

รายงานประจำปี 2554 ANNUAL REPORT 2011



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



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ปรัชญาองค์กร Corporate Philosophy



เราปรารถนารอยยิ้มจากลูกค้า
ด้วยทีมงานที่มีความสุข

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

วิสัยทัศน์ Vision



เราให้บริการความสะดวก
กับทุกชุมชน

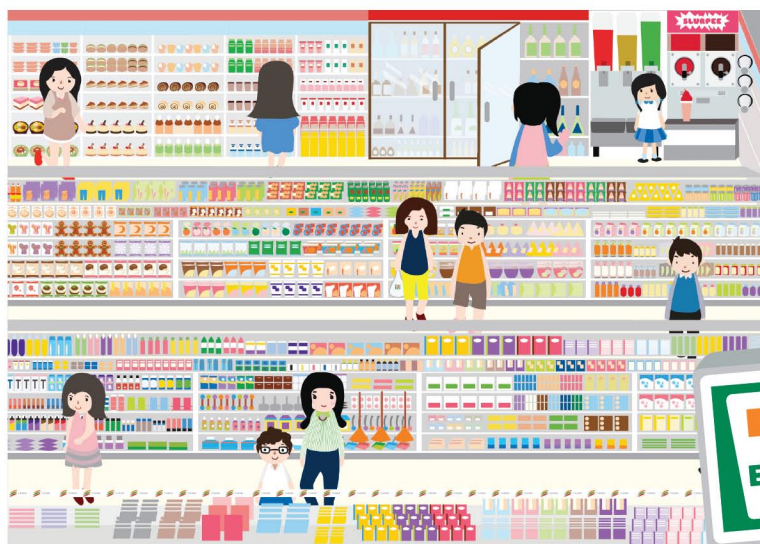
*We serve convenience to all
communities.*

พันธกิจ Mission



มุ่งสร้างความผูกพันกับลูกค้า
ด้วยการสรรหาสินค้าและบริการ
ที่มีคุณภาพ ภายใต้การบริหารงาน
แบบ Harmony พร้อมทั้ง
สร้างสัมพันธ์ภาพที่ดีกับ
สังคมและชุมชน

*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
CP All Public Company Limited
and its Subsidiaries

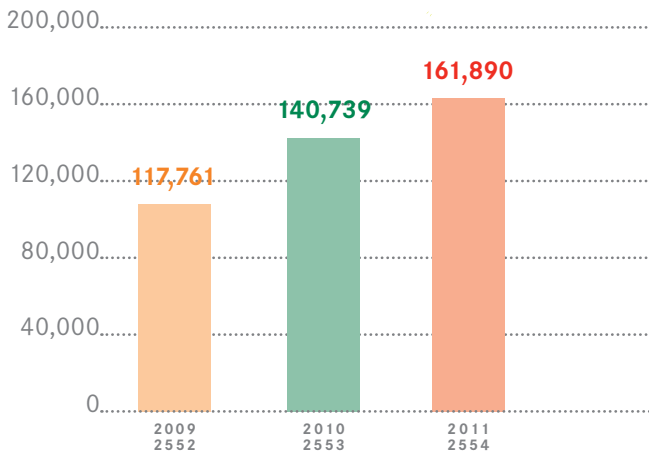
สำหรับงวดปีสิ้นสุดวันที่ 31 ธันวาคม 2552 ถึง 31 ธันวาคม 2554
For Fiscal Years Ending December 31, 2009 to December 31, 2011

	2552 2009	2553 2010	2554 2011
ข้อมูลจากงบการเงินรวม Consolidated Financial Information		(ปรับปรุงใหม่) (Restated)	(ล้านบาท) (Baht Million)
ยอดขายสุทธิและรายได้ค่าบริการ Net Sales and Services Income	112,377	134,954	155,360
รายได้รวม Total Revenues	117,761	140,739	161,890
กำไรสุทธิ Net Profit	4,992	6,663	8,008
เงินสดสุทธิที่ได้มาจากกิจกรรมดำเนินงาน Net Cash Provided by Operating Activities	9,005	12,340	12,590
สินทรัพย์รวม Total Assets	44,441	47,904	55,341
หนี้สินรวม Total Liabilities	25,505	29,904	33,642
ส่วนของผู้ถือหุ้นรวม Total Equity	18,937	17,958	21,699
ข้อมูลผู้ถือหุ้น Share Information			(บาท) (Baht)
มูลค่าตามบัญชีต่อหุ้น Book Value per Share	4.2	4.0	4.8
กำไรสุทธิต่อหุ้น Earnings per Share	1.11	1.48	1.78
อัตราส่วนทางการเงิน Financial Ratios			(ร้อยละ) (%)
อัตรากำไรขั้นต้น Gross Margin (Sales and Services)	26.4	24.9	24.8
อัตรากำไรจากการดำเนินงาน EBIT Margin	5.8	6.5	6.8
อัตรากำไรสุทธิ Net Profit Margin	4.2	4.7	4.9
ผลตอบแทนต่อสินทรัพย์รวม Return on Total Assets	11.8	14.4	15.5
ผลตอบแทนต่อส่วนของผู้ถือหุ้น Return on Total Shareholders' Equity	28.1	36.5	40.8



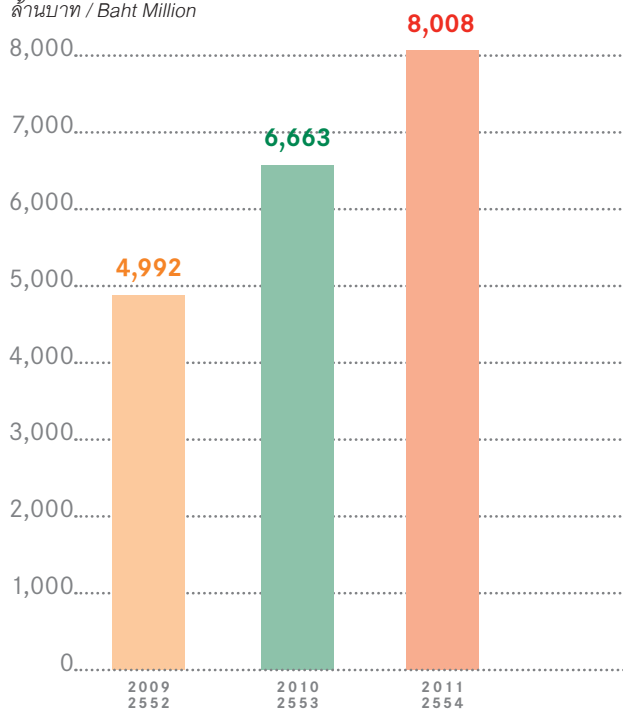
รายได้รวม Total Revenues

ล้านบาท / Baht Million



กำไรสุทธิ Net Profit

ล้านบาท / Baht Million



บริษัทตั้งเป้าหมายสาขา
ให้ครบ 7,000 สาขาภายในปี 2556
7,000 stores by 2013



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.”), educational institution (“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 or www.cpass.com





