 5,556,928                        | 7,415,658                     |
| <b>Net cash used in investing activities</b>                                 |      | <b><u>(3,872,619,939)</u></b>        | <b><u>(5,338,565,322)</u></b> | <b><u>(2,725,715,448)</u></b>    | <b><u>(4,954,149,541)</u></b> |
| <b><i>Cash flows from financing activities</i></b>                           |      |                                      |                               |                                  |                               |
| Interest paid  |      | (164,687)                            | (3,097,722)                   | -                                | -                             |
| Dividends paid to equity holders of the Company                              | 30   | (5,391,777,629)                      | (2,695,888,814)               | (5,391,777,629)                  | (2,695,888,814)               |
| Dividends paid to minority interests   |      | (6,652)                              | (4,512)                       | -                                | -                             |
| Decrease in overdrafts and short-term borrowings from financial institutions |      | (10,212,018)                         | (157,783,474)                 | -                                | -                             |
| <b>Net cash used in financing activities</b>                                 |      | <b><u>(5,402,160,986)</u></b>        | <b><u>(2,856,774,522)</u></b> | <b><u>(5,391,777,629)</u></b>    | <b><u>(2,695,888,814)</u></b> |
| <b>Net increase in cash and cash equivalents</b>                             |      | <b>3,065,128,808</b>                 | <b>810,050,877</b>            | <b>2,683,793,158</b>             | <b>629,564,982</b>            |
| Cash and cash equivalents at beginning of year                               |      | 12,682,282,755                       | 11,896,726,054                | 9,495,769,282                    | 8,866,204,300                 |
| Effect of exchange rate changes on balances held in foreign currencies       |      | (31,642,460)                         | (24,494,176)                  | -                                | -                             |
| <b>Cash and cash equivalents at end of year</b>                              | 5    | <b><u>15,715,769,103</u></b>         | <b><u>12,682,282,755</u></b>  | <b><u>12,179,562,440</u></b>     | <b><u>9,495,769,282</u></b>   |

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



## Notes to the financial statements

CP ALL Public Company Limited and its Subsidiaries  
For the years ended 31 December 2010 and 2009

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the executive directors on 15 February 2011.

### 1 General information

CP ALL Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 283 Silom Road, Kwang Silom, Khet Bangrak, Bangkok 10500, Thailand.

The Company was listed on the Stock Exchange of Thailand on 14 October 2003.

The ultimate parent company of the Company and its subsidiaries (together referred to as the “Group”) during the financial year was Charoen Pokphand Group Company Limited which incorporated in Thailand.

The principal businesses of the Group are operating convenience stores, payment centers and the related supporting services.

The Company operates convenience stores under the 7-Eleven trademark and franchises to other retailers in the territory of Thailand. The number of 7-Eleven convenience stores as at 31 December 2010 was 5,790 stores (2009: 5,270 stores).

|  | 2010                      | 2009         |
|--|---------------------------|--------------|
|  | <i>(number of stores)</i> |              |
| The Company owns and manages convenience stores                                    | 2,834                     | 2,794        |
| The Company franchises the license to other retailers under management agreements  | 2,541                     | 2,130        |
| The Company franchises the license to other retailers under sub-license agreements | 415                       | 346          |
| <b>Total</b>   | <b>5,790</b>              | <b>5,270</b> |

Details of the Company’s subsidiaries as at 31 December 2010 and 2009 were as follows:

| Name of the entity                     | Type of business   | Country of incorporation | Ownership interest (%) |        |
|--|--|--------------------------|------------------------|--------|
|  |  |                          | 2010                   | 2009   |
| <b>Direct subsidiaries</b>             |  |                          |                        |        |
| Lotus Distribution Investment Limited  | Holding company  | British Virgin Islands   | 100.00                 | 100.00 |
| Counter Service Co., Ltd.              | Bill payment services and distributor of all types of commercial cards and tickets | Thailand                 | 99.99                  | 99.99  |
| Retailink (Thailand) Co., Ltd.         | Distributor of equipment for retailing and software development                    | Thailand                 | 99.99                  | 99.99  |
| C.P. Retailing and Marketing Co., Ltd. | Frozen food plant and bakery   | Thailand                 | 99.99                  | 99.99  |
| Gosoft (Thailand) Co., Ltd.            | Information system design and development services                                 | Thailand                 | 99.99                  | 99.99  |

| Name of the entity   | Type of business                                    | Country of incorporation                | Ownership interest (%) |       |
|--|---|---|------------------------|-------|
|  |   |   | 2010                   | 2009  |
| MAM Heart Co., Ltd.  | Marketing activities planning services              | Thailand                                | 99.99                  | 99.99 |
| Dynamic Management Co., Ltd.   | Logistics and distribution of merchandises services | Thailand                                | 99.99                  | 99.99 |
| Suksapiwat Co., Ltd.   | Educational institution                             | Thailand                                | 99.99                  | 99.99 |
| Panyatara Co., Ltd.  | Training center                                     | Thailand                                | 99.99                  | 99.99 |
| Thai Smart Card Co., Ltd.  | Smart purse card services                           | Thailand                                | 72.64                  | 72.64 |
| <b>Indirect subsidiaries</b>   |   |   |                        |       |
| Panyapiwat Institute of Management (Formerly “Panyapiwat Institute of Technology”) | Educational institution                             | Thailand                                | 99.99                  | 99.99 |
| Panyapiwat Techno Business School  | Educational institution                             | Thailand                                | 99.99                  | 99.99 |
| Thai Smart Terminal Co., Ltd.*   | Distributor of terminal equipment                   | Thailand                                | -                      | 72.64 |
| Successor Investments Limited  | Holding company                                     | Hong Kong Special Administrative Region | 100.00                 | -     |

\*Registered the completeness of liquidation in November 2010

**2 Basis of preparation of the financial statements**

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared in accordance with Thai Accounting Standards (“TAS”) and Thai Financial Reporting Standards (“TFRS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”), applicable rules and regulations of the Thai Securities and Exchange Commission and with generally accepted accounting principles in Thailand.

The Company and local subsidiaries have adopted the revised Framework (revised 2009) for the Preparation and Presentation of Financial Statements (effective on 26 May 2010). The adoption of the revised Framework does not have any material impact on the consolidated and separate financial statements.

The FAP has issued during 2010 a number of new and revised TAS and TFRS which are not currently effective and have not been adopted in the preparation of these financial statements. These new and revised TAS and TFRS, which are relevant to the Company and local subsidiaries, are disclosed in note 34 to the financial statements.

The financial statements are prepared and presented in Thai Baht, rounded in the notes to the financial statements to the million Bath unless otherwise stated. They are prepared on the historical cost basis except as stated in the accounting policies.

The preparation of financial statements in conformity with TAS and TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes to the financial statements:

Note 17 Measurement of provisions for employees' severance pay  
Note 31 Valuation of financial instruments

### **3 Significant accounting policies**

#### **(a) Basis of consolidation**

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group").

##### *Subsidiaries*

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

##### *Business combinations*

Business combinations are accounted for under the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

##### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

#### **(b) Foreign currencies**

##### *Foreign currency transactions*

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

### *Foreign entities*

The assets and liabilities of foreign entities are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are stated at exchange rates ruling at the dates of the transactions.

The revenues and expenses of foreign entities are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognised in a separate component of equity until disposal of the investments.

Where monetary items, in substance, form part of the Group's net investment in a foreign entity, foreign exchange differences arising on such monetary items and related hedges are recognised directly in a separate component of equity until disposal of the investment.

#### **(c) *Hedge of future foreign currency transactions***

Gains and losses from forward exchange contracts and currency swaps used to hedge anticipated future currency transactions are deferred until the forecasted transaction occurs. Where the hedge item is a recognised asset or liability, it is translated at the contracted forward rates.

Foreign currency assets and liabilities hedged by forward exchange contracts are translated to Thai Baht at the contracted forward exchange rates.

#### **(d) *Cash and cash equivalents***

Cash and cash equivalents in the statement of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

#### **(e) *Trade and other accounts receivable***

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

#### **(f) *Inventories***

##### *Raw materials, work in progress and finished goods*

Inventories are stated at the lower of cost and net realisable value.

Costs of the Company's inventories at distribution centers and subsidiaries' inventories are calculated using the weighted average cost principle and comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured finished goods and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Inventories at the 7-Eleven convenience stores of the Company are valued at the retail cost principle, which is calculated using the retail price of inventories less gross profit.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

An allowance for losses is made for all deteriorated, damaged, obsolete and slow-moving inventories.

**(g) Investments**

*Investments in subsidiaries*

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

*Investments in other debt and equity securities*

Debt securities and marketable equity securities held-for-trading are classified as current assets and are stated at fair value with any resultant gain or loss recognised in the statement of income.

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments and stated at amortised cost less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in the statement of income. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the statement of income. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the statement of income.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date.

*Disposal of investments*

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in the statement of income.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

**(h) Property, plant and equipment**

*Owned assets of the Group*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

*Depreciation*

Depreciation is charged to the statement of income on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

|  |                       |
|--|-----------------------|
| Buildings and improvements               | 5, 10 and 20 years    |
| Leasehold improvements                   | Over the lease period |
| Machinery and equipment                  | 5, 7 and 10 years     |
| Furniture, fixtures and office equipment | 3, 5 and 10 years     |
| Other                                    |                       |
| - Electricity and water systems          | 5, 10 and 20 years    |
| - Vehicles                               | 5 years               |

No depreciation is provided on freehold land and assets under construction and installation.

*(i) Intangible assets**Goodwill*

Goodwill in a business combination represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Negative goodwill in a business combination represents the excess of the fair value of the Group's share of the identifiable net assets acquired over the cost of acquisition.

The Group has changed its accounting policy for goodwill with effect from 1 January 2008 as follows:

*Acquisitions prior to 1 January 2008*

Goodwill and negative goodwill were stated at cost from the date of initial recognition and amortised over its estimated useful lives of 10 and 30 years, and 30 years respectively. On 1 January 2008, the Group discontinued amortisation of goodwill. The remaining balance is subject to testing for impairment, as described in note 3 (k) to the financial statements. Negative goodwill carried in the financial statements as at 31 December 2007 was derecognised by crediting unappropriated retained earnings on 1 January 2008.

*Acquisitions on or after 1 January 2008*

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in note 3 (k) to the financial statements. Negative goodwill is recognised immediately in the statement of income.

*Other intangible assets*

Other intangible assets comprising technology and computer software acquired by the Group, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses. Technology and computer software are amortised in the statement of income on a straight line basis over their estimated useful lives from the date that they are available for use. The estimated useful lives of technology and computer software are 5 and 10 years.

*(j) Leasehold rights*

Leasehold rights, acquired by the Group, have finite useful lives and are stated at cost less accumulated amortisation and impairment losses.

### *Amortisation*

Amortisation is recognised in the statement of income. The Company amortises the cost of leasehold rights on a straight line basis over the periods of the lease agreements.

### **(k) Impairment**

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in the statement of income.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the loss that had been recognised directly in equity is recognised in the statement of income even though the financial asset has not been derecognised. The amount of the loss that is recognised in the statement of income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the statement of income.

### *Calculation of recoverable amount*

The recoverable amount of held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

### *Reversals of impairment*

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the statement of income. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(l) Interest-bearing liabilities**

Interest-bearing liabilities are stated at cost.

**(m) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

**(n) Employee benefits**

*Defined contribution plans*

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of income as incurred.

**(o) Provisions**

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**(p) Revenues**

Revenue excludes value added taxes or other sales taxes and is arrived at after deduction of trade discounts.

*Sales of goods and services rendered*

Revenue from the sale of goods is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

*Initial fees, royalties and exclusive fees*

The Company recognises the initial fee obtained under the Management Agreements of the 7-Eleven convenience stores upon completion of the required services for the franchisees.

The Company recognises the royalty fee arising from the license for operating its 7-Eleven convenience stores over the period of the Management Agreements.

The Company has agreements with the merchandise suppliers to purchase their products to distribute in the 7-Eleven convenience stores. Under the terms of the agreements, the Company is entitled to charge exclusive fees for the goods as specified in the agreements. In case of violation or cancellation of the agreements by the Company without reasonable reason, the suppliers have rights to refund such exclusive fees according to the valuation of the remaining period. But in case of cancellation of the agreements by the merchandise suppliers, such exclusive fees are non-refundable. The Company recognises the exclusive fees as income over the periods of agreements.



*Other income*

Other operating income and interest income are recognised in the statement of income on the accrual basis. Dividend income is recognised in the statement of income on the date the Group's right to receive payments is established which in the case of quoted securities is usually the ex-dividend date.

**(q) Expenses***Lease payments*

Payments made under operating leases are recognised in the statement of income on a straight line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease payments made. Contingent rentals are charged to the statement of income for the accounting period in which they are incurred.

*Finance costs*

Interest expenses and similar costs are charged to the statement of income for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

**(r) Income tax**

Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

*Current tax*

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

**4 Related party transactions and balances**

Related parties are those parties linked to the Group and the Company as shareholders or by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market prices exist, at contractually agreed prices.