Messages from the Chairman and the Chief Executive Officer



นายก่อศักดิ์ ไชยรัศมีศักดิ์ | ประธานเจ้าหน้าที่บริหาร
Mr. Korsak Chairasmisak | Chief Executive Officer

CP All Public Company Limited would like to send our support and well wishes to all flood victims who were affected by the severe flooding during the 2011 to smoothly overcome this unprecedented crisis. At the same time, the Company would like to express our sincere gratitude to all customers, shareholders, supporters, business partners from all sectors, and dedicated employees who have been a dynamic force in supporting the Company through this challenging time.

The devastating floods had caused supply chain disruption and affected the Company's operations including suppliers, logistics, distribution, and 7-Eleven stores. On the bright side, as the Company had prepared for the flooding situation both in terms of protection and recovery, and with the cooperation of management, employees, and all concerned parties, the Company was able to execute its contingency plans to enable 7-Eleven stores to continue to provide convenient service to all

communities during the crisis. After the situation eased, the Company did the best efforts to quickly resume normal operations and ensure that it could satisfy customer demands.

In addition, the Company participated in flood relief and recovery plan through various projects such as the "Flood Relief Fund" in cooperation with the Office of the Prime Minister, "7-Eleven Assisting Disaster Victims", and "Rice Boxes to Help Thais Lower Cost of Living". The Company also organized Buddhism sessions to uplift the spirits of the flood-hit people through the "Relocating Temples to 7-Eleven Roaming" Project.

With over 23 years experience operating 7-Eleven stores in Thailand and an extensive nationwide network of over 6,200 stores, the Company is the convenience store operator with the most branches in Thailand. The Company has implemented constructive strategies which have been able to satisfy the fast changing demands of consumers and effectively manage crisis situations. In 2011, even though the massive flood had a widespread impact on both the government and private sectors and the overall Thai economy, the Company was able to successfully surpass this difficult time without derail to its business operations. The Company's total revenue of consolidated financial statement was Baht 161,890 million and net profit was Baht 8,008 million, growing 15.0 percent and 20.2 percent, respectively.

The Company used lessons learnt from this flood crisis to actively and prudently develop new risk mitigation measures such as building up more regional distribution centers to mitigate risk and other natural disasters which may occur in the future. As one of the key competitive strategies, the Company has plans to build regional distributional centers in other regions to improve efficiency of product delivery with a new Northern regional distribution center is scheduled to open in Lamphun Province in 2012.



Due to ever-changing customer needs emphasizing convenience and speed as well as the growing opportunities associated with the rapid urbanization, the Company is confident that the 7-Eleven convenience store business has great growth potential. The Company's top priority is delivering convenience and delight to consumers. Consequently, 7-Eleven stores have become a part of Thai people's life. In 2012, the Company aims to rollout another 500 stores with a target to reach 7,000 stores by 2013. The Company's business strategy focuses on offering ready to eat products with plans to expand investment in subsidiaries to augment production, form new business alliances, and work together with suppliers in developing innovative products and services to create differentiation.

As a result of the Company's continued growth and outstanding business performance, it has been recognized by Forbes as one of the 50 best biggest listed companies in the Asia Pacific Region in 2011. The Company was also awarded the Top Corporate Brands 2011 in the service sector in Thailand by Chulalongkorn University's Faculty of Commerce and Accountancy. In 2011, the Company continued to manage its business emphasizing the involvement of all stakeholders in line with Total Quality Management (TQM), using Thailand Quality Award (TQA) standards for evaluation to enhance learning at both the individual and organizational levels. Thus, various departments were able to work systematically and inter-connectively, enabling work

flexibility, and bringing the maximum benefits to customers, employees, shareholders and stakeholders. All along, the Company has continuously contributed back to society by implementing various projects relating to education, religion, sports, arts and culture, energy conservation, and the environment. The Company places importance on developing people by supporting the education system of Panyapiwat Technological College and Panyapiwat Institute of Management which strives to build capable and good people for Thai society.

The Company is most grateful to our customers, business partners, shareholders, supporters and devoted employees for their unwavering support which has enabled the company to grow strongly and sustainably. Return on total shareholder's equity for the past 3 years averaged 35 percent per year, ranking among the top 10 listed companies on the Stock Exchange of Thailand, yielding the highest return on total shareholders' equity. In addition, from the Corporate Governance Report of Thai Listed Companies 2011 by the Thai Institute of Directors Association, the Company continued to receive a "Very Good" CG score. The Company is determined to operate its business with integrity and transparency, with the interests of all stakeholders and customers in mind. Last but not least, the Company has long-standing commitment to help improve the Thai economy and society, contributing to the country's continued prosperity and growth.

Mr. Dhanin Chearavanont
Chairman

Mr. Korsak Chairasmisak
Chief Executive Officer



คณะกรรมการบริษัท

Board of Directors



- | | | | | | | | | | | | | | | | |
|--|---|--|--|--|--|--|--|---|--|---|--|---|--|--|---|
| <p>1 ศ. ดร. โกเมน ภัทรภิรมย์
ประธานคณะกรรมการตรวจสอบ
และกรรมการอิสระ
Prof. Dr. Komain Bhatarabhirom
Chairman of the Audit Committee
and Independent Director</p> | <p>2 นายปรีดี บุญยัง
กรรมการตรวจสอบและกรรมการอิสระ
Mr. Pridi Boonyoung
Audit Committee and Independent Director</p> | <p>3 นายผดุง เตชะศรีนทร์
กรรมการตรวจสอบและกรรมการอิสระ
Mr. Padoong Techasarintr
Audit Committee and Independent Director</p> | <p>4 ศ. ศุภชัย พิเศษวานิช
กรรมการอิสระ
Prof. Suphachai Phisitvanich
Independent Director</p> | <p>5 พล.ต.อ.โกวิท วัฒนะ*
กรรมการอิสระ
Pol.Gen.Kowit Wattana
Independent Director</p> | <p>6 นายธนนท์ เจียรนวนนท์
ประธานกรรมการ
Mr. Dhanin Chearavanont
Chairman</p> | <p>7 นายก่อศักดิ์ ไชยรัศมีศักดิ์
รองประธานกรรมการ
และประธานเจ้าหน้าที่บริหาร
Mr. Korsak Chairasmisak
Vice Chairman and Chief Executive Officer</p> | <p>8 นายอดิเรก ศรีประทักษ์
กรรมการ
Mr. Adirek Sripratak
Director</p> | <p>9 นายอรรุข สรรพสิทธิ์วงศ์
กรรมการ
Mr. Umroong Sanphasitvong
Director</p> | <p>10 นายสุภกิต เจียรนวนนท์
กรรมการ
Mr. Soopakij Chearavanont
Director</p> | <p>11 นายณรงค์ เจียรนวนนท์
กรรมการ
Mr. Narong Chearavanont
Director</p> | <p>12 นายประเสริฐ จารุพนิช
กรรมการ
Mr. Prasert Jarupanich
Director</p> | <p>13 นายพิทยา เจียรวิสิฐกุล
กรรมการและรองประธานเจ้าหน้าที่บริหาร
Mr. Pittaya Jearavisitkul
Director and Deputy Chief Executive Officer</p> | <p>14 นายปิยะวัฒน์ ฐิตะสัทธาวรกุล
กรรมการและกรรมการผู้จัดการ
Mr. Piyawat Titasattavorakul
Director and Managing Director</p> | <p>15 นายธานีรินทร์ บุรณมานิต
กรรมการและรองกรรมการผู้จัดการบริหาร
สายงานปฏิบัติการ สายงานการตลาด
และสายงานบริหารทรัพยากรบุคคล
Mr. Tanin Buranamanit
Director and Executive Vice President -
Operation, Marketing, and Human Resource</p> | <p>16 นายสุพจน์ ชิตเกษรพงศ์
เลขานุการบริษัท และรองกรรมการผู้จัดการ
สายงานบัญชีและการเงิน
Mr. Supot Shitgasornpongse
Company Secretary and Vice President -
Accounting and Finance</p> |
|--|---|--|--|--|--|--|--|---|--|---|--|---|--|--|---|

*ลาออกโดยให้มีผลตั้งแต่วันที่ 4 สิงหาคม 2554



คณะผู้บริหาร Executive Officers



- | | |
|---|---|
| <p>1 นายก่อศักดิ์ ไชยรัศมีศักดิ์
รองประธานกรรมการ
และประธานเจ้าหน้าที่บริหาร
Mr. Korsak Chairasmisak
Vice Chairman and Chief Executive Officer</p> <p>2 นายพิทยา เจียรวิวสิฏกุล
กรรมการและรองประธานเจ้าหน้าที่บริหาร
Mr. Pittaya Jearavisitkul
Director and Deputy Chief Executive Officer</p> <p>3 นายปิยะวัฒน์ วิเศษธาวารกุล
กรรมการและกรรมการผู้จัดการ
Mr. Piyawat Titasattavorakul
Director and Managing Director</p> <p>4 นายสุรพันธ์ ปุสเสด็จ
ผู้ช่วยประธานเจ้าหน้าที่บริหารอาวุโส
สายงานทรัพยากรบุคคล
Mr. Suraphan Pussadej
Senior Assistant Chief Executive Officer -
Human Resource</p> <p>5 นายธานินทร บูรณมานิต
กรรมการและรองกรรมการผู้จัดการบริหาร
สายงานปฏิบัติการ สายงานการตลาด
และสายงานบริหารทรัพยากรบุคคล
Mr. Tanin Buranamanit
Director and Executive Vice President -
Operation, Marketing, and Human Resource</p> | <p>6 นายทวีศักดิ์ แก้วรัตน์ปัทมา
รองกรรมการผู้จัดการอาวุโส สายงานบัญชี
และการเงิน
Mr. Taweesak Kaewrathtanapattama
Senior Vice President - Accounting
and Finance</p> <p>7 นายชวณ นิมกิตติกุล
รองกรรมการผู้จัดการอาวุโส
สายงานจัดซื้อและศูนย์กระจายสินค้า
Mr. Chuan Nimkittikul
Senior Vice President - Purchasing
and Distribution</p> <p>8 นายสุวิทย์ กิ่งแก้ว
รองกรรมการผู้จัดการอาวุโส สายงานบริหารทั่วไป
Mr. Suwit Kingkaew
Senior Vice President - General Management</p> <p>9 นายโกษา พงศ์สุพัฒน์
รองกรรมการผู้จัดการอาวุโส
สายงานเทคโนโลยีสารสนเทศ
Mr. Kosa Pongsupath
Senior Vice President - Information Technology</p> |
|---|---|



Directors and Management Biography

Prof.Dr. Komain Bhatarabhirom

79 years old

Position :

- Chairman of the Audit Committee and Independent Director

Position 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
- Committee of law reform, Ministry of Culture

Education :

- Degree from National Defence College of Thailand
- Docteur de l'Université de Paris
- Doctor of Law (Honorary) Chulalongkorn University
- Barrister-at-Law, Thai Bar Association
- Bachelor of Law, 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 Public Co., Ltd.
- 1985 - 1993 Director, Krung Thai Bank Public Co., Ltd.
- 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
- 2009 Monitoring the Quality of Financial Reporting (MFR)
- 2009 Monitoring the System of Internal Control and Risk Management (MIR)
- 2009 Monitoring the Internal Audit Function (MIA)

Attendance at the Board of Directors' Meeting during 2011 :

5 times out of 5 meetings

(%) shareholding (as at December 30, 2011) : -

Mr. Pridi Boonyoung

73 years old

Position :

- Audit committee and Independent director

Position in other organizations :

- Audit committee, Panyapiwat Institute of Management

Education :

- Master Degree in Laws, Yale University, USA
- Bachelor Degree in 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)
- 2010 Audit Committee Program (ACP)

Attendance at the Board of Directors' Meeting during 2011 : 5 times out of 5 meetings

(%) shareholding (as at December 30, 2011) : 0.00758

Mr. PadoongTechasarintr

70 years old

Position :

- Audit committee and Independent director

Position in other organizations :

- Independent Director and Chairman of the Audit Committee, Textile Prestige Public Co., Ltd.
- Independent Director and Chairman of the Audit Committee, Thanulux Public Co., Ltd.
- Independent Director and Chairman of the Audit Committee, Lanna Resources Public Co., Ltd.
- Independent Director and Audit Committee, Kulkhorn Kirby Public Co., Ltd.