Relationships with related parties that control or jointly control the Group or are being controlled or jointly controlled by the Group or have transactions with the Group were as follows:

| <b>Name of entities</b>                | <b>Country of incorporation</b> | <b>Nature of relationships</b>                                 |
|--|---------------------------------|--|
| Charoen Pokphand Group Company Limited | Thailand                        | Ultimate parent company of the group and some common directors |
| Lotus Distribution Investment Limited  | British Virgin Islands          | Direct subsidiary, 100.00% shareholding                        |
| Counter Service Co., Ltd.              | Thailand                        | Direct subsidiary, 99.99% shareholding                         |
| Retailink (Thailand) Co., Ltd.         | Thailand                        | Direct subsidiary, 99.99% shareholding                         |
| C.P. Retailing and Marketing Co., Ltd. | Thailand                        | Direct subsidiary, 99.99% shareholding                         |
| Gosoft (Thailand) Co., Ltd.            | Thailand                        | Direct subsidiary, 99.99% shareholding                         |
| MAM Heart Co., Ltd.                    | Thailand                        | Direct subsidiary, 99.99% shareholding                         |

| <b>Name of entities</b>  | <b>Country of incorporation</b> | <b>Nature of relationships</b>  |
|--|---------------------------------|---|
| Dynamic Management Co., Ltd.   | Thailand                        | Direct subsidiary, 99.99% shareholding  |
| Suksapiwat Co., Ltd.   | Thailand                        | Direct subsidiary, 99.99% shareholding  |
| Panyatara Co., Ltd.  | Thailand                        | Direct subsidiary, 99.99% shareholding  |
| Thai Smart Card Co., Ltd.  | Thailand                        | Direct subsidiary, 72.64% shareholding  |
| Panyapiwat Institute of Management<br>(Formerly “Panyapiwat Institute of<br>Technology”) | Thailand                        | Indirect subsidiary, 99.99% shareholding  |
| True Money Co., Ltd.   | Thailand                        | Charoen Pokphand Group Company Limited<br>is a major shareholder                        |
| True Distribution and Sales Co., Ltd.  | Thailand                        | Charoen Pokphand Group Company Limited<br>is a major shareholder                        |
| CPF Food Products Co., Ltd.  | Thailand                        | Charoen Pokphand Group Company Limited<br>is a major shareholder                        |
| C.P. Packaging Industry Co., Ltd.  | Thailand                        | Charoen Pokphand Group Company Limited<br>is a major shareholder                        |
| CPF Trading Co., Ltd.  | Thailand                        | Charoen Pokphand Group Company Limited<br>is a major shareholder                        |
| Bangkok Food Products Co., Ltd.  | Thailand                        | Charoen Pokphand Group Company Limited<br>is a major shareholder                        |
| Charoen Pokphand Northeastern<br>Public Company Limited                                  | Thailand                        | Charoen Pokphand Group Company Limited<br>is a major shareholder                        |
| C.P. Merchandising Co., Ltd.   | Thailand                        | Charoen Pokphand Group Company Limited<br>is a major shareholder and 1 common director  |
| CP-Meiji Co., Ltd.   | Thailand                        | Charoen Pokphand Group Company Limited<br>is a major shareholder and 1 common director  |
| Allianz C.P. General Insurance<br>Co., Ltd.  | Thailand                        | Charoen Pokphand Group Company Limited<br>is a major shareholder and 1 common director  |
| C.P. Land Public Company Limited<br>(Formerly “C.P. Land Co., Ltd.”)                     | Thailand                        | Charoen Pokphand Group Company Limited<br>is a major shareholder and 1 common director  |
| C.P. Consumer Product Co., Ltd.  | Thailand                        | Charoen Pokphand Group Company Limited<br>is a major shareholder and 1 common director  |
| True Universal Convergence Co., Ltd.   | Thailand                        | Charoen Pokphand Group Company Limited<br>is a major shareholder and 1 common director  |
| True Move Co., Ltd.  | Thailand                        | Charoen Pokphand Group Company Limited<br>is a major shareholder and 2 common directors |
| True Corporation Public Company<br>Limited   | Thailand                        | Charoen Pokphand Group Company Limited<br>is a major shareholder and 4 common directors |
| Siam Makro Public Company Limited  | Thailand                        | 1 director of the Company is a major shareholder<br>and 1 common director               |
| C.P. Intertrade Co., Ltd.  | Thailand                        | Chearavanont Group is a major shareholder   |
| C.P. Food Store Co., Ltd.  | Thailand                        | Chearavanont Group is a major shareholder   |
| C.P. Lotus Corporation<br>(Formerly “Chia Tai Enterprises<br>International Limited”)     | Cayman Islands                  | Charoen Pokphand Group Company Limited<br>is a major shareholder and 5 common directors |
| C.P. Holding (BVI) Investment<br>Company Limited   | British Virgin<br>Islands       | Charoen Pokphand Group Company Limited<br>is a major shareholder and 1 common director  |

The pricing policies for particular types of transactions are explained further below:

| <b>Transactions</b>                       | <b>Pricing policies</b>   |
|---|---|
| Sale of goods                             | Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies |
| Service and other operating income        | Contract prices determined by the terms and conditions used in the normal course of business                                      |
| Interest income                           | Financial costs plus administrative expenses  |
| Dividend income                           | Right to receive dividends  |
| Purchase of goods                         | Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies |
| Rental and service fees                   | Rates advised by the lessors and service providers  |
| Technical service fees                    | Contract prices determined by the terms and conditions used in the normal course of business                                      |
| Insurance premiums                        | Standard rates as specified by the insurers   |
| Interest expense                          | Agreed rates stipulated in the agreements   |
| Purchase of property, plant and equipment | Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies |

Significant transactions for the years ended 31 December 2010 and 2009 with related parties were as follows:

|  | <b>Consolidated<br/>financial statements</b> |        | <b>Separate<br/>financial statements</b> |        |
|--|--|--------|--|--------|
|  | 2010   | 2009   | 2010                                     | 2009   |
|  | <i>(in million Baht)</i>                     |        |  |        |
| <b><i>Ultimate parent company</i></b>                |  |        |  |        |
| Administrative expenses                              | 9  | 9      | 9  | 9      |
| <b><i>Subsidiaries</i></b>                           |  |        |  |        |
| Revenue from sale of goods and rendering of services | -  | -      | 328                                      | 306    |
| Interest income                                      | -  | -      | 8  | 37     |
| Dividend income                                      | -  | -      | 464                                      | 434    |
| Other income   | -  | -      | 627                                      | 620    |
| Selling expenses                                     | -  | -      | 664                                      | 571    |
| Administrative expenses                              | -  | -      | 995                                      | 786    |
| Purchases of goods and services                      | -  | -      | 5,897                                    | 4,711  |
| Purchases of property, plant and Equipment           | -  | -      | 1,021                                    | 813    |
| <b><i>Related companies</i></b>                      |  |        |  |        |
| Revenue from sale of goods and rendering of services | 1,221  | 1,236  | 396                                      | 506    |
| Interest income                                      | 31   | 56     | -  | 1      |
| Other income   | 241  | 285    | 229                                      | 282    |
| Selling expenses                                     | 7  | 3      | -  | -      |
| Administrative expenses                              | 219  | 193    | 199                                      | 171    |
| Purchases of goods and services                      | 13,891                                       | 12,538 | 12,786                                   | 11,693 |
| Purchases of property, plant and equipment           | -  | 2      | -  | -      |
| <b><i>Related parties</i></b>                        |  |        |  |        |
| Management benefit expenses                          | 232  | 219    | 232                                      | 210    |
| Directors' remuneration                              | 28   | 22     | 28                                       | 22     |

Balances as at 31 December 2010 and 2009 with related parties were as follows:

**Trade accounts receivable**

|  | Consolidated<br>financial statements |           | Separate<br>financial statements |          |
|--|--------------------------------------|-----------|----------------------------------|----------|
|  | 2010                                 | 2009      | 2010                             | 2009     |
|  | <i>(in million Baht)</i>             |           |                                  |          |
| <b>Related companies</b>                                       |                                      |           |                                  |          |
| C.P. Merchandising Co., Ltd.                                   | 32                                   | 31        | -                                | -        |
| Siam Makro Public Company Limited                              | 24                                   | -         | -                                | -        |
| CPF Trading Co., Ltd.  | 7                                    | 4         | -                                | -        |
| C.P. Intertrade Co., Ltd.                                      | 3                                    | -         | -                                | -        |
| CPF Food Products Co., Ltd.                                    | 1                                    | 2         | -                                | -        |
| True Move Co., Ltd.  | 1                                    | 2         | -                                | -        |
| True Corporation Public Company<br>Limited                     | 1                                    | 1         | -                                | -        |
| Other  | 4                                    | 4         | -                                | -        |
| <b>Total</b>   | <b>73</b>                            | <b>44</b> | <b>-</b>                         | <b>-</b> |
| Less allowance for doubtful accounts                           | (1)                                  | (1)       | -                                | -        |
| <b>Net</b>   | <b>72</b>                            | <b>43</b> | <b>-</b>                         | <b>-</b> |
| <b>Bad debts and doubtful debts<br/>expenses for the years</b> | <b>-</b>                             | <b>-</b>  | <b>-</b>                         | <b>-</b> |

**Other accounts receivable**

|   | Consolidated<br>financial statements |            | Separate<br>financial statements |            |
|---|--------------------------------------|------------|----------------------------------|------------|
|   | 2010                                 | 2009       | 2010                             | 2009       |
|   | <i>(in million Baht)</i>             |            |                                  |            |
| <b>Subsidiaries</b>                         |                                      |            |                                  |            |
| Thai Smart Card Co., Ltd.                   | -                                    | -          | 121                              | 87         |
| Counter Service Co., Ltd.                   | -                                    | -          | 75                               | 64         |
| Other                                       | -                                    | -          | 19                               | 27         |
| <b>Total</b>                                | <b>-</b>                             | <b>-</b>   | <b>215</b>                       | <b>178</b> |
| <b>Related companies</b>                    |                                      |            |                                  |            |
| Allianz C.P. General Insurance<br>Co., Ltd. | 55                                   | -          | 55                               | -          |
| True Money Co., Ltd.                        | 26                                   | 29         | 26                               | 29         |
| CPF Trading Co., Ltd.                       | 14                                   | 51         | 14                               | 51         |
| True Move Co., Ltd.                         | 8                                    | 4          | 8                                | 4          |
| C.P. Lotus Corporation                      | -                                    | 11         | -                                | -          |
| Other                                       | 15                                   | 17         | 15                               | 17         |
| <b>Total</b>                                | <b>118</b>                           | <b>112</b> | <b>118</b>                       | <b>101</b> |
| <b>Grand total</b>                          | <b>118</b>                           | <b>112</b> | <b>333</b>                       | <b>279</b> |

**Prepaid expenses**

|                                       | <b>Consolidated<br/>financial statements</b> |            | <b>Separate<br/>financial statements</b> |            |
|---------------------------------------|--|------------|--|------------|
|                                       | 2010   | 2009       | 2010                                     | 2009       |
|                                       | <i>(in million Baht)</i>                     |            |  |            |
| <b>Related companies</b>              |  |            |  |            |
| True Move Co., Ltd.                   | 979  | -          | 979                                      | -          |
| True Distribution and Sales Co., Ltd. | -  | 538        | -  | 538        |
| True Money Co., Ltd.                  | -  | 381        | -  | 381        |
| <b>Total</b>                          | <b>979</b>                                   | <b>919</b> | <b>979</b>                               | <b>919</b> |

**Long-term loans**

|  | <b>Consolidated<br/>financial statements</b> |          | <b>Separate<br/>financial statements</b> |            |
|--|--|----------|--|------------|
|  | 2010   | 2009     | 2010                                     | 2009       |
|  | <i>(in million Baht)</i>                     |          |  |            |
| <b>Subsidiaries</b>                    |  |          |  |            |
| C.P. Retailing and Marketing Co., Ltd. | -  | -        | 250                                      | 500        |
| Dynamic Management Co., Ltd.           | -  | -        | 13                                       | 21         |
| <b>Total</b>                           | <b>-</b>                                     | <b>-</b> | <b>263</b>                               | <b>521</b> |

All long-term loans of the Company as at 31 December 2010 and 2009 were dominated entirely in Thai Baht.

Movements during the years ended 31 December 2010 and 2009 were as follows:

|                       | <b>Consolidated<br/>financial statements</b> |          | <b>Separate<br/>financial statements</b> |            |
|-----------------------|--|----------|--|------------|
|                       | 2010   | 2009     | 2010                                     | 2009       |
|                       | <i>(in million Baht)</i>                     |          |  |            |
| <b>Subsidiaries</b>   |  |          |  |            |
| At 1 January          | -  | -        | 521                                      | 787        |
| Increases             | -  | -        | 600                                      | 372        |
| Decreases             | -  | -        | (858)                                    | (638)      |
| <b>At 31 December</b> | <b>-</b>                                     | <b>-</b> | <b>263</b>                               | <b>521</b> |

Interest rate as at 31 December 2010 and 2009 was as follows:

|  | <b>Consolidated<br/>financial statements</b> |      | <b>Separate<br/>financial statements</b> |        |
|--|--|------|--|--------|
|  | 2010   | 2009 | 2010                                     | 2009   |
|  | <i>(interest rate per annum)</i>             |      |  |        |
| C.P. Retailing and Marketing Co., Ltd. | -  | -    | 2.375%                                   | 4.875% |
| Dynamic Management Co., Ltd.           | -  | -    | 2.375%                                   | 4.875% |

As at 31 December 2010 and 2009 the balances of long-term loans to subsidiaries were unsecured and without a fixed repayment term.

*Prepaid rental and service fees*

|                                    | Consolidated<br>financial statements |          | Separate<br>financial statements |            |
|------------------------------------|--------------------------------------|----------|----------------------------------|------------|
|                                    | 2010                                 | 2009     | 2010                             | 2009       |
|                                    | <i>(in million Baht)</i>             |          |                                  |            |
| <b>Subsidiary</b>                  |                                      |          |                                  |            |
| Panyapiwat Institute of Management | -                                    | -        | 374                              | 404        |
| <b>Total</b>                       | <u>-</u>                             | <u>-</u> | <u>374</u>                       | <u>404</u> |

During the year 2008 the Company paid for the whole amount of prepaid rental and service fees under the terms of lease and service agreements to a local subsidiary (Panyapiwat Institute of Management) totaling Baht 450 million. The Company amortised prepaid rental and service fees as an expense according to the terms of the agreements (15 years).

As at 31 December 2010 and 2009 the Company's prepaid rental and service fees, net was Baht 374 million and Baht 404 million respectively.