- Independent Director and Audit Committee, Thai Nam Plastic Public Co., Ltd.
- Audit committee, Panyapiwat Institute of Management

Education :

- Bachelor Degree in Business and Administration, Thammasat University

Experiences :

- 1995 - 1998 Executive Director, Siam City Bank Public Co., Ltd.
- 1994 - 1995 Director - Vice President, Siam City Bank Public Co., Ltd.

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

2011 : 5 times out of 5 meetings

(%) shareholding (as at December 30, 2011) : 0.00011

Prof. Suphachai Phisitvanich

71 years old

Position :

- Independent director

Position in other organizations :

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

Education :

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

Experiences :

- 2005 - 2007 Chairman of the Audit Committee, CPPC Public Co., Ltd.
- 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 Public Co., Ltd.
- 2001 - 2002 Chairman, TOT Public Co., Ltd.

- 2001 - 2002 Advisor, Ministry of Finance
- 1998 - 2001 Permanent Secretary for Finance, Ministry of Finance

- 1997 - 1997 Deputy Permanent Secretary, Ministry of Finance

- 1993 - 1996 Director General, 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

2011 : 5 times out of 5 meetings

(%) shareholding (as at December 30, 2011) :-

Police General. Kowit Wattana

65 years old

Position :

- Independent director (Resigned effective from August 4, 2011)

Position 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

2011 : 2 times out of 5 meetings

(%) shareholding (as at December 30, 2011) :-



Mr. Dhanin Chearavanont

72 years old

Position :

- Chairman

Position in other organizations :

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

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

2011 : 2 times out of 5 meetings

(%) shareholding (as at December 30, 2011) : 0.01704

Mr. Korsak Chairasmisak

59 years old

Position :

Vice Chairman and Chief Executive Officer

Position in other organizations :

- Vice Chairman, Charoen Pokphand Group Co., Ltd.
- Chairman, Thai Go Association
- President, World Chinese Wei Qi Federation
- Honorable Member, Behavior Science Research Institute, Srinakharinwirot University
- Committee, Songkhlanakarin University
- Consultant, Thammasat Association
- Financial Consultant, The Writers Association of Thailand
- Consulting, 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 Commerce 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), Srinakharinwirote 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

2011 : 5 times out of 5 meetings

(%) shareholding (as at December 30, 2011) : 0.10437

* Included Employee Joint Investment Program (EJIP)



Mr. Adirek Sripratak

66 years old

Position :

- Director

Position in other organizations :

- Honor president, Thai Broiler Processing Exporters Association
- President and CEO, Charoen Pokphand Foods Public Co., Ltd.
- Acting Chief Operating Office, Livestock Business, Charoen Pokphand Foods Public Co., Ltd.
- 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 2011 : 3 times out of 5 meetings

(%) shareholding (as at December 30, 2011) :-

Mr. Umroong Sanphasitvong

59 years old

Position :

- Director

Position in other organizations :

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

Education :

- Master Degree in Accounting, Thammasat University
- Bachelor 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 2011 : 5 times out of 5 meetings

(%) shareholding (as at December 30, 2011) :-

Mr. Soopakij Chearavanont

48 years old

Position :

- director

Position in other organizations :

- Chairman, True Visions Public Co., Ltd.
- Chairman, True Visions Cable Public Co., Ltd.
- 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 & 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 & Chief Executive Officer, Chia Tai Enterprises International Co., Ltd.
- Executive Vice Chairman & 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 Public Co., Ltd.



- Director, True Move Co., Ltd.
- Director, Chia Tai Development Investment Co., Ltd.
- Director, Chia Tai Group Co., Ltd.
- Director, CP 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 2011 : 1 time out of 5 meetings

(%) shareholding (as at December 30, 2011) : 0.00247

Mr. Narong Chearavanont

47 years old

Position :

- Director

Position in other organizations :

- Director, True Corporation Public Company Limited
- Director, SM True Company Limited
- Director, True Visions Group Company Limited
- President, CP Corporate University
- Chairman, Yangtze Supermarket Investment Co., Ltd.
- 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 Public Company Limited
- Legal Representative and Director, Beston Action Utility Wear (Lianyungang) Co.,Ltd.
- Director, True Visions Public Company Limited
- Director, True Visions Cable Public Company Limited
- Executive Vice Chairman, C.P. Lotus Corporation
- Executive Vice Chairman, Chia Tai(China) Investment 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.
- Board of Director, Beijing Lotus Supermarket Chain Store Co., Ltd.
- Board of Director, Foshan C.P. Lotus Management Consulting Co.,Ltd.
- Board of Director, Changsha Chulian Supermarket Co.,Ltd.
- Board of Director, Chengdu Ailian Supermarket Co.,Ltd.
- Vice Chairman, CP Food Product (Shanghai) 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 :

- 2007 - 2010 Executive Director, C.P. Pokphand Co., Ltd.
- 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 2011 : 1 time out of 5 meetings

(%) shareholding (as at December 30, 2011) : 0.00339

Mr. Prasert Jarupanich

63 years old

Position :

- Director

Position in other organization :

- Director, Siam Makro Public Company Limited
- 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 Degree in Computer Science, University of Missouri at Rolla
- Bachelor 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 2011 : 5 times out of 5 meetings

(%) shareholding (as at December 30, 2011) : -

Mr. Pittaya Jearavisitkul

56 years old

Position :

- Director and Deputy Chief Executive Officer

Position in other organization : -

Education :

- Master Degree in Business Administration, Thammasat University
- Bachelor Degree in Economics (1st class 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 2011 : 4 times out of 5 meetings

(%) shareholding (as at December 30, 2011) : 0.01677

** Included Employee Joint Investment Program (EJIP)*

Mr. Piyawat Titasattavorakul

58 years old

Position :

- Director and Managing Director

Position in other organization : -

Education :

- Bachelor Degree in Marketing, Ramkhamhaeng University

Experiences :

- 1996 - 1998 Vice President - Operation : C.P. Seven Eleven Public Co., Ltd.

Relationship : -

Training by the Thai Institute of Directors Association



(IOD) :

2001 Director Certification Program (DCP)

Attendance at the Board of Directors' Meeting during 2011 : 5 times out of 5 meetings

(%) shareholding (as at December 30, 2011) : 0.00297

* Included Employee Joint Investment Program (EJIP)

Mr. Tanin Buranamanit

48 years old

Position :

- Director and Executive Vice President – Operation, Marketing and Human Resource

Position in other organization :-

Education :

- Bachelor Degree in Marketing, Thammasat University

Experiences :

1999 Assistant Vice President – Marketing, C.P. Seven Eleven Public Co., Ltd.

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 2011 : 5 times out of 5 meetings

(%) shareholding (as at December 30, 2011) : 0.00176

* Included Employee Joint Investment Program (EJIP)

Mr. Supot Shitgasornpongse

58 years old

Position :

- Company Secretary and Vice President - Accounting and Finance

Position in other organization :

- Subcommittee on Tax Revenue, Thai Chamber of Commerce
- Banknote Management Committee, Banknote Management Group Bank of Thailand

Education :

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

Experiences :

2008 – 2011 Member, Accounting Standards Technical Assistance Subcommittee and Member, Accounting Systems Formulation Committee, Federation of Accounting Professions

1990 – 1997 General Manager, Thailand Fishery Cold Storage Public Co., Ltd. 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, 2011) : 0.00128

* Included Employee Joint Investment Program (EJIP)

Mr. Suraphan Pussadej

63 years old

Position :

- Senior Assistant Chief Executive Officer – Human Resource

Position 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 Law (Honor), Thammasat University
- Barrister of Law, Thai Bar Association

Experiences :

2004 – 2005 Deputy Chief Executive Officer, S Khonkaen Public Co., Ltd.

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, 2011) : 0.00251

* Included Employee Joint Investment Program (EJIP)



Mr. Taweesak Kaewrathtanapattama

55 years old

Position :

- Senior Vice President – Accounting and Finance

Education :

- Bachelor Degree in Accounting, Thammasat University
- Bachelor Degree in Law, Thammasat University

Experiences :

1981 – 2005 Vice President,
Bangkok Produce Public Co., Ltd.

Relationship : -

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

2007 Director Certification Program (DCP)

(%) shareholding (as at December 30, 2011) : 0.00230

* Included Employee Joint Investment Program (EJIP)

Mr. Chuan Nimkittikul

60 years old

Position :

- Senior Vice President – Purchasing and Distribution

Education :

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

Experiences :

1996 – 1998 Assistant Vice President – Purchasing and Distribution, Human Resource and Administration: C.P. Seven Eleven Public Co., Ltd.

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, 2011) : 0.00657

* Included Employee Joint Investment Program (EJIP)

Mr. Suwit Kingkaew

62 years old

Position :

- Senior Vice President – General Management

Education :

- Master Degree in Business Administration, Kasetsart University
- Bachelor Degree in Economics, Kasetsart University
- Senior Executives on justice administration programme National Justice Academy, Office of Judiciary

Experiences :

1996 – 1998 Assistant Vice President –
General Management ,
C.P. Seven Eleven Public Co., Ltd.

Relationship : -

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

2005 Director Certification Program (DCP)

(%) shareholding (as at December 30, 2011) : 0.00651

* Included Employee Joint Investment Program (EJIP)

Mr. Kosa Pongsupath

61 years old

Position :

- Senior Vice President – Information Technology

Education :

- Bachelor Degree in Statistics, Kasetsart University

Experiences

2000-2001 Assistant Vice President –Information Technology C.P. Seven Eleven Public Co., Ltd.

Relationship : -

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

(%) shareholding (as at December 30, 2011) : 0.00148

* Included Employee Joint Investment Program (EJIP)

หอมกลิ่นมิตรภาพ รอบรั้วบ้าน ซีพี ออลล์

Sweet-Scented of Friendship around CP All



กว่าสองทศวรรษที่ผูกพันฉันท์ ‘เพื่อนบ้าน’
กว่า 6,200 สาขา ที่เปิดให้บริการความสะดวกซื้อ กับทุกชุมชน
ด้วยสินค้าอันหลากหลาย ด้วยรอยยิ้ม และคำทักทาย ที่อบอุ่นเป็นมิตร
ดุจเพื่อนบ้านที่ใกล้ชิดตลอด 24 ชั่วโมง



Over 2 decades of bonds like 'neighbors'

Over 6,200 stores providing convenient service to all communities

With varied products, warm smiles, and friendly greetings

Like close neighbors... 24 hours



ลักษณะการประกอบธุรกิจ

Nature of Business

ภาพรวมการประกอบธุรกิจ

บริษัท ซีพี ออลล์ จำกัด (มหาชน) ก่อตั้งขึ้นเมื่อปี 2531 โดยบริษัทในเครือเจริญโภคภัณฑ์ เพื่อให้เป็นบริษัทของคนไทยที่ประกอบธุรกิจหลักด้านค้าปลีกประเภทร้านค้าสะดวกซื้อในประเทศไทยภายใต้เครื่องหมายการค้า “7-Eleven” โดยบริษัทได้รับสิทธิการใช้เครื่องหมายการค้าดังกล่าวจาก 7-Eleven, Inc. สหรัฐอเมริกา และได้เปิดร้านสาขาแรกที่ซอยพุดนพวงษ์ เมื่อปี 2532