*Trade accounts payable*

|  | Consolidated<br>financial statements |              | Separate<br>financial statements |              |
|--|--------------------------------------|--------------|----------------------------------|--------------|
|  | 2010                                 | 2009         | 2010                             | 2009         |
|  | <i>(in million Baht)</i>             |              |                                  |              |
| <b>Subsidiary</b>                                    |                                      |              |                                  |              |
| C.P. Retailing and Marketing Co., Ltd.               | -                                    | -            | 252                              | 191          |
| <b>Total</b>   | <u>-</u>                             | <u>-</u>     | <u>252</u>                       | <u>191</u>   |
| <b>Related companies</b>                             |                                      |              |                                  |              |
| CPF Trading Co., Ltd.                                | 817                                  | 624          | 610                              | 494          |
| True Money Co., Ltd.                                 | 371                                  | 278          | 359                              | 248          |
| CP-Meiji Co., Ltd.                                   | 170                                  | 141          | 170                              | 141          |
| C.P. Packaging Industry Co., Ltd.                    | 88                                   | 84           | 88                               | 83           |
| C.P. Consumer Product Co., Ltd.                      | 57                                   | 50           | 56                               | 49           |
| C.P. Food Store Co., Ltd.                            | 52                                   | 42           | 34                               | 37           |
| CPF Food Products Co., Ltd.                          | 52                                   | 29           | -                                | -            |
| Charoen Pokphand Northeastern Public Company Limited | 43                                   | 26           | -                                | -            |
| Bangkok Food Products Co., Ltd.                      | 35                                   | 33           | -                                | -            |
| Other  | 160                                  | 123          | 42                               | 30           |
| <b>Total</b>   | <u>1,845</u>                         | <u>1,430</u> | <u>1,359</u>                     | <u>1,082</u> |
| <b>Grand total</b>                                   | <u>1,845</u>                         | <u>1,430</u> | <u>1,611</u>                     | <u>1,273</u> |

*Other accounts payable*

|                                      | Consolidated<br>financial statements |           | Separate<br>financial statements |              |
|--------------------------------------|--------------------------------------|-----------|----------------------------------|--------------|
|                                      | 2010                                 | 2009      | 2010                             | 2009         |
|                                      | <i>(in million Baht)</i>             |           |                                  |              |
| <b>Subsidiaries</b>                  |                                      |           |                                  |              |
| Counter Service Co., Ltd.            | -                                    | -         | 2,509                            | 2,860        |
| Thai Smart Card Co., Ltd.            | -                                    | -         | 173                              | 106          |
| Retailink (Thailand) Co., Ltd.       | -                                    | -         | 124                              | 157          |
| Gosoft (Thailand) Co., Ltd.          | -                                    | -         | 30                               | 69           |
| MAM Heart Co., Ltd                   | -                                    | -         | 24                               | 19           |
| Panyatara Co., Ltd.                  | -                                    | -         | 13                               | 9            |
| Other                                | -                                    | -         | 1                                | 1            |
| <b>Total</b>                         | <b>-</b>                             | <b>-</b>  | <b>2,874</b>                     | <b>3,221</b> |
| <b>Related companies</b>             |                                      |           |                                  |              |
| True Universal Convergence Co., Ltd. | 6                                    | -         | 6                                | -            |
| C.P. Intertrade Co., Ltd.            | 3                                    | 2         | -                                | -            |
| True Move Co., Ltd.                  | 2                                    | 2         | 2                                | 2            |
| Other                                | 10                                   | 14        | 1                                | 1            |
| <b>Total</b>                         | <b>21</b>                            | <b>18</b> | <b>9</b>                         | <b>3</b>     |
| <b>Grand total</b>                   | <b>21</b>                            | <b>18</b> | <b>2,883</b>                     | <b>3,224</b> |

*Significant agreements with related parties*

As at 31 December 2010 the Group had the following significant agreements with related parties.

- (a) The Company and its local subsidiaries have lease and service agreements with C.P. Land Public Company Limited., a related company, for lease spaces in its building for offices of the Company and the subsidiaries. In consideration thereof, the Company and the subsidiaries agree to pay monthly rental and services fees totaling Baht 6.1 million, and place guarantee deposits with the related company totaling Baht 18.2 million. The guarantee deposits will be refunded to the Company and the subsidiaries upon the termination of the lease.
- (b) The Company and a local subsidiary have service agreements covering technical advisory, management, technical assistances and right to use the trademark and services of Charoen Pokphand Group Company Limited, the ultimate parent company. In consideration thereof, the Company and the subsidiary agree to pay a monthly service fee to the ultimate parent company totaling Baht 0.8 million and a fee calculated at the rate of 0.5% of total sales value of products stipulated in the agreements respectively.
- (c) The Company has a cash management agreement with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agrees to provide cash management services under conditions stipulated in the agreement to the subsidiary. In consideration thereof, the subsidiary agrees to pay a cash management service fee to the Company at the rates stipulated in the agreement, and the Company agrees to pay benefits for cash management to the subsidiary at the rate stipulated in the agreement. If either party has intention to terminate the agreement, a written notification must be made to the other party at least 60 days before the expiry date of the agreement.

- (d) The Company has service agreements with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreements, the Company agrees to provide the installation of computer system to support bill payment services. In consideration thereof, the subsidiary agrees to pay various monthly service fees to the Company in accordance with the types of services stipulated in the agreements.
- (e) The Company has a service agreement with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agrees to be appointed as the agent of the subsidiary for bill payment services under conditions stipulated in the agreement. In consideration thereof, the subsidiary agrees to pay a service fee to the Company at the amount stipulated in the agreement. If either party has intention to terminate the agreement, a written notification must be made to the other party at least 60 days before the expiry date of the agreement.
- (f) The Company has lease and service agreements with Panyapiwat Institute of Management, a local subsidiary, for lease of its building spaces for field consultant conference, trade show, franchisee conference and other activities for a period of 15 years.
- (g) The Company has a maintenance service agreement with Retailink (Thailand) Co., Ltd., a local subsidiary. Under the terms of the agreement, the subsidiary agrees to provide the maintenance of the computer hardware and equipment services to the Company. In consideration thereof, the Company agrees to pay an annual service fee to the subsidiary at the amount stipulated in the agreement.

## 5 Cash and cash equivalents

|                                      | Consolidated<br>financial statements |               | Separate<br>financial statements |              |
|--------------------------------------|--------------------------------------|---------------|----------------------------------|--------------|
|                                      | 2010                                 | 2009          | 2010                             | 2009         |
|                                      | <i>(in million Baht)</i>             |               |                                  |              |
| Cash on hand                         | 4,212                                | 3,994         | 4,211                            | 3,993        |
| Cash at financial institutions       |                                      |               |                                  |              |
| - current accounts                   | 511                                  | 255           | 440                              | 189          |
| Cash at financial institutions       |                                      |               |                                  |              |
| - savings accounts                   | 6,623                                | 6,273         | 4,110                            | 4,378        |
| Highly liquid short-term investments | 4,370                                | 2,160         | 3,419                            | 936          |
| <b>Total</b>                         | <b>15,716</b>                        | <b>12,682</b> | <b>12,180</b>                    | <b>9,496</b> |

The currency denomination of cash and cash equivalents as at 31 December 2010 and 2009 was as follows:

|                       | Consolidated<br>financial statements |               | Separate<br>financial statements |              |
|-----------------------|--------------------------------------|---------------|----------------------------------|--------------|
|                       | 2010                                 | 2009          | 2010                             | 2009         |
|                       | <i>(in million Baht)</i>             |               |                                  |              |
| Thai Baht             | 15,615                               | 12,146        | 12,180                           | 9,496        |
| United States Dollars | 97                                   | 532           | -                                | -            |
| China Renminbi        | 3                                    | -             | -                                | -            |
| Hong Kong Dollars     | 1                                    | 4             | -                                | -            |
| <b>Total</b>          | <b>15,716</b>                        | <b>12,682</b> | <b>12,180</b>                    | <b>9,496</b> |



## 6 Current investments

|                                | Consolidated<br>financial statements |              | Separate<br>financial statements |              |
|--------------------------------|--------------------------------------|--------------|----------------------------------|--------------|
|                                | 2010                                 | 2009         | 2010                             | 2009         |
|                                | <i>(in million Baht)</i>             |              |                                  |              |
| <b>Current</b>                 |                                      |              |                                  |              |
| Cash at financial institutions |                                      |              |                                  |              |
| - time deposits                | 4,038                                | -            | -                                | -            |
| Promissory notes               | 200                                  | 500          | 200                              | 500          |
| Government bonds               | 198                                  | 696          | 198                              | 696          |
| <b>Total</b>                   | <b>4,436</b>                         | <b>1,196</b> | <b>398</b>                       | <b>1,196</b> |

The currency denomination of current investments as at 31 December 2010 and 2009 was as follows:

|                | Consolidated<br>financial statements |              | Separate<br>financial statements |              |
|----------------|--------------------------------------|--------------|----------------------------------|--------------|
|                | 2010                                 | 2009         | 2010                             | 2009         |
|                | <i>(in million Baht)</i>             |              |                                  |              |
| China Renminbi | 4,038                                | -            | -                                | -            |
| Thai Baht      | 398                                  | 1,196        | 398                              | 1,196        |
| <b>Total</b>   | <b>4,436</b>                         | <b>1,196</b> | <b>398</b>                       | <b>1,196</b> |

## 7 Trade accounts receivable

|   | Note | Consolidated<br>financial statements |            | Separate<br>financial statements |            |
|---|------|--------------------------------------|------------|----------------------------------|------------|
|   |      | 2010                                 | 2009       | 2010                             | 2009       |
|   |      | <i>(in million Baht)</i>             |            |                                  |            |
| Related parties   | 4    | 73                                   | 44         | -                                | -          |
| Other parties   |      | 422                                  | 415        | 151                              | 118        |
| <b>Total</b>  |      | <b>495</b>                           | <b>459</b> | <b>151</b>                       | <b>118</b> |
| Less allowance for doubtful<br>accounts                       |      | (21)                                 | (20)       | -                                | -          |
| <b>Net</b>  |      | <b>474</b>                           | <b>439</b> | <b>151</b>                       | <b>118</b> |
| <b>Bad debts and doubtful debts<br/>expenses for the year</b> |      | <b>1</b>                             | <b>6</b>   | <b>-</b>                         | <b>-</b>   |

Aging analyses for trade accounts receivable were as follows:

|   | Note | Consolidated<br>financial statements |           | Separate<br>financial statements |          |
|---|------|--------------------------------------|-----------|----------------------------------|----------|
|   |      | 2010                                 | 2009      | 2010                             | 2009     |
|   |      | <i>(in million Baht)</i>             |           |                                  |          |
| <b>Related parties</b>                  |      |                                      |           |                                  |          |
| Within credit terms                     |      | 65                                   | 41        | -                                | -        |
| Overdue less than 3 months              |      | 8                                    | 3         | -                                | -        |
| <b>Total</b>                            |      | <b>73</b>                            | <b>44</b> | <b>-</b>                         | <b>-</b> |
| Less allowance for doubtful<br>accounts |      | (1)                                  | (1)       | -                                | -        |
| <b>Net</b>                              | 4    | <b>72</b>                            | <b>43</b> | <b>-</b>                         | <b>-</b> |

| Note                                    | Consolidated<br>financial statements |            | Separate<br>financial statements |            |
|---|--------------------------------------|------------|----------------------------------|------------|
|   | 2010                                 | 2009       | 2010                             | 2009       |
|   | <i>(in million Baht)</i>             |            |                                  |            |
| <b>Other parties</b>                    |                                      |            |                                  |            |
| Within credit terms                     | 361                                  | 265        | 149                              | 118        |
| Overdue:                                |                                      |            |                                  |            |
| Less than 3 months                      | 52                                   | 137        | 2                                | -          |
| 3 - 6 months                            | 1                                    | 1          | -                                | -          |
| 6 - 12 months                           | 1                                    | 4          | -                                | -          |
| Over 12 months                          | 7                                    | 8          | -                                | -          |
| <b>Total</b>                            | <b>422</b>                           | <b>415</b> | <b>151</b>                       | <b>118</b> |
| Less allowance for doubtful<br>accounts | (20)                                 | (19)       | -                                | -          |
| <b>Net</b>                              | <b>402</b>                           | <b>396</b> | <b>151</b>                       | <b>118</b> |
| <b>Grand total</b>                      | <b>474</b>                           | <b>439</b> | <b>151</b>                       | <b>118</b> |

The normal credit term granted by the Group ranges from 7 days to 90 days.

The currency denomination of trade accounts receivable of the Group as at 31 December 2010 and 2009 was as follows:

|                | Consolidated<br>financial statements |            | Separate<br>financial statements |            |
|----------------|--------------------------------------|------------|----------------------------------|------------|
|                | 2010                                 | 2009       | 2010                             | 2009       |
|                | <i>(in million Baht)</i>             |            |                                  |            |
| Thai Baht      | 474                                  | 431        | 151                              | 118        |
| Pound Sterling | -                                    | 7          | -                                | -          |
| Euro           | -                                    | 1          | -                                | -          |
| <b>Total</b>   | <b>474</b>                           | <b>439</b> | <b>151</b>                       | <b>118</b> |

## 8 Other accounts receivable

| Note  | Consolidated<br>financial statements |            | Separate<br>financial statements |            |
|---|--------------------------------------|------------|----------------------------------|------------|
|   | 2010                                 | 2009       | 2010                             | 2009       |
|   | <i>(in million Baht)</i>             |            |                                  |            |
| Related parties   | 4 118                                | 112        | 333                              | 279        |
| Other parties   | 644                                  | 385        | 640                              | 382        |
| <b>Total</b>  | <b>762</b>                           | <b>497</b> | <b>973</b>                       | <b>661</b> |
| Less allowance for doubtful<br>accounts                       | (10)                                 | (11)       | (10)                             | (11)       |
| <b>Net</b>  | <b>752</b>                           | <b>486</b> | <b>963</b>                       | <b>650</b> |
| <b>Bad debts and doubtful debts<br/>expenses for the year</b> | <b>1</b>                             | <b>2</b>   | <b>1</b>                         | <b>2</b>   |

Aging analyses for other accounts receivable were as follows:

|   | Note | Consolidated<br>financial statements |            | Separate<br>financial statements |            |
|---|------|--------------------------------------|------------|----------------------------------|------------|
|   |      | 2010                                 | 2009       | 2010                             | 2009       |
|   |      | <i>(in million Baht)</i>             |            |                                  |            |
| <b>Related parties</b>                  |      |                                      |            |                                  |            |
| Within credit terms                     |      | 102                                  | 90         | 316                              | 249        |
| Overdue:                                |      |                                      |            |                                  |            |
| Less than 3 months                      |      | 15                                   | 22         | 16                               | 30         |
| 3 - 6 months                            |      | 1                                    | -          | 1                                | -          |
| <b>Total</b>                            | 4    | <b>118</b>                           | <b>112</b> | <b>333</b>                       | <b>279</b> |
| <b>Other parties</b>                    |      |                                      |            |                                  |            |
| Within credit terms                     |      | 491                                  | 330        | 489                              | 328        |
| Overdue:                                |      |                                      |            |                                  |            |
| Less than 3 months                      |      | 144                                  | 45         | 143                              | 44         |
| 3 - 6 months                            |      | 1                                    | 1          | -                                | 1          |
| 6 - 12 months                           |      | -                                    | 2          | -                                | 2          |
| Over 12 months                          |      | 8                                    | 7          | 8                                | 7          |
| <b>Total</b>                            |      | <b>644</b>                           | <b>385</b> | <b>640</b>                       | <b>382</b> |
| Less allowance for doubtful<br>accounts |      | (10)                                 | (11)       | (10)                             | (11)       |
| <b>Net</b>                              |      | <b>634</b>                           | <b>374</b> | <b>630</b>                       | <b>371</b> |
| <b>Grand total</b>                      |      | <b>752</b>                           | <b>486</b> | <b>963</b>                       | <b>650</b> |

The normal credit term granted by the Group ranges from 7 days to 90 days.