ณ สิ้นปี 2554 บริษัทมีร้าน 7-Eleven ทั่วประเทศรวม 6,276 สาขา (ถือเป็นประเทศที่มีร้าน 7-Eleven มากเป็นอันดับที่ 3 ของโลกรองจากประเทศญี่ปุ่น และสหรัฐอเมริกา) โดยเป็นร้านในกรุงเทพฯ และปริมณฑล 2,977 สาขา (คิดเป็นร้อยละ 47) เป็นร้านในต่างจังหวัด 3,299 สาขา (คิดเป็นร้อยละ 53) เมื่อแบ่งตามประเภทของร้านพบว่า มีร้านสาขาบริษัท 2,926 สาขา (คิดเป็นร้อยละ 47) ส่วนที่เหลือเป็นร้านแฟรนไชส์ 2,884 สาขา (คิดเป็นร้อยละ 46) และร้านค้าที่ได้รับสิทธิช่วงอาณาเขต 466 สาขา (คิดเป็นร้อยละ 7) ปัจจุบันมีลูกค้าเข้าร้าน 7-Eleven เฉลี่ยวันละ 7.6 ล้านคน

ทั้งนี้ในปี 2554 บริษัทได้ขยายสาขาร้าน 7-Eleven อย่างต่อเนื่องรวม 486 สาขา ทั้งในรูปแบบของร้านในทำเลปกติ และร้านในสถานีบริการน้ำมันของบริษัท ปตท. จำกัด (มหาชน) เพื่อให้ครอบคลุมพื้นที่ของลูกค้ากลุ่มเป้าหมายทั้งในกรุงเทพฯ และต่างจังหวัด โดย ณ สิ้นปี 2554 บริษัทมีร้านในทำเลปกติ 5,350 สาขา (คิดเป็นร้อยละ 85) และร้านในสถานีบริการน้ำมัน ปตท. 926 สาขา (คิดเป็นร้อยละ 15)

นอกจากนั้น บริษัทได้ขยายการลงทุนไปในธุรกิจที่ช่วยสนับสนุนธุรกิจร้านค้าสะดวกซื้อในประเทศไทยอย่างต่อเนื่อง ดังต่อไปนี้

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 2011, the Company had a total of 6,276 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, 2,977 stores are in Bangkok and vicinity (47 percent) and 3,299 stores are in provincial areas (53 percent). According to type of store, there are 2,926 corporate stores (47 percent), 2,884 franchise stores (46 percent) and 466 sub-area license stores (7 percent). Presently, an average of 7.6 million customers visit 7-Eleven stores each day.

In 2011, the Company expanded another 486 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 2011, the Company had 5,350 stand-alone stores (85 percent) and 926 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)**
เพื่อประกอบธุรกิจเป็นตัวแทนรับชำระเงินค่าสินค้าและบริการ
- **บริษัท ซี.พี. ค้าปลีกและการตลาด จำกัด (CPRAM)**
เพื่อประกอบธุรกิจผลิตและจำหน่ายอาหารแช่แข็งและเบเกอรี่
- **บริษัท รีเทลลิงค์ (ไทยแลนด์) จำกัด (RTL)**
เพื่อประกอบธุรกิจการจำหน่ายและซ่อมแซมอุปกรณ์ค้าปลีก
- **บริษัท ไทยสมาร์ตการ์ด จำกัด (TSC)**
(ลงทุนร่วมกับพันธมิตรทางธุรกิจ) เพื่อให้บริการชำระค่าสินค้าและบริการผ่านบัตรเติมเงินอิเล็กทรอนิกส์ (Smart Purse)
- **บริษัท โกซอฟท์ (ประเทศไทย) จำกัด (GOSOFT)**
เพื่อให้บริการออกแบบและพัฒนาระบบงานด้านสารสนเทศ
- **บริษัท เอ็ม เอ เอ็ม ฮาร์ท จำกัด (MAM)**
เพื่อให้บริการปรึกษาวางแผนกิจกรรมทางการตลาด
- **บริษัท ไดนามิค แมเนจเม้นท์ จำกัด (DM)**
เพื่อให้บริการบริหารงานกิจการขนส่งสินค้าและกระจายสินค้า
- **บริษัท ศึกษาวิวัฒน์ จำกัด (SPW)**
เพื่อให้บริการด้านการศึกษา อันได้แก่ วิทยาลัยเทคโนโลยีปัญญาวิวัฒน์ ซึ่งเปิดสอนในระดับอาชีวศึกษา และสถาบันการจัดการปัญญาวิวัฒน์สำหรับหลักสูตรระดับปริญญาตรี 4 สาขา ได้แก่ บริหารธุรกิจ วิศวกรรมศาสตร์ ศิลปศาสตร์ และนิเทศศาสตร์ และระดับปริญญาโท 1 สาขา คือ บริหารธุรกิจ
- **บริษัท ปัญญาธรา จำกัด (PTR)**
เพื่อประกอบกิจการการจัดฝึกอบรม และการจัดสัมมนาทางวิชาการ
- 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 Technological College, 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
- Panyatara Company Limited (PTR) provides training and seminar services



นอกจากนี้ บริษัทยังมีการขยายช่องทางธุรกิจภายใต้การบริหารจัดการของบริษัท อาทิ

- **ธุรกิจ 7-Catalog Order**
เพื่อเป็นการขยายช่องทางธุรกิจด้านการสั่งซื้อสินค้าผ่านทาง "วารสารแคตตาล็อก"
- **ธุรกิจ บุกส์ไมล์ (Book Smile)**
เพื่อเป็นช่องทางในการจำหน่ายหนังสือและวารสาร
- **ธุรกิจ เอ็กซ์ต้า (eXta)**
โดยเป็นร้านสุขภาพและความงามดำเนินธุรกิจจัดจำหน่ายสินค้าประเภทยาและเวชภัณฑ์ สินค้าสุขภาพ และเครื่องสำอาง
- **ธุรกิจ คัดสรร (Kudsan)**
เพื่อเป็นช่องทางจำหน่ายสินค้าที่คัดสรรพิเศษทั้งกาแฟและเบเกอรี่