The currency denomination of other accounts receivable as at 31 December 2010 and 2009 was as follows:

|                   | Consolidated<br>financial statements |            | Separate<br>financial statements |            |
|-------------------|--------------------------------------|------------|----------------------------------|------------|
|                   | 2010                                 | 2009       | 2010                             | 2009       |
|                   | <i>(in million Baht)</i>             |            |                                  |            |
| Thai Baht         | 752                                  | 475        | 963                              | 650        |
| Hong Kong Dollars | -                                    | 11         | -                                | -          |
| <b>Total</b>      | <b>752</b>                           | <b>486</b> | <b>963</b>                       | <b>650</b> |

## 9 Inventories

|   | Consolidated<br>financial statements |              | Separate<br>financial statements |              |
|---|--------------------------------------|--------------|----------------------------------|--------------|
|   | 2010                                 | 2009         | 2010                             | 2009         |
|   | <i>(in million Baht)</i>             |              |                                  |              |
| Finished goods  | 6,821                                | 6,023        | 6,495                            | 5,739        |
| Work in progress  | 29                                   | 28           | -                                | -            |
| Raw materials   | 186                                  | 157          | -                                | -            |
| <b>Total</b>  | <b>7,036</b>                         | <b>6,208</b> | <b>6,495</b>                     | <b>5,739</b> |
| Less allowance for losses on<br>slow-moving inventories | (518)                                | (308)        | (476)                            | (269)        |
| <b>Net</b>  | <b>6,518</b>                         | <b>5,900</b> | <b>6,019</b>                     | <b>5,470</b> |

The cost of inventories which is recognised as an expense and presented as part of the accounts “Cost of sale of goods and rendering of services” and “Selling expenses” in the statements of income for the year ended 31 December 2010 amounted to Baht 97,569 million (2009: Baht 81,618 million) and Baht 888 million (2009: Baht 678 million) respectively for the consolidated financial statements and Baht 97,015 million (2009: Baht 80,928 million) and Baht 887 million (2009: Baht 676 million) respectively for the separate financial statements.

## 10 Other current assets

|                                | Consolidated<br>financial statements |              | Separate<br>financial statements |              |
|--------------------------------|--------------------------------------|--------------|----------------------------------|--------------|
|                                | 2010                                 | 2009         | 2010                             | 2009         |
|                                | <i>(in million Baht)</i>             |              |                                  |              |
| Prepaid expenses               | 1,092                                | 977          | 1,065                            | 973          |
| Cash card                      | 1,050                                | 793          | 1,050                            | 793          |
| Accrued income                 | 427                                  | 376          | 405                              | 377          |
| Suspense input value added tax | 119                                  | 62           | 110                              | 47           |
| Loans to other companies       | 53                                   | 113          | 53                               | 113          |
| Other                          | 77                                   | 101          | 51                               | 79           |
| <b>Total</b>                   | <b>2,818</b>                         | <b>2,422</b> | <b>2,734</b>                     | <b>2,382</b> |

## 11 Investments in subsidiaries

Movements during the years ended 31 December 2010 and 2009 were as follows:

|                        | Consolidated<br>financial statements |          | Separate<br>financial statements |              |
|------------------------|--------------------------------------|----------|----------------------------------|--------------|
|                        | 2010                                 | 2009     | 2010                             | 2009         |
|                        | <i>(in million Baht)</i>             |          |                                  |              |
| At 1 January           | -                                    | -        | 6,505                            | 5,298        |
| Additional investments | -                                    | -        | -                                | 1,208        |
| Disposals              | -                                    | -        | -                                | (1)          |
| <b>At 31 December</b>  | <b>-</b>                             | <b>-</b> | <b>6,505</b>                     | <b>6,505</b> |

Details of the additional investments during the years ended 31 December 2010 and 2009 were as follows:

|                                       | Consolidated<br>financial statements |          | Separate<br>financial statements |              |
|---------------------------------------|--------------------------------------|----------|----------------------------------|--------------|
|                                       | 2010                                 | 2009     | 2010                             | 2009         |
|                                       | <i>(in million Baht)</i>             |          |                                  |              |
| Lotus Distribution Investment Limited | -                                    | -        | -                                | 1,208        |
| <b>Total</b>                          | <b>-</b>                             | <b>-</b> | <b>-</b>                         | <b>1,208</b> |

On 23 June 2009 the Company's board of directors approved the following significant resolutions:

- (a) The increase of registered capital of a foreign subsidiary (Lotus Distribution Investment Limited ("LDI")) amounting to U.S. Dollars 35 million. The registered capital was approved to increase from U.S. Dollars 82 million to U.S. Dollars 117 million.
- (b) The additional investment in LDI amounting to U.S. Dollars 35.4 million is being spent for the acquisition of convertible bonds issued by C.P. Lotus Corporation (Formerly "Chia Tai Enterprises International Limited").

On 8 July 2009 the Company additional invested in LDI in accordance with the approved resolution of the Company's board of directors amounting to U.S. Dollars 35.4 million or equivalent to Baht 1,208 million. As a result, the investment value in LDI has been increased from U.S. Dollars 80.8 million (equivalent to approximately Baht 2,649 million) to U.S. Dollars 116.2 million (equivalent to approximately Baht 3,857 million).

Investments in subsidiaries as at 31 December 2010 and 2009, and dividend income for the years then ended were as follows:

| <b>Separate financial statements</b>   |                    |        |                   |       |                   |              |                 |            |
|--|--------------------|--------|-------------------|-------|-------------------|--------------|-----------------|------------|
|  | Ownership interest |        | Paid-up capital   |       | Cost method       |              | Dividend income |            |
|  | 2010               | 2009   | 2010              | 2009  | 2010              | 2009         | 2010            | 2009       |
|  | (%)                |        | (in million US\$) |       | (in million Baht) |              |                 |            |
| <b>Foreign subsidiary</b>              |                    |        |                   |       |                   |              |                 |            |
| Lotus Distribution Investment Limited  | 100.00             | 100.00 | 116               | 116   | 3,857             | 3,857        | -               | -          |
| <b>Total</b>                           |                    |        |                   |       | <b>3,857</b>      | <b>3,857</b> |                 |            |
| <b>Local subsidiaries</b>              |                    |        |                   |       |                   |              |                 |            |
| Suksapiwat Co., Ltd.                   | 99.99              | 99.99  | 810               | 810   | 810               | 810          | -               | -          |
| C.P. Retailing and Marketing Co., Ltd. | 99.99              | 99.99  | 600               | 600   | 600               | 600          | -               | -          |
| Counter Service Co., Ltd.              | 99.99              | 99.99  | 70                | 70    | 61                | 61           | 329             | 364        |
| Retailink (Thailand) Co., Ltd.         | 99.99              | 99.99  | 20                | 20    | 20                | 20           | 20              | -          |
| Dynamic Management Co., Ltd.           | 99.99              | 99.99  | 2                 | 2     | 2                 | 2            | -               | -          |
| Gosoft (Thailand) Co., Ltd.            | 99.99              | 99.99  | 2                 | 2     | 2                 | 2            | 20              | -          |
| MAM Heart Co., Ltd.                    | 99.99              | 99.99  | 1                 | 1     | 1                 | 1            | 15              | 20         |
| Panyatara Co., Ltd.                    | 99.99              | 99.99  | 1                 | 1     | 1                 | 1            | 80              | 50         |
| Thai Smart Card Co., Ltd.              | 72.64              | 72.64  | 1,600             | 1,600 | 1,151             | 1,151        | -               | -          |
| <b>Total</b>                           |                    |        |                   |       | <b>2,648</b>      | <b>2,648</b> | <b>464</b>      | <b>434</b> |
| <b>Grand total</b>                     |                    |        |                   |       | <b>6,505</b>      | <b>6,505</b> | <b>464</b>      | <b>434</b> |

## 12 Other investments in related party

Other investments in related party as at 31 December 2010 and 2009 were as follows:

|  | Consolidated<br>financial statements |              | Separate<br>financial statements |           |
|--|--------------------------------------|--------------|----------------------------------|-----------|
|  | 2010                                 | 2009         | 2010                             | 2009      |
|  | <i>(in million Baht)</i>             |              |                                  |           |
| <i>Held-to-maturity debt securities<br/>- at amortised cost</i>                      |                                      |              |                                  |           |
| <b>Related company</b>   |                                      |              |                                  |           |
| C.P. Lotus Corporation (Formerly<br>“Chia Tai Enterprises International<br>Limited”) | -                                    | 5,821        | -                                | 60        |
| <b>Total</b>   | <u>-</u>                             | <u>5,821</u> | <u>-</u>                         | <u>60</u> |

All other investments in related party of the Group as at 31 December 2009 was denominated entirely in Hang Kong Dollars.

Movements during the years ended 31 December 2010 and 2009 were as follows:

|  | Consolidated<br>financial statements |              | Separate<br>financial statements |           |
|--|--------------------------------------|--------------|----------------------------------|-----------|
|  | 2010                                 | 2009         | 2010                             | 2009      |
|  | <i>(in million Baht)</i>             |              |                                  |           |
| At 1 January   | 5,821                                | 4,726        | 60                               | 63        |
| Additional investments   | -                                    | 1,221        | -                                | -         |
| Realisation of discounted value<br>of convertible bonds to income  | 159                                  | 144          | -                                | -         |
| Investments in convertible bonds   | (5,980)                              | -            | (60)                             | -         |
| Investments in convertible<br>preferred shares   | 5,980                                | -            | 60                               | -         |
| Loss on changes of investments in<br>convertible bonds to investments<br>in convertible preferred shares                               | (1,769)                              | -            | (21)                             | -         |
| Effect of exchange rate changes on<br>investments in convertible bonds<br>and convertible preferred shares<br>held in foreign currency | (183)                                | (270)        | (2)                              | (3)       |
| Disposal of investments in<br>convertible preferred shares   | (4,028)                              | -            | (37)                             | -         |
| <b>At 31 December</b>  | <u>-</u>                             | <u>5,821</u> | <u>-</u>                         | <u>60</u> |

During the third quarter of 2009 the Company acquired convertible bonds issued by a related company (C.P. Lotus Corporation (“C.P. Lotus”)) from a foreign company for Hong Kong Dollars 273 million or equivalent to Baht 1,221 million. The difference between the acquisition cost and redemption value is realised as income using the effective interest method over the remaining period of the convertible bonds. The Company realised the difference as income in the consolidated financial statements for the year ended 31 December 2010 amounting to Baht 159 million (2009: Baht 144 million).

Details of investment in convertible bonds as at 31 December 2009 were as follows:

|                          |   |
|--------------------------|---|
| Principal amount         | Hong Kong Dollars 1,519.9 million for the consolidated financial statements and Hong Kong Dollars 14 million for the separate financial statements  |
| Par value                | Hong Kong Dollars 50 million per unit   |
| Bond classification      | Unsecured and registered name   |
| Maturity/redemption      | 3 years from 31 October 2008 unless either of the following events occur; <ol style="list-style-type: none"> <li>1) previously redeemed, converted or purchased and cancelled before the third anniversary or</li> <li>2) the fifth anniversary from 31 October 2008, if mutually agreed in writing between C.P. Lotus and the bondholders</li> </ol> |
| Coupon rate              | 1% per annum, however, if the bonds are no converted on the third or the fifth anniversary, bondholders would receive such amount which would resulting a 3.5% per annum yield to maturity on the principal amount for retroactive 3 years or 5 years   |
| Conversion               | The holders of convertible bonds shall have the right to convert any convertible bonds into C.P. Lotus's ordinary shares during the conversion period. In addition, the convertible bonds will be automatically converted upon events as stipulated in the agreement.   |
| Conversion price         | Hong Kong Dollars 0.39 per share  |
| Conversion ratio         | 1 unit of convertible bond per C.P. Lotus 128.205 million ordinary shares.  |
| Conversion period        | Throughout the maturity date/redemption period and subject to the conditions of conversion  |
| Exercise condition       | Such convertible bonds may be converted only one time and in the whole amount within the maturity date/redemption period and subject to the condition that such conversion shall not cause the free float of C.P. Lotus to be lower than the level established by the Hong Kong Securities Market.  |
| Default rate             | In case of defaults in the payment of any sum due and payable under the bonds, C.P. Lotus shall pay interest on such sum to the Company and the subsidiary from the due date to the date of actual payment in full calculated at the rate of 3-month HIBOR plus 4% per annum.   |
| Rank of conversion share | The conversion shares shall rank pari passu with all C.P. Lotus shares.   |
| Governing law            | Laws of Hong Kong Special Administrative Region   |

At the extraordinary meeting of the shareholders of the Company held on 29 June 2010, the Company's shareholders approved the entering into the connected transactions regarding the assets in relation to the investment in convertible bonds of C.P. Lotus within the third quarter of 2010 as follows:

- (1) Changes of investments from the convertible bonds ("CB") issued by C.P. Lotus, which can be converted into C.P. Lotus's ordinary shares, held by the Company and a foreign subsidiary (Lotus Distribution Investment Limited ("LDI")) in a total face value of CB amounted to HKD 1,519.9 million into the investment in convertible preferred shares ("CPS"), which can be converted into C.P. Lotus's ordinary shares for 3,897,110,334 shares; and



- (2) The entering into Put Option/Call Option agreement of CPS issued by C.P. Lotus; hereby, the Company and LDI are granted an option to sell (Put Option) CPS up to 3,897,110,334 shares (or up to 100% of the total issued CPS held by the Company and LDI) to the ultimate parent company (Charoen Pokphand Group Company Limited (“CPG”)) or the person designated by CPG; whereof, CPG has designated a related company (C.P. Holding (BVI) Investment Company Limited (“CPH”)) as the person to enter into the agreement, within 180 days from the date of transaction but no later than 30 September 2010 with the exercise price of 90% of C.P. Lotus’s weighted average closing price of the share for the last 30 trading days (during 22 January 2010 to 8 March 2010) or equivalent to HKD 0.248 per share. The consideration will be in cash amounted not exceeding HKD 966.5 million. Concurrently, CPH is granted an option to purchase (Call Option) CPS up to 1,948,555,167 shares (or up to 50% of the total issued CPS held by the Company and LDI) from LDI within 180 days from the date of transaction but no later than 30 September 2010 with the exercise price of 100% of C.P. Lotus’s weighted average closing price of the share for the last 30 trading days (during 22 January 2010 to 8 March 2010) or equivalent to HKD 0.276 per share. The consideration will be in cash amounted not exceeding HKD 537.8 million.
- (3) The exercise of the right to sell (Put Option) C.P. Lotus’s Convertible Preferred Shares held by the Company and LDI in whole of the total issued CPS of 3,897,110,334 shares to CPH immediately after receiving C.P. Lotus’s CPS at the exercise price of HKD 0.248 per share. The consideration for CPS will be in cash amounted to HKD 966.5 million.

As at 30 June 2010 the Company and LDI had exercised the right to sell (Put Option) C.P. Lotus’s CPS held by the Company and LDI in whole of the total issued CPS of 3,897,110,334 shares to CPH at the exercise price of HKD 0.248 per share and CPH had acknowledged such exercise of the Put Option on 16 July 2010. CPH paid cash for CPS to the Company and LDI on 30 September 2010 totaling HKD 966.5 million or equivalent to Baht 3,787.7 million (HKD 8.9 million or equivalent to Baht 34.9 million for the Company and HKD 957.6 million or equivalent to Baht 3,752.8 million for LDI). In this regard, as at 30 September 2010 the Company made a reversal transaction of income (expense) relating to the common control transactions, which were previously recorded directly in equity, into the account “Unappropriated retained earnings”. These consist of:

|  | 30 September 2010           |                             |
|--|-----------------------------|-----------------------------|
|  | <b>Consolidated</b>         | <b>Separate</b>             |
|  | <b>financial statements</b> | <b>financial statements</b> |
|  | <i>(in million Baht)</i>    |                             |
| Surplus on common control transactions   | 5,631                       | 40                          |
| Change in fair value of changes in investments<br>in convertible bonds to investments in<br>convertible preferred shares | (1,769)                     | (21)                        |
| Translation differences relating to the disposal of<br>investments in convertible preferred shares                       | (129)                       | -                           |
| <b>Total</b>   | <b>3,733</b>                | <b>19</b>                   |

## 13 Property, plant and equipment

|   | Consolidated financial statements |                                      |                         |  |  |              | Total         |
|---|-----------------------------------|--------------------------------------|-------------------------|--|--|--------------|---------------|
|   | Land                              | Buildings and leasehold improvements | Machinery and equipment | Furniture, fixtures and office equipment | Assets under construction and installation | Other        |               |
| <i>Cost</i>                                   |                                   |                                      |                         |  |  |              |               |
| At 1 January 2009                             | 1,277                             | 7,360                                | 5,892                   | 6,219                                    | 354  | 2,025        | 23,127        |
| Additions                                     | 207                               | 1,198                                | 1,040                   | 1,176                                    | 1,469                                      | 379          | 5,469         |
| Disposals/transfers                           | -                                 | (133)                                | (303)                   | (676)                                    | (1,712)                                    | (63)         | (2,887)       |
| <b>At 31 December 2009 and 1 January 2010</b> | <b>1,484</b>                      | <b>8,425</b>                         | <b>6,629</b>            | <b>6,719</b>                             | <b>111</b>                                 | <b>2,341</b> | <b>25,709</b> |
| Additions                                     | 218                               | 1,396                                | 1,027                   | 1,157                                    | 1,833                                      | 419          | 6,050         |
| Disposals/transfers                           | -                                 | (224)                                | (228)                   | (651)                                    | (1,853)                                    | (74)         | (3,030)       |
| <b>At 31 December 2010</b>                    | <b>1,702</b>                      | <b>9,597</b>                         | <b>7,428</b>            | <b>7,225</b>                             | <b>91</b>                                  | <b>2,686</b> | <b>28,729</b> |

*(in million Baht)*

**Consolidated financial statements**

|   | Land  | Buildings and leasehold improvements | Machinery and equipment | Furniture, fixtures and office equipment | Assets under construction and installation | Other          | Total           |
|---|-------|--------------------------------------|-------------------------|--|--|----------------|-----------------|
| <i>(in million Baht)</i>                              |       |                                      |                         |  |  |                |                 |
| <b>Accumulated depreciation and impairment losses</b> |       |                                      |                         |  |  |                |                 |
| At 1 January 2009                                     | -     | (2,448)                              | (3,316)                 | (3,583)                                  | -  | (1,120)        | (10,467)        |
| Depreciation charge for the year                      | -     | (611)                                | (876)                   | (939)                                    | -  | (258)          | (2,684)         |
| Reversal of impairment losses                         | -     | -                                    | 2                       | -  | -  | -              | 2               |
| Disposals/transfers                                   | -     | 68                                   | 246                     | 578                                      | -  | 39             | 931             |
| <b>At 31 December 2009 and 1 January 2010</b>         | -     | <b>(2,991)</b>                       | <b>(3,944)</b>          | <b>(3,944)</b>                           | -  | <b>(1,339)</b> | <b>(12,218)</b> |
| Depreciation charge for the year                      | -     | (692)                                | (931)                   | (982)                                    | -  | (295)          | (2,900)         |
| Impairment losses                                     | -     | -                                    | -                       | -  | (2)  | -              | (2)             |
| Disposals/transfers                                   | -     | 146                                  | 167                     | 558                                      | -  | 45             | 916             |
| <b>At 31 December 2010</b>                            | -     | <b>(3,537)</b>                       | <b>(4,708)</b>          | <b>(4,368)</b>                           | <b>(2)</b>                                 | <b>(1,589)</b> | <b>(14,204)</b> |
| <b>Net book value</b>                                 |       |                                      |                         |  |  |                |                 |
| At 1 January 2009                                     | 1,277 | 4,912                                | 2,576                   | 2,636                                    | 354  | 905            | 12,660          |
| At 31 December 2009 and 1 January 2010                | 1,484 | 5,434                                | 2,685                   | 2,775                                    | 111  | 1,002          | 13,491          |
| At 31 December 2010                                   | 1,702 | 6,060                                | 2,720                   | 2,857                                    | 89   | 1,097          | 14,525          |

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 December 2010 amounted to Baht 5,626 million (2009: Baht 4,997 million).

|   | Separate financial statements<br>(in million Baht) |                                      |                         |  |  | Total           |
|---|--|--------------------------------------|-------------------------|--|--|-----------------|
|   | Land   | Buildings and leasehold improvements | Machinery and equipment | Furniture, fixtures and office equipment | Assets under construction and installation |                 |
| <b>Cost</b>   |  |                                      |                         |  |  |                 |
| At 1 January 2009                                     | 737  | 5,863                                | 4,236                   | 6,273                                    | 51   | 18,919          |
| Additions   | 207  | 1,047                                | 713                     | 1,135                                    | 1,312                                      | 4,754           |
| Disposals/transfers                                   | -  | (127)                                | (172)                   | (643)                                    | (1,331)                                    | (2,324)         |
| <b>At 31 December 2009 and 1 January 2010</b>         | <b>944</b>   | <b>6,783</b>                         | <b>4,777</b>            | <b>6,765</b>                             | <b>32</b>                                  | <b>21,349</b>   |
| Additions   | 182  | 1,335                                | 803                     | 1,229                                    | 1,655                                      | 5,608           |
| Disposals/transfers                                   | -  | (220)                                | (209)                   | (611)                                    | (1,672)                                    | (2,786)         |
| <b>At 31 December 2010</b>                            | <b>1,126</b>                                       | <b>7,898</b>                         | <b>5,371</b>            | <b>7,383</b>                             | <b>15</b>                                  | <b>24,171</b>   |
| <b>Accumulated depreciation and impairment losses</b> |  |                                      |                         |  |  |                 |
| At 1 January 2009                                     | -  | (2,192)                              | (2,625)                 | (3,750)                                  | -  | (9,602)         |
| Depreciation charge for the year                      | -  | (503)                                | (624)                   | (947)                                    | -  | (2,298)         |
| Disposals/transfers                                   | -  | 62                                   | 140                     | 589                                      | -  | 820             |
| <b>At 31 December 2009 and 1 January 2010</b>         | <b>-</b>   | <b>(2,633)</b>                       | <b>(3,109)</b>          | <b>(4,108)</b>                           | <b>-</b>                                   | <b>(11,080)</b> |
| Depreciation charge for the year                      | -  | (579)                                | (662)                   | (1,023)                                  | -  | (2,524)         |
| Disposals/transfers                                   | -  | 141                                  | 151                     | 524                                      | -  | 861             |
| <b>At 31 December 2010</b>                            | <b>-</b>   | <b>(3,071)</b>                       | <b>(3,620)</b>          | <b>(4,607)</b>                           | <b>-</b>                                   | <b>(12,743)</b> |
| <b>Net book value</b>                                 |  |                                      |                         |  |  |                 |
| At 1 January 2009                                     | 737  | 3,671                                | 1,611                   | 2,523                                    | 51   | 9,317           |
| At 31 December 2009 and 1 January 2010                | 944  | 4,150                                | 1,668                   | 2,657                                    | 32   | 10,269          |
| At 31 December 2010                                   | 1,126  | 4,827                                | 1,751                   | 2,776                                    | 15   | 11,428          |

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2010 amounted to Baht 5,331 million (2009: Baht 4,646 million).

**14 Short-term borrowing from financial institution**

|                                  | <b>Consolidated<br/>financial statements</b> |           | <b>Separate<br/>financial statements</b> |          |
|----------------------------------|--|-----------|--|----------|
|                                  | 2010   | 2009      | 2010                                     | 2009     |
|                                  | <i>(in million Baht)</i>                     |           |  |          |
| Liabilities under trust receipts | -  | 10        | -  | -        |
| <b>Total</b>                     | <b>-</b>                                     | <b>10</b> | <b>-</b>                                 | <b>-</b> |

Interest rates as at 31 December 2010 and 2009 were as follows:

|                                  | <b>Consolidated<br/>financial statements</b> |      | <b>Separate<br/>financial statements</b> |      |
|----------------------------------|--|------|--|------|
|                                  | 2010   | 2009 | 2010                                     | 2009 |
|                                  | <i>(interest rate per annum)</i>             |      |  |      |
| Liabilities under trust receipts | -  | 1.65 | -  | -    |

Under the terms of the trust receipt agreements, certain imported inventories have been released to certain local subsidiaries in trust of the financial institutions. Thus, the subsidiaries are accountable to the financial institutions for inventories or the proceeds from their sale.

As at 31 December 2010 the Group and the Company had unutilised credit facilities totaling Baht 432 million and Baht 245 million respectively (2009: Baht 392 million and Baht 245 million respectively).