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 2554

บริษัทได้จดทะเบียนแปรสภาพเป็นบริษัทมหาชนจำกัด เลขทะเบียน 0107542000011 เมื่อวันที่ 12 มีนาคม 2542 โดย ณ วันที่ 30 ธันวาคม 2554 บริษัทมีกลุ่มบริษัทในเครือเจริญโภคภัณฑ์ถือหุ้นอยู่ร้อยละ 48.06 ของทุนจดทะเบียนที่เรียกชำระแล้ว

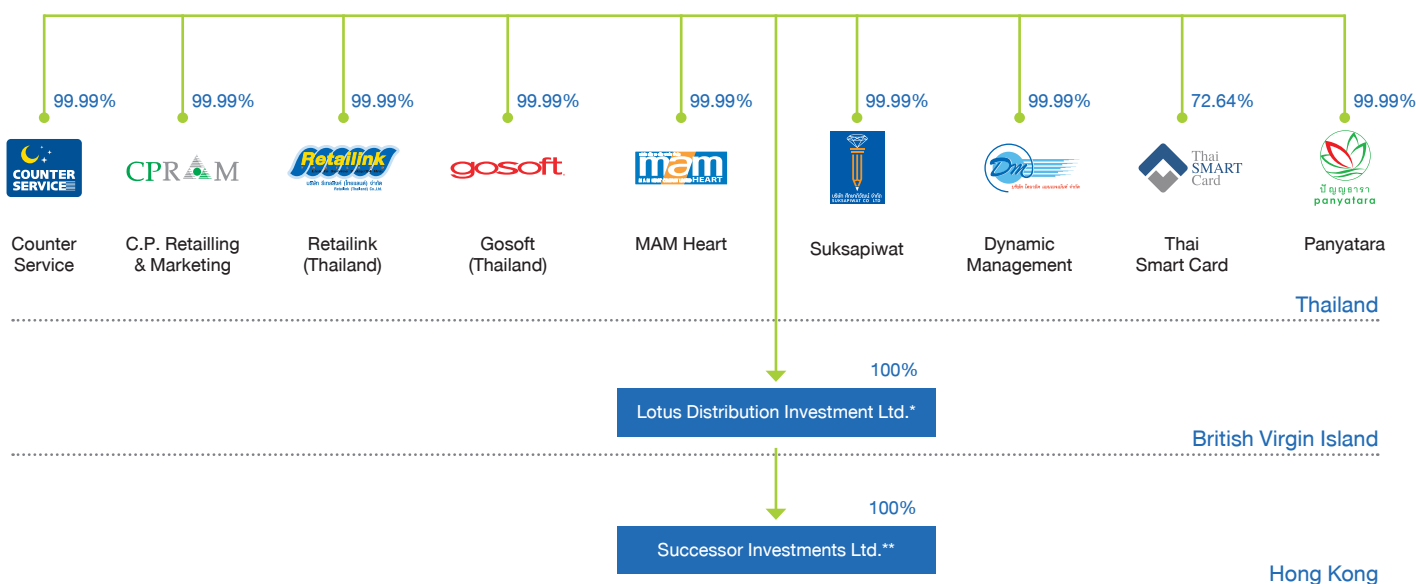
ณ วันที่ 31 ธันวาคม 2554 บริษัทมีแผนภาพโครงสร้างการถือหุ้นของกลุ่มบริษัท ดังนี้

Group Structure of CP All Public Company Limited

As at December 31, 2011

The Company became a public company limited registration number 0107542000011 on March 12, 1999. As at December 30, 2011, the Charoen Pokphand Group held 48.06 percent of the Company's paid-up capital.

As at December 31, 2011, 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	2009*		2010*		2011*	
	Million Baht	%	Million Baht	%	Million Baht	%
Convenience store (7-Eleven)	109,105	91	131,656	91	152,073	92
Other businesses ¹	10,503	9	12,266	9	13,106	8
Total net sales and service income	119,608	100	143,922	100	165,179	100

* Data before elimination

¹ 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 at least 500 new outlets in 2012 having the next milestone of 7,000 stores by 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 by working closely with suppliers in developing new products and services that match customer demands with good quality and safety to create differentiation. With a focus on increasing food portions under ready-to-eat meals, 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 2011, there were 7-Eleven stores with a total of 6,276 outlets.

Types of 7-Eleven Stores

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

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.

(Unit : stores)	2008	2009	2010	2011	No. of new store openings in 2011
Corporate Stores	2,671	2,794	2,834	2,926	92
Franchise Stores	1,813	2,130	2,541	2,884	343
Sub-Area License Stores	294	346	415	466	51
Total	4,778	5,270	5,790	6,276	486



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 72.8 percent and non-food products excluding phone card accounting for 27.2 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 5,400 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 7.6 million customers nationwide per day purchased products and services from 7-Eleven stores in 2011, increasing from 7.1 million customers nationwide per day in 2010.

Customers who visit 7-Eleven stores 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 were able to have a continual increase in sales and profits in the past year.



Marketing and Competition in the Convenience Store Business

In 2011, many factors had an impact on economic expansion. The tsunami in Japan at the end of the first quarter lowered production in the auto and spare parts industry. Flooding in the South and severe flooding at the end of the year had tremendous impact on the overall economy, affecting the agricultural, industrial and tourism sectors which in turn affected numerous manufacturers and service providers. Thailand's gross domestic product (GDP) of the fourth quarter 2011 contracted 9 percent year-on-year compared to the GDP growth rate of 3.7 percent in the previous quarter before the great flooding which caused widespread business disruption. The floods caused supply chain disruption, reduction of manufacturing activities, and product delivery problems. From the survey of manufacturers, it is expected that the private sector business recovery will take approximately 1 to 6 months to return to normal.

The flooding had an impact on the supply chain and business cycle of retailers. Manufacturers, product distribution centers, logistics, and distribution channels were all affected. Some manufacturers that were indirectly affected through their manufacturing network sourced raw materials from abroad, increased production from subsidiary companies, temporarily relocated their employees and machinery to produce elsewhere or imported products to support consumer demand after the floods receded. With regards to delivery, transport companies had to bypass flooded areas or use larger-sized trucks, resulting in increased delivery time and costs. Retailers built many temporary product distribution centers to replace their main distribution center located in the flooded area. Retailers also changed their delivery method by having manufacturers

deliver products directly to stores, bypassing distribution centers, or ordered products to stock before the factories temporarily closed to handle the flood crisis.