The currency denomination of borrowing from financial institution as at 31 December 2010 and 2009 was as follows:

|              | <b>Consolidated<br/>financial statements</b> |           | <b>Separate<br/>financial statements</b> |          |
|--------------|--|-----------|--|----------|
|              | 2010   | 2009      | 2010                                     | 2009     |
|              | <i>(in million Baht)</i>                     |           |  |          |
| Yen          | -  | 10        | -  | -        |
| <b>Total</b> | <b>-</b>                                     | <b>10</b> | <b>-</b>                                 | <b>-</b> |

**15 Trade accounts payable**

|                 | <i>Note</i> | <b>Consolidated<br/>financial statements</b> |               | <b>Separate<br/>financial statements</b> |               |
|-----------------|-------------|--|---------------|--|---------------|
|                 |             | 2010   | 2009          | 2010                                     | 2009          |
|                 |             | <i>(in million Baht)</i>                     |               |  |               |
| Related parties | 4           | 1,845  | 1,430         | 1,611                                    | 1,273         |
| Other parties   |             | 19,768                                       | 17,759        | 15,871                                   | 13,850        |
| <b>Total</b>    |             | <b>21,613</b>                                | <b>19,189</b> | <b>17,482</b>                            | <b>15,123</b> |

The currency denomination of trade accounts payable as at 31 December 2010 and 2009 was as follows:

|                       | Consolidated<br>financial statements |               | Separate<br>financial statements |               |
|-----------------------|--------------------------------------|---------------|----------------------------------|---------------|
|                       | 2010                                 | 2009          | 2010                             | 2009          |
|                       | <i>(in million Baht)</i>             |               |                                  |               |
| Thai Baht             | 21,582                               | 19,171        | 17,482                           | 15,123        |
| United States Dollars | 16                                   | 12            | -                                | -             |
| Euro                  | 11                                   | 2             | -                                | -             |
| Yen                   | 4                                    | 4             | -                                | -             |
| <b>Total</b>          | <b>21,613</b>                        | <b>19,189</b> | <b>17,482</b>                    | <b>15,123</b> |

## 16 Other current liabilities

|  | Note | Consolidated<br>financial statements |              | Separate<br>financial statements |              |
|--|------|--------------------------------------|--------------|----------------------------------|--------------|
|  |      | 2010                                 | 2009         | 2010                             | 2009         |
|  |      | <i>(in million Baht)</i>             |              |                                  |              |
| Accrued personnel expenses                         |      | 1,280                                | 1,009        | 1,086                            | 856          |
| Other accounts payable to<br>other parties         |      | 957                                  | 833          | 697                              | 544          |
| Deferred royalties income                          |      | 546                                  | 369          | 546                              | 369          |
| Accrued advertising and<br>sale promotion expenses |      | 494                                  | 404          | 472                              | 377          |
| Accrued utilities expenses                         |      | 262                                  | 247          | 243                              | 229          |
| Accrued royalties and<br>other expenses            |      | 226                                  | 247          | 226                              | 247          |
| Advance receipts from customers                    |      | 178                                  | 132          | -                                | -            |
| Other accounts payable<br>to related parties       | 4    | 21                                   | 18           | 2,883                            | 3,224        |
| Other  |      | 702                                  | 428          | 479                              | 237          |
| <b>Total</b>                                       |      | <b>4,666</b>                         | <b>3,687</b> | <b>6,632</b>                     | <b>6,083</b> |

## 17 Provision for employees' severance pay

Movements of provision for employees' severance pay for the years ended 31 December 2010 and 2009 were as follows:

|                       | Consolidated<br>financial statements |            | Separate<br>financial statements |            |
|-----------------------|--------------------------------------|------------|----------------------------------|------------|
|                       | 2010                                 | 2009       | 2010                             | 2009       |
|                       | <i>(in million Baht)</i>             |            |                                  |            |
| At 1 January          | 276                                  | 198        | 244                              | 178        |
| Additions             | 217                                  | 78         | 193                              | 66         |
| <b>At 31 December</b> | <b>493</b>                           | <b>276</b> | <b>437</b>                       | <b>244</b> |

The Group has made a provision for its liability under the severance pay plan for its employees. The Group has accrued the provision for employees' severance pay based on management's best estimate of the liabilities measured at the present value of estimated future cash flows using a discount rate of 5% that is similar to the interest rate of government bonds.

## 18 Accrued guarantee deposits

|   | Consolidated<br>financial statements |              | Separate<br>financial statements |              |
|---|--------------------------------------|--------------|----------------------------------|--------------|
|   | 2010                                 | 2009         | 2010                             | 2009         |
|   | <i>(in million Baht)</i>             |              |                                  |              |
| Guarantee deposits payable to franchisees | 1,860                                | 1,535        | 1,727                            | 1,393        |
| Other accrued guarantee deposits          | 223                                  | 124          | 217                              | 120          |
| <b>Total</b>                              | <b>2,083</b>                         | <b>1,659</b> | <b>1,944</b>                     | <b>1,513</b> |

## 19 Share capital

|                           | Par value<br>per share<br><i>(in Baht)</i> | Consolidated financial statements/<br>Separate financial statements |                     |              |              |
|---------------------------|--|---|---------------------|--------------|--------------|
|                           |  | 2010  |                     | 2009         |              |
|                           | Number<br>of shares                        | Baht<br><i>(in million)</i>   | Number<br>of shares | Baht         |              |
| <b>Authorised</b>         |  |   |                     |              |              |
| At 1 January              |  |   |                     |              |              |
| - ordinary shares         | 1  | 4,500   | 4,500               | 4,500        | 4,500        |
| <b>At 31 December</b>     |  |   |                     |              |              |
| - ordinary shares         | 1  | <b>4,500</b>  | <b>4,500</b>        | <b>4,500</b> | <b>4,500</b> |
| <b>Issued and paid-up</b> |  |   |                     |              |              |
| At 1 January              |  |   |                     |              |              |
| - ordinary shares         | 1  | 4,493   | 4,493               | 4,493        | 4,493        |
| <b>At 31 December</b>     |  |   |                     |              |              |
| - ordinary shares         | 1  | <b>4,493</b>  | <b>4,493</b>        | <b>4,493</b> | <b>4,493</b> |

## 20 Additional paid-in capital and reserves

### *Share premium*

Section 51 of the Public Limited Company Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

### *Currency translation changes*

The currency translation changes recognised in equity relate to foreign exchange differences arising from translation of the financial statements of foreign operations to Thai Baht.

### *Surplus on common control transactions*

Surplus on common control transactions recognised in equity relate to differences arising from disposal of a former foreign subsidiary and the value of convertible bonds acquired.

***Legal reserve***

Section 116 of the Public Limited Company Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

**21 Segment information**

Segment information is presented in respect of the Group’s business and geographic segments. The primary format, business segments, is based on the Group’s management and internal reporting structure.

***Business segments***

The Group comprises the following main business segments:

- Segment 1: Convenience stores
- Segment 2: Other

The other’s segment comprises principally of bill payment services, frozen food plant and bakery, and distribution of retailing equipment.

***Geographic segments***

In presenting information on the basis of geographic segments, segment revenue is based on the geographic location of customers.

The Group comprises the following main geographic segments:

- Segment 1: Thailand
- Segment 2: The People’s Republic of China
- Segment 3: Hong Kong Special Administrative Region



The segment financial information of the Group for the years ended 31 December 2010 and 2009 were summarised as follows:

**Business segment results**

|   | Convenience stores       |                | Other         |               | Eliminations    |                | Total          |                |
|---|--------------------------|----------------|---------------|---------------|-----------------|----------------|----------------|----------------|
|   | 2010                     | 2009           | 2010          | 2009          | 2010            | 2009           | 2010           | 2009           |
|   | <i>(in million Baht)</i> |                |               |               |                 |                |                |                |
| Revenue from sale of goods and rendering of services      | 131,656                  | 109,105        | 12,266        | 10,503        | (8,968)         | (7,231)        | 134,954        | 112,377        |
| Interest income   | 133                      | 115            | 214           | 219           | (8)             | (37)           | 339            | 297            |
| Dividend income   | 464                      | 434            | -             | -             | (464)           | (434)          | -              | -              |
| Other income  | 6,312                    | 5,631          | 154           | 130           | (676)           | (674)          | 5,790          | 5,087          |
| <b>Total revenues</b>                                     | <b>138,565</b>           | <b>115,285</b> | <b>12,634</b> | <b>10,852</b> | <b>(10,116)</b> | <b>(8,376)</b> | <b>141,083</b> | <b>117,761</b> |
| Cost of sale of goods and rendering of services           | 97,015                   | 80,928         | 9,410         | 7,908         | (7,588)         | (6,118)        | 98,837         | 82,718         |
| Selling expenses  | 24,301                   | 20,691         | 869           | 873           | (969)           | (893)          | 24,201         | 20,671         |
| Administrative expenses                                   | 8,621                    | 7,297          | 1,007         | 949           | (1,106)         | (911)          | 8,522          | 7,335          |
| Management benefit expenses                               | 260                      | 232            | -             | 9             | -               | -              | 260            | 241            |
| Net foreign exchange loss                                 | 3                        | 4              | 103           | 2             | -               | -              | 106            | 6              |
| <b>Total expenses</b>                                     | <b>130,200</b>           | <b>109,152</b> | <b>11,389</b> | <b>9,741</b>  | <b>(9,663)</b>  | <b>(7,922)</b> | <b>131,926</b> | <b>110,971</b> |
| <b>Profit before finance costs and income tax expense</b> | <b>8,365</b>             | <b>6,133</b>   | <b>1,245</b>  | <b>1,111</b>  | <b>(453)</b>    | <b>(454)</b>   | <b>9,157</b>   | <b>6,790</b>   |
| Finance costs   | -                        | -              | (8)           | (40)          | 8               | 37             | -              | (3)            |
| Income tax expense  | (2,222)                  | (1,536)        | (265)         | (238)         | -               | -              | (2,487)        | (1,774)        |
| <b>Profit for the year</b>                                | <b>6,143</b>             | <b>4,597</b>   | <b>972</b>    | <b>833</b>    | <b>(445)</b>    | <b>(417)</b>   | <b>6,670</b>   | <b>5,013</b>   |

**Business segment financial position**

|  | Convenience stores       |               | Other         |               | Eliminations    |                 | Total         |               |
|--|--------------------------|---------------|---------------|---------------|-----------------|-----------------|---------------|---------------|
|  | 2010                     | 2009          | 2010          | 2009          | 2010            | 2009            | 2010          | 2009          |
|  | <i>(in million Baht)</i> |               |               |               |                 |                 |               |               |
| Cash and cash equivalents                        | 12,180                   | 9,496         | 3,536         | 3,186         | -               | -               | 15,716        | 12,682        |
| Current investments                              | 398                      | 1,196         | 4,038         | -             | -               | -               | 4,436         | 1,196         |
| Trade accounts receivable                        | 151                      | 118           | 3,041         | 2,839         | (2,718)         | (2,518)         | 474           | 439           |
| Inventories                                      | 6,019                    | 5,470         | 519           | 451           | (20)            | (21)            | 6,518         | 5,900         |
| Investment in convertible bonds of related party | -                        | 60            | -             | 5,761         | -               | -               | -             | 5,821         |
| Property, plant and equipment                    | 11,428                   | 10,269        | 3,185         | 3,336         | (88)            | (114)           | 14,525        | 13,491        |
| Intangible assets                                | 366                      | 332           | 312           | 343           | 105             | 105             | 783           | 780           |
| Leasehold rights                                 | 300                      | 334           | -             | -             | -               | -               | 300           | 334           |
| Other assets                                     | 12,387                   | 11,316        | 1,379         | 1,826         | (8,614)         | (9,344)         | 5,152         | 3,798         |
| <b>Total assets</b>                              | <b>43,229</b>            | <b>38,591</b> | <b>16,010</b> | <b>17,742</b> | <b>(11,335)</b> | <b>(11,892)</b> | <b>47,904</b> | <b>44,441</b> |
| Short-term borrowing from financial institution  | -                        | -             | -             | 10            | -               | -               | -             | 10            |
| Trade accounts payable                           | 17,482                   | 15,123        | 4,575         | 4,404         | (444)           | (338)           | 21,613        | 19,189        |
| Accrued guarantee deposits                       | 1,944                    | 1,513         | 500           | 146           | (361)           | -               | 2,083         | 1,659         |
| Other liabilities                                | 8,043                    | 6,924         | 1,485         | 2,004         | (3,278)         | (4,281)         | 6,250         | 4,647         |
| <b>Total liabilities</b>                         | <b>27,469</b>            | <b>23,560</b> | <b>6,560</b>  | <b>6,564</b>  | <b>(4,083)</b>  | <b>(4,619)</b>  | <b>29,946</b> | <b>25,505</b> |

|   | Convenience stores |       | Other |      | Eliminations |       | Total |       |
|---|--------------------|-------|-------|------|--------------|-------|-------|-------|
|   | 2010               | 2009  | 2010  | 2009 | 2010         | 2009  | 2010  | 2009  |
| Capital expenditure   | 5,711              | 4,865 | 573   | 864  | (122)        | (119) | 6,162 | 5,610 |
| Depreciation  | 2,524              | 2,298 | 518   | 507  | (142)        | (121) | 2,900 | 2,684 |
| Amortisation - intangible assets                                | 69                 | 58    | 46    | 37   | (6)          | (4)   | 109   | 91    |
| Amortisation - leasehold rights                                 | 84                 | 84    | -     | -    | -            | -     | 84    | 84    |
| Loss on disposal and write-off of property, plant and equipment | 37                 | 49    | 1     | 2    | -            | -     | 38    | 51    |

**Geographic and business segment results**

|  | Thailand |         | The People's Republic of China |       | Hong Kong Special Administrative Region |      | Total   |         |
|--|----------|---------|--------------------------------|-------|---|------|---------|---------|
|  | 2010     | 2009    | 2010                           | 2009  | 2010                                    | 2009 | 2010    | 2009    |
| Revenue from sale of goods and rendering of services from external customers | 134,954  | 112,377 | -                              | -     | -                                       | -    | 134,954 | 112,377 |
| Segment assets   | 43,753   | 38,125  | 100                            | 6,316 | 4,051                                   | -    | 47,904  | 44,441  |
| Property, plant and equipment  | 14,520   | 13,484  | 5                              | 7     | -                                       | -    | 14,525  | 13,491  |

(in million Baht)

**22 Other income**

|   | <b>Consolidated<br/>financial statements</b> |              | <b>Separate<br/>financial statements</b> |              |
|---|--|--------------|--|--------------|
|   | 2010   | 2009         | 2010                                     | 2009         |
|   | <i>(in million Baht)</i>                     |              |  |              |
| Sale promotion income   | 2,607  | 2,224        | 2,607                                    | 2,223        |
| Income on royalties and other fees<br>relating to licenses income | 824  | 841          | 824                                      | 841          |
| Other   | 2,359  | 2,022        | 2,881                                    | 2,567        |
| <b>Total</b>  | <b>5,790</b>                                 | <b>5,087</b> | <b>6,312</b>                             | <b>5,631</b> |

**23 Selling expenses**

|  | <b>Consolidated<br/>financial statements</b> |               | <b>Separate<br/>financial statements</b> |               |
|--|--|---------------|--|---------------|
|  | 2010   | 2009          | 2010                                     | 2009          |
|  | <i>(in million Baht)</i>                     |               |  |               |
| Convenience store management fees          | 5,894  | 4,511         | 5,894                                    | 4,511         |
| Employee benefit expenses                  | 4,857  | 4,420         | 4,665                                    | 4,203         |
| Utilities expenses                         | 2,868  | 2,528         | 2,854                                    | 2,517         |
| Rental fees                                | 2,690  | 2,423         | 2,683                                    | 2,415         |
| Advertising and sale promotion<br>expenses | 2,655  | 2,284         | 2,670                                    | 2,294         |
| Depreciation and amortisation              | 2,043  | 1,900         | 2,163                                    | 2,001         |
| Other                                      | 3,194  | 2,605         | 3,372                                    | 2,750         |
| <b>Total</b>                               | <b>24,201</b>                                | <b>20,671</b> | <b>24,301</b>                            | <b>20,691</b> |

**24 Administrative expenses**

|                               | <b>Consolidated<br/>financial statements</b> |              | <b>Separate<br/>financial statements</b> |              |
|-------------------------------|--|--------------|--|--------------|
|                               | 2010   | 2009         | 2010                                     | 2009         |
|                               | <i>(in million Baht)</i>                     |              |  |              |
| Employee benefit expenses     | 4,246  | 3,523        | 4,155                                    | 3,367        |
| Depreciation and amortisation | 606  | 539          | 515                                      | 440          |
| Rental fees                   | 513  | 528          | 506                                      | 520          |
| Utilities expenses            | 223  | 228          | 190                                      | 197          |
| Other                         | 2,934  | 2,517        | 3,255                                    | 2,773        |
| <b>Total</b>                  | <b>8,522</b>                                 | <b>7,335</b> | <b>8,621</b>                             | <b>7,297</b> |

**25 Employee benefit expenses**

|                                      | <b>Consolidated<br/>financial statements</b> |              | <b>Separate<br/>financial statements</b> |              |
|--------------------------------------|--|--------------|--|--------------|
|                                      | 2010   | 2009         | 2010                                     | 2009         |
|                                      | <i>(in million Baht)</i>                     |              |  |              |
| Salaries, wages and bonus            | 10,038                                       | 8,937        | 7,963                                    | 7,033        |
| Staff welfares                       | 444  | 261          | 333                                      | 166          |
| Contribution to social security fund | 253  | 195          | 205                                      | 157          |
| Contribution to provident fund       | 79   | 67           | 64                                       | 55           |
| Training expenses                    | 26   | 30           | 489                                      | 370          |
| Other                                | 133  | 114          | 26                                       | 21           |
| <b>Total</b>                         | <b>10,973</b>                                | <b>9,604</b> | <b>9,080</b>                             | <b>7,802</b> |

The Company and its local subsidiaries have jointly established a contributory registered provident fund to which the Company, subsidiaries and employees each contribute monthly at the rate of 2% of the employees' basic salaries. The Company's and the subsidiaries' contributions to the provident fund are recorded as expenses in the statement of income as incurred. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

**26 Expenses by nature**

The statements of income include an analysis of expenses by function. Expenses by nature were as follows:

|   | <i>Note</i> | <b>Consolidated<br/>financial statements</b> |                | <b>Separate<br/>financial statements</b> |                |
|---|-------------|--|----------------|--|----------------|
|   |             | 2010   | 2009           | 2010                                     | 2009           |
|   |             | <i>(in million Baht)</i>                     |                |  |                |
| Changes in inventories of finished goods and work in progress   |             | (797)  | (575)          | (756)                                    | (651)          |
| Purchase of finished goods  |             | 92,872                                       | 77,610         | 97,771                                   | 81,579         |
| Raw materials and consumables used  |             | 3,512  | 2,801          | -  | -              |
| Employee benefit expenses   | 25          | 10,973                                       | 9,604          | 9,080                                    | 7,802          |
| Depreciation  | 13          | 2,900  | 2,684          | 2,524                                    | 2,298          |
| Amortisation - intangible assets  |             | 109  | 91             | 69                                       | 58             |
| Amortisation - leasehold rights   |             | 84   | 84             | 84                                       | 84             |
| Rental fees   |             | 3,225  | 2,971          | 3,189                                    | 2,936          |
| Utilities expenses  |             | 3,280  | 2,934          | 3,045                                    | 2,715          |
| Advertising and sale promotion expenses   |             | 2,678  | 2,310          | 2,670                                    | 2,294          |
| Convenience store management fees   |             | 5,894  | 4,511          | 5,894                                    | 4,511          |
| Other   |             | 7,090  | 5,940          | 6,627                                    | 5,522          |
| <b>Total cost of sales of goods and rendering of services, selling expenses, administrative expenses, and management benefit expenses</b> |             | <b>131,820</b>                               | <b>110,965</b> | <b>130,197</b>                           | <b>109,148</b> |

## 27 Income tax expense

|                            | Consolidated<br>financial statements |              | Separate<br>financial statements |              |
|----------------------------|--------------------------------------|--------------|----------------------------------|--------------|
|                            | 2010                                 | 2009         | 2010                             | 2009         |
|                            | <i>(in million Baht)</i>             |              |                                  |              |
| <b>Current tax expense</b> |                                      |              |                                  |              |
| Current year               | <u>2,487</u>                         | <u>1,774</u> | <u>2,222</u>                     | <u>1,536</u> |

The current tax expense in the consolidated and separate statements of income for the years ended 31 December 2010 and 2009 were lower than the amount determined by applying the applicable income tax rates to the profit for the years principally because of the different treatment for accounting and taxation purposes of certain items of income and expense, in particular, income not subject to tax and expenses that are deductible at a greater amount for tax purpose under the conditions promulgated by the Revenue Department.

## 28 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act B.E. 2520, a local subsidiary has been granted privileges by the Board of Investment relating to the production of ready-to-serve foods or semi ready-to-serve foods, bakery, and chill. The privileges granted include:

- (a) an exemption from payment of import duty on machinery approved by the Board of Investment;
- (b) an exemption from payment of corporate income tax on net profit of the promoted business for certain periods and conditions as stipulated in the promotional certificate;
- (c) an exemption from payment of import duty on necessary raw materials and supplies to be used in the production for export sales for a period of 1 year from the first import date;
- (d) an exemption from the payment of import duty on imported goods with the re-export condition for a period of 1 year from the first import date;
- (e) an exemption to include the dividend income from the promoted business in the computation of corporate income tax throughout the period the Company being granted exemption; and
- (f) a permission to deduct 25% of installation costs or construction costs of assets necessary for the Company's operation besides a deduction of their normal depreciation.

Revenue from sales of goods under the promoted business of the subsidiary for the years ended 31 December 2010 and 2009 was as follows:

|                | Consolidated<br>financial statements |                     |
|----------------|--------------------------------------|---------------------|
|                | 2010                                 | 2009                |
|                | <i>(in million Baht)</i>             |                     |
| Export sales   | 38                                   | 27                  |
| Domestic sales | <u>3,095</u>                         | <u>2,567</u>        |
| <b>Total</b>   | <u><b>3,133</b></u>                  | <u><b>2,594</b></u> |

As a promoted company, the subsidiary must comply with certain conditions and restrictions provided for in the promotional certificates.

## 29 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2010 and 2009 were based on the profit for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

|   | Consolidated<br>financial statements      |              | Separate<br>financial statements |              |
|---|---|--------------|----------------------------------|--------------|
|   | 2010                                      | 2009         | 2010                             | 2009         |
|   | <i>(in million Baht / million shares)</i> |              |                                  |              |
| <b>Profit for the year attributable to equity holders of the Company</b>      | <u>6,663</u>                              | <u>4,992</u> | <u>6,143</u>                     | <u>4,597</u> |
| <b>Weighted average number of ordinary shares outstanding during the year</b> | <u>4,493</u>                              | <u>4,493</u> | <u>4,493</u>                     | <u>4,493</u> |
| <b>Basic earnings per share (in Baht)</b>                                     | <u>1.48</u>                               | <u>1.11</u>  | <u>1.37</u>                      | <u>1.02</u>  |

## 30 Dividends

At the annual general meeting of the shareholders of the Company held on 23 April 2009, the Company's shareholders approved the appropriation of dividends of Baht 0.60 per share, totaling Baht 2,696 million, from the profit attributable to equity holders of the Company for the year 2008 to the Company's existing ordinary shareholders for 4,493,148,024 shares. The dividends were paid to the Company's shareholders on 15 May 2009.

At the annual general meeting of the shareholders of the Company held on 28 April 2010, the Company's shareholders approved the appropriation of dividends of Baht 0.80 per share, totaling Baht 3,595 million, from the profit attributable to equity holders of the Company for the year 2009 to the Company's existing ordinary shareholders for 4,493,148,024 shares. The dividends were paid to the Company's shareholders on 24 May 2010.

At the Board of Directors's meeting of the Company held on 9 November 2010, the Company's Board of Directors approved the appropriation of interim dividends of Baht 0.40 per share, totaling Baht 1,797 million, from the profit attributable to equity holders of the Company for the nine-month period ended 30 September 2010 to the Company's existing ordinary shareholders for 4,493,148,024 shares. The interim dividends were paid to the Company's shareholders in December 2010.

## 31 Financial instruments

### *Financial risk management policies*

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

### *Capital management*

The objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns to the Company's shareholders and benefits to other stakeholders. The management sets strategies to support the Company's operations for more efficiency, and better performances and stronger financial status, including dividend and capital management policies to maintain the optimal capital structure and cost of capital.

### *Interest rate risk*

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group's exposure to change in interest rate relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates.

The effective interest rates of debt securities and loans receivable as at 31 December 2010 and 2009 and the periods in which the debt securities and loan receivables mature were as follows:

|                                      | Effective interest rate (%) | Consolidated financial statements |  |               |              | Total |
|--------------------------------------|-----------------------------|-----------------------------------|--|---------------|--------------|-------|
|                                      |                             | Within 1 year                     | After 1 year but within 5 years<br>(in million Baht) | After 5 years |              |       |
| <b>2010</b>                          |                             |                                   |  |               |              |       |
| <i>Non-current</i>                   |                             |                                   |  |               |              |       |
| - Debt securities                    | 1.75 - 5.90                 | -                                 | 691  | -             | 691          |       |
| <b>Total</b>                         |                             | <u>-</u>                          | <u>691</u>   | <u>-</u>      | <u>691</u>   |       |
| <b>2009</b>                          |                             |                                   |  |               |              |       |
| <i>Non-current</i>                   |                             |                                   |  |               |              |       |
| - Debt securities                    | 1.00 - 3.20                 | -                                 | 5,871  | -             | 5,871        |       |
| <b>Total</b>                         |                             | <u>-</u>                          | <u>5,871</u>   | <u>-</u>      | <u>5,871</u> |       |
|                                      | Effective interest rate (%) | Separate financial statements     |  |               |              | Total |
|                                      |                             | Within 1 year                     | After 1 year but within 5 years<br>(in million Baht) | After 5 years |              |       |
| <b>2010</b>                          |                             |                                   |  |               |              |       |
| <i>Non-current</i>                   |                             |                                   |  |               |              |       |
| - Debt securities                    | 1.75 - 5.90                 | -                                 | 691  | -             | 691          |       |
| - Long-term loans to related parties | 2.375                       | -                                 | 263  | -             | 263          |       |
| <b>Total</b>                         |                             | <u>-</u>                          | <u>954</u>   | <u>-</u>      | <u>954</u>   |       |



|                                      | Effective interest rate (%) | Seperate financial statements |  |               | Total      |
|--------------------------------------|-----------------------------|-------------------------------|--|---------------|------------|
|                                      |                             | Within 1 year                 | After 1 year but within 5 years<br>(in million Baht) | After 5 years |            |
| <b>2009</b>                          |                             |                               |  |               |            |
| <i>Non-current</i>                   |                             |                               |  |               |            |
| - Debt securities                    | 1.00 - 3.20                 | -                             | 110  | -             | 110        |
| - Long-term loans to related parties | 4.875                       | -                             | 521  | -             | 521        |
| <b>Total</b>                         |                             | <u>-</u>                      | <u>631</u>   | <u>-</u>      | <u>631</u> |

The effective interest rates of borrowings and guarantee deposits payable to franchisees as at 31 December 2010 and 2009 and the periods in which the borrowings and guarantee deposits payable to franchisees mature were as follows:

|   | Effective interest rate (%) | Consolidated financial statements |  |               | Total        |
|---|-----------------------------|-----------------------------------|--|---------------|--------------|
|   |                             | Within 1 year                     | After 1 year but within 5 years<br>(in million Baht) | After 5 years |              |
| <b>2010</b>                                 |                             |                                   |  |               |              |
| <i>Non-current</i>                          |                             |                                   |  |               |              |
| - Guarantee deposits payable to franchisees | 0.50 - 1.625                | -                                 | 133  | 1,727         | 1,860        |
| <b>Total</b>                                |                             | <u>-</u>                          | <u>133</u>   | <u>1,727</u>  | <u>1,860</u> |

|   |             |           |            |              |              |
|---|-------------|-----------|------------|--------------|--------------|
| <b>2009</b>                                 |             |           |            |              |              |
| <i>Current</i>                              |             |           |            |              |              |
| - Liabilities under trust receipts          | 1.65        | 10        | -          | -            | 10           |
| <i>Non-current</i>                          |             |           |            |              |              |
| - Guarantee deposits payable to franchisees | 0.50 - 1.75 | -         | 142        | 1,369        | 1,511        |
| <b>Total</b>                                |             | <u>10</u> | <u>142</u> | <u>1,369</u> | <u>1,521</u> |

|   | Effective interest rate (%) | Seperate financial statements |  |               | Total        |
|---|-----------------------------|-------------------------------|--|---------------|--------------|
|   |                             | Within 1 year                 | After 1 year but within 5 years<br>(in million Baht) | After 5 years |              |
| <b>2010</b>                                 |                             |                               |  |               |              |
| <i>Non-current</i>                          |                             |                               |  |               |              |
| - Guarantee deposits payable to franchisees | 0.50 - 1.375                | -                             | -  | 1,727         | 1,727        |
| <b>Total</b>                                |                             | <u>-</u>                      | <u>-</u>   | <u>1,727</u>  | <u>1,727</u> |

|   |      |          |          |              |              |
|---|------|----------|----------|--------------|--------------|
| <b>2009</b>                                 |      |          |          |              |              |
| <i>Non-current</i>                          |      |          |          |              |              |
| - Guarantee deposits payable to franchisees | 1.75 | -        | -        | 1,369        | 1,369        |
| <b>Total</b>                                |      | <u>-</u> | <u>-</u> | <u>1,369</u> | <u>1,369</u> |

**Foreign currency risk**

The Group is exposed to foreign currency risk relating to purchases and sales of goods which are denominated in foreign currencies. The Group primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales of goods, denominated in foreign currencies, for the subsequent period.

At 31 December 2010 and 2009 the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

| Foreign currency   | Consolidated<br>financial statements |       | Separate<br>financial statements |      |    |
|--|--------------------------------------|-------|----------------------------------|------|----|
|  | 2010                                 | 2009  | 2010                             | 2009 |    |
|  | <i>(in million Baht)</i>             |       |                                  |      |    |
| <b>Cash and cash equivalents</b>                         |                                      |       |                                  |      |    |
| Foreign currency   | United States Dollars                | 97    | 532                              | -    | -  |
|  | China Renminbi                       | 3     | -                                | -    | -  |
|  | Hong Kong Dollars                    | 1     | 4                                | -    | -  |
| <b>Current investments</b>                               |                                      |       |                                  |      |    |
| Foreign currency   | China Renminbi                       | 4,038 | -                                | -    | -  |
| <b>Trade accounts receivables and other receivables</b>  |                                      |       |                                  |      |    |
| Foreign currency   | Hong Kong Dollars                    | -     | 11                               | -    | -  |
|  | Other                                | -     | 8                                | -    | -  |
| Forward currency contracts                               | Pound Sterling                       | -     | 10                               | -    | -  |
|  | Other                                | -     | 1                                | -    | -  |
| <b>Investment in convertible bonds of related party</b>  |                                      |       |                                  |      |    |
| Foreign currency   | Hong Kong Dollars                    | -     | 5,821                            | -    | 60 |
| <b>Short-term borrowing from financial institution</b>   |                                      |       |                                  |      |    |
| Foreign currency   | Yen                                  | -     | 10                               | -    | -  |
| <b>Trade accounts payable and other accounts payable</b> |                                      |       |                                  |      |    |
| Foreign currency   | United States Dollars                | 24    | 13                               | -    | -  |
|  | Euro                                 | 11    | 2                                | -    | -  |
|  | Yen                                  | 4     | 4                                | -    | -  |
|  | Other                                | 1     | 1                                | -    | -  |
| Forward currency contracts                               | United States Dollars                | 6     | 14                               | -    | -  |
|  | Other                                | 28    | 34                               | 1    | -  |
| <b>Other current liabilities</b>                         |                                      |       |                                  |      |    |
| Forward currency contracts - to buy                      | United States Dollars                | 3     | -                                | -    | -  |
|  | Other                                | 22    | -                                | -    | -  |
| Forward currency contracts - to sell                     | United States Dollars                | 5     | -                                | -    | -  |
|  | Other                                | 37    | -                                | -    | -  |

### ***Credit risk***

Credit risk is the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. However, due to the large number of parties comprising the Group's customer base, management does not anticipate material losses from its debt collection.

### ***Liquidity risk***

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

### ***Determination of fair values***

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Group estimates the fair value of financial instruments; cash and cash equivalents, trade accounts receivable and payable, other accounts receivable and payable, and short-term borrowing from financial institution, equal to their amounts carried in the balance sheet because of the short-term maturity of those financial instruments.

The Group's management could not reliably and reasonably measure the fair value of investment in convertible bonds issued by a foreign related company, the convertible bonds issuer company, due to there are no reference published price quotations in an active market or a similar active market and the limitation of cost when comparing to the benefit. Furthermore, the Group's management have monitored the movement of the ordinary share's price and the operating results of the convertible bonds issuer company through the past year and found that the ordinary share's price which was traded in Hong Kong stock exchange market and the operating result of the convertible bonds issuer company have been better improved. Therefore, the Group's management believes that as at 31 December 2009 the carrying value of the investment in convertible bonds of the convertible bonds issuer company was not materially differ from the fair value (the Company had converted convertible bonds to convertible preferred shares in June 2010 and disposed all convertible preferred shares in July 2010).

The fair value of non-current loans to and borrowings from related parties is considered to be the carrying value because they bear interest at market rates.

The fair value of forward exchange contracts approximates the expected amounts that can be traded in the current exchange rate market.

### 32 Supplemental disclosures of cash flows information

- (a) Property, plant and equipment purchased during the years ended 31 December 2010 and 2009 were detailed as follows:

|   | Note | Consolidated<br>financial statements |              | Separate<br>financial statements |              |
|---|------|--------------------------------------|--------------|----------------------------------|--------------|
|   |      | 2010                                 | 2009         | 2010                             | 2009         |
| <i>(in million Baht)</i>                                      |      |                                      |              |                                  |              |
| Increase during the year                                      | 13   | 6,050                                | 5,469        | 5,608                            | 4,754        |
| Less - payables   |      | (104)                                | (14)         | (99)                             | (53)         |
| - transfer from assets under<br>construction and installation |      | (1,853)                              | (1,780)      | (1,671)                          | (1,332)      |
| <b>Purchase and paid by cash</b>                              |      | <b>4,093</b>                         | <b>3,675</b> | <b>3,838</b>                     | <b>3,369</b> |

- (b) Intangible assets purchased during the years ended 31 December 2010 and 2009 were detailed as follows:

|   | Consolidated<br>financial statements |            | Separate<br>financial statements |            |
|---|--------------------------------------|------------|----------------------------------|------------|
|   | 2010                                 | 2009       | 2010                             | 2009       |
| <i>(in million Baht)</i>  |                                      |            |                                  |            |
| Increase during the year  | 112                                  | 141        | 103                              | 111        |
| Less - transfer from intangible<br>assets under development<br>and installation | -                                    | (2)        | -                                | -          |
| <b>Purchase and paid by cash</b>  | <b>112</b>                           | <b>139</b> | <b>103</b>                       | <b>111</b> |

### 33 Commitments with non-related parties

#### Capital commitments

|  | Consolidated<br>financial statements |      | Separate<br>financial statements |      |
|--|--------------------------------------|------|----------------------------------|------|
|  | 2010                                 | 2009 | 2010                             | 2009 |
| <i>(in million Baht)</i>   |                                      |      |                                  |      |
| Contracted but not provided for<br>(construction cost of new plants and<br>installation cost of machinery) | 21                                   | 14   | -                                | -    |

#### Non-cancellable operating lease commitments

|                                      | Consolidated<br>financial statements |              | Separate<br>financial statements |              |
|--------------------------------------|--------------------------------------|--------------|----------------------------------|--------------|
|                                      | 2010                                 | 2009         | 2010                             | 2009         |
| <i>(in million Baht)</i>             |                                      |              |                                  |              |
| Within one year                      | 3,002                                | 2,706        | 2,969                            | 2,669        |
| After one year but within five years | 4,730                                | 4,066        | 4,697                            | 4,033        |
| After five years                     | 3                                    | 5            | -                                | -            |
| <b>Total</b>                         | <b>7,735</b>                         | <b>6,777</b> | <b>7,666</b>                     | <b>6,702</b> |

The Group has lease agreements covering lease of land, buildings, vehicles and other assets for periods of 1 to 15 years, which will expire between 2011 and 2020.

#### *Other commitments*

|  | Consolidated<br>financial statements |           | Separate<br>financial statements |          |
|--|--------------------------------------|-----------|----------------------------------|----------|
|  | 2010                                 | 2009      | 2010                             | 2009     |
|  | <i>(in million Baht)</i>             |           |                                  |          |
| Unused letters of credit for purchase<br>of goods and supplies | <u>36</u>                            | <u>32</u> | <u>-</u>                         | <u>-</u> |

#### *Letter of guarantee*

As at 31 December 2010 a local subsidiary, Thai Smart Card Co., Ltd., had a commitment under letter of guarantee issued, on behalf of the subsidiary, by a local financial institution, in favor of a supplier amounting to U.S. Dollars 0.3 million (2009: U.S.Dollars 0.3 million).

#### *Significant agreements*

As at 31 December 2010 the Group had the following significant agreements.

- (a) The Company has an area license agreement with 7-Eleven, Inc., which was incorporated in the United States of America, to acquire a license to use the systems and trademarks of 7-Eleven, Inc. in connection with the operations of 7-Eleven convenience stores or franchising of such operations to other retailers in Thailand. The Company has also obtained certain services from 7-Eleven, Inc. in relation to training and technical assistance. In consideration thereof, the Company is committed to pay royalties to 7-Eleven, Inc. calculated as percentages of total sales of the 7-Eleven convenience stores that are operating in Thailand.
- (b) The Company has management agreements with local companies for their management of the Company-owned 7-Eleven convenience stores. Under the terms of the agreements, the Company is committed to pay management fees to those licensees calculated as percentages of gross operating profits of these convenience stores. The Company is entitled to receive the initial payments and royalties in connection with the licenses granted for operating these 7-Eleven convenience stores. These initial payments and royalties are not refundable to the licensees in any case. The initial payments include deposits to guarantee the licensees' compliance with the agreements and any damage and/or liability that might be caused by the licensees. In consideration thereof, the Company pays interest on the deposits calculated at the time deposits rates announced by a local financial institution. These deposits will be refunded to the licensees upon termination of the agreements.
- (c) The Company has sub-area license agreements for operating 7-Eleven convenience stores and franchising such operations to other retailers. Under the terms of the agreements, the Company will provide certain technical assistance and related services to the sub-area licensees. In consideration thereof, the Company is entitled to receive royalties as percentages of total sales of the 7-Eleven convenience stores operating in the licensed areas.

- (d) A local subsidiary, Counter Service Co., Ltd., has service agreements with certain individuals and local companies whereby the latter parties are appointed as agents of the subsidiary for receipts of customers' bills as specified in the agreements. Under the terms of the agreements, the subsidiary is committed to pay a service fee as stipulated in the agreements. These agreements are effective for periods over 1 to 3 years, and will expire on various dates up to December 2013. If either of the parties has no intention to renew the agreement, a written notification must be made to the other party at least 30 days before the expiry date of the agreement.
- (e) A local subsidiary, Counter Service Co., Ltd., has service agreements with government entities and state enterprises (e.g., utilities, telephone expenses) and with other local companies (e.g., hire purchase, life insurance premium). Under the terms of the agreements, the subsidiary is committed to operate payment centers to collect customer payments on behalf of the government entities, state enterprises and local companies, then remits funds to the government entities, state enterprises and local companies. The subsidiary can collect service income from customers or local companies as stipulated in the agreements. These agreements are effective for periods over 1 to 5 years, and will expire on various dates up to October 2015. If either of the parties has an intention to terminate the agreement, a written notification must be made to the other party at least the number of day stipulated in the agreement before the expiry date of the agreement.
- (f) A local subsidiary, Gosoft (Thailand) Co., Ltd., has service agreements with local companies, whereby the latter parties provide the installation and development of systems as stipulated in the agreements. Under the terms of the agreements, the subsidiary is committed to pay a service fee as stipulated in the agreements. These agreements are effective and will expire on various dates until October 2011.
- (g) A local subsidiary, Retailink (Thailand) Co., Ltd., has repair and maintenance management service agreements with local companies, whereby the latter parties agree to install and repair and maintenance of computer equipment and software, utility systems, electric appliances and other equipment used for operations in retail stores. Under the terms of the agreements, the subsidiary is committed to pay a service fee to the local companies as stipulated in the agreements. These agreements are for a period of 1 year and are renewable for additional periods of 1 year. If either of the parties has no intention to renew the agreement, a written notification must be made to the other party at least 30 days before the expiry date of the agreement.

#### 34 Thai Accounting Standards and Thai Financial Reporting Standards not yet adopted

The Company and local subsidiaries have not adopted the following new and revised Thai Accounting Standards ("TAS") and Thai Financial Reporting Standards ("TFRS") that have been issued as of the reporting date but are not yet effective. The new and revised TAS and TFRS are anticipated to become effective for annual financial periods beginning on or after 1 January in the year indicated.

| TAS/TFRS              | Topic   | Year effective |
|-----------------------|---|----------------|
| TAS 1 (revised 2009)  | Presentation of Financial Statements                            | 2011           |
| TAS 2 (revised 2009)  | Inventories   | 2011           |
| TAS 7 (revised 2009)  | Statement of Cash Flows   | 2011           |
| TAS 8 (revised 2009)  | Accounting Policies, Changes in Accounting Estimates and Errors | 2011           |
| TAS 10 (revised 2009) | Events after the Reporting Period                               | 2011           |

| TAS/TFRS              | Topic  | Year effective |
|-----------------------|--|----------------|
| TAS 12                | Income Taxes   | 2011           |
| TAS 16 (revised 2009) | Property, Plant and Equipment  | 2011           |
| TAS 17 (revised 2009) | Leases   | 2011           |
| TAS 18 (revised 2009) | Revenue  | 2011           |
| TAS 19                | Employee Benefits  | 2011           |
| TAS 20 (revised 2009) | Accounting for Government Grants and Disclosure of Government Assistance | 2013           |
| TAS 21 (revised 2009) | The Effects of Changes in Foreign Exchange Rates                         | 2013           |
| TAS 23 (revised 2009) | Borrowing Costs  | 2011           |
| TAS 24 (revised 2009) | Related Party Disclosures  | 2011           |
| TAS 27 (revised 2009) | Consolidated and Separate Financial Statements                           | 2011           |
| TAS 33 (revised 2009) | Earnings per Share   | 2011           |
| TAS 34 (revised 2009) | Interim Financial Reporting  | 2011           |
| TAS 36 (revised 2009) | Impairment of Assets   | 2011           |
| TAS 37 (revised 2009) | Provisions, Contingent Liabilities and Contingent Assets                 | 2011           |
| TAS 38 (revised 2009) | Intangible Assets  | 2011           |
| TAS 40 (revised 2009) | Investment Property  | 2011           |
| TFRS 3 (revised 2009) | Business Combinations  | 2011           |
| TFRS 5 (revised 2009) | Non-current Assets Held for Sale and Discontinued Operations             | 2011           |

Management has presently determined the potential impact of adopting of these new and revised TAS and TFRS found that there is no material impact on the consolidated and separate financial statements.







CONVENIENCE  
FOOD STORE



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