With regards to consumption, it is expected that the spending of people in flood-hit areas will slow down due to the loss from the floods and concern about the cost of living as product prices remain at the high level. In November 2011, the consumer confidence index fell to the lowest level in the past 10 years. However, it is expected that consumption will only be temporarily affected in the fourth quarter of 2011, will expand again in the first quarter of 2012, and will clearly return to normal in the second half of this year. The National Economic and Social Development Board expects that private consumption will grow 4.4 percent in 2012 (as of 21 November 2011). Supporting factors include employment which will return to normal after factories reopen, government financial support, and relaxed credit extension from financial institutions. In addition, the government's economic stimulus policies such as the rice pledging scheme; reduction of corporate income tax for entities from 30 percent to 23 percent in 2012 and 20 percent in 2013; increase in the minimum wage; and tax reductions for the first car and first home buyers have helped boost financial liquidity for business recovery from the floods and stimulate domestic spending.

The abovementioned factors all had an impact on the growth of the retail sector in 2011. The Thai Retailers Association expects that growth will slow down from the initial forecast of 9 – 10 percent to 6 – 7 percent. The overall retailing industry in 2012 is expected to grow 8 – 9 percent compared to the previous year. Even though in the first half of the year 2012 consumers will be more careful about spending, especially those affected by the flood who will spend for repairing their homes, it is



expected that the policies to stimulate consumption by the government and retailers as well as adaption of products and services to meet the needs of consumers will help improve purchasing power and spending behavior.

Competition in the retail industry was still intense in 2011. 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.

Besides increasing the number of stores, it was found that retailers may speed up their plans to build product distribution centers in order to mitigate risk that may arise from floods. Retailers continued to invest to improve and modernize existing stores 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 and encouraging continuous purchasing through membership cards in order to attract customers and maintain market share.

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 2011, there was an increase of 950 convenience stores under the chain store format. Out of the total, 486 stores were 7-Eleven stores.

(Unit : stores)	2008	2009	2010	2011
Stand alone convenience stores	7,288	7,906	8,883	9,773
- 7-Eleven store	4,065	4,462	4,920	5,350
- Others	3,223	3,444	3,963	4,423
Convenience stores in gas stations	1,961	2,012	2,075	2,135
- 7-Eleven store	713	808	870	926
- Others	1,248	1,204	1,205	1,209
Total convenience stores	9,249	9,918	10,958	11,908

Remark: Convenience outlets in chain store format

Source: Compilation by CP All Plc.



Business Strategy and Direction

After the flood crisis during 2011, the Company is fully aware that in order to grow sustainably in the future amid the lingering external 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. In 2011, the Company continued to focus on developing various strategies to keep pace with rapid customer changes, effectively handle different situations that may arise, and adjust itself to satisfy customers more swiftly and better than its competitors.

1. Striving to become the Convenience Food Store of Thais to answer to the changing behavior and lifestyle of consumers leads to adjusting business strategies to create differentiation and value-added in the long run

The trend in the changing lifestyle of modern-day consumers, including smaller size households, single living, married couples without children, demand for convenience and speed, and reliance on nearby convenience stores or supermarkets, have contributed to the trend in less cooking, preference in buying ready to eat food from stores, and dining-out more.

- The Company's Response to the Change

Becoming a full format Convenience Food Store continues to be one of the Company's main strategic policies that is emphasized and implemented in order 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 has increased the proportion of food and beverage products, especially ready to eat foods which currently account for approximately 20 percent.

To be able to deliver quality, delicious, fresh, popular dishes that are price-worthy to consumers, the Company has improved its value chain management including procurement of raw materials, production, distribution and food quality control in collaboration with Team Merchandising. Work processes that the Company has studied, know-how that it has acquired, and global best practices have been adapted in formulating strategies to satisfy consumers in every group. In addition, the Company has continuously focused on development and assortment of new food and beverage products which are renowned and satisfy target customers for sale in its stores. Moreover, the Company has developed its staff to be able to effectively manage food products.

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. In addition, random inspection of foods and beverages guarantees quality and makes employees more aware of food safety.

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

Despite intense competition in more compact size of retail stores, there are still opportunities for store expansion to better reach communities and cater to the needs and behavior of consumers who increasingly demand convenience and speed. Government policies also support investment in infrastructure and expansion of development to communities. All these factors support the increasing urbanization and provide opportunities for continued expansion of small retail stores to communities.



- The Company's Response to the Change

For the past 10 years, the Company has continuously expanded its stores, at the rate of approximately 400-500 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 by 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, showing an increment of total sales, number of customers, store visit frequency, and spending per visit.

• Selection of Differentiated Products and Services to Cater to Customer Demands of Each Store

The Company focuses on demographic changes on the number of population, including behavior and lifestyle of consumers in each group. Not only is this information used in planning store expansion, but is also used in assortment and development of products and services to be able to cater to the changing lifestyles of customers in each area and store location.

The Company assorts and develops new products with potential that are demanded by customers, including new services that answer to the modern lifestyle of the new generation who are the store's important customers, which 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 (Firstly launched in 7-Eleven stores, Best selection, Only available at 7-Eleven stores).

Moreover, 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.

3. Managing customer relationships to maintain existing customers and capture new customer groups

The Company is aware of the trend in increasing competition among smaller retailers while customers have more spending options as well as greater consideration before purchasing products due to the economic conditions and lower purchasing power. As a result, the Company has studied consumer behavior through research projects to closely monitor the changes of its target customers and competitors. Information is then analyzed to find strengths, weaknesses and opportunities to improve customer relationship management through various processes in line with the needs of target customers.

More important, from this information, the Company has found that customers give the priority to good 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 research every year to study the opinions and relationships of customers and employees and uses the research results to improve its services to satisfy customers and be more effective. In addition,



there is continuous development so that customers receive service beyond their expectations and have good impressions in order to maintain existing customers and capture new customers in the future.

4. Revising organizational management to include Store Support Center (SSC), increasing effective management of internal processes to reduce overlap and costs, leading to opportunity for new developments

The Company has revised its organizational management to include a Store Support Center (SSC) as well as improved its management processes to be more collaborative. There is cross functional management of internal departments and business alliances which allows units with duties and responsibilities that are connected to join together to solve problems, develop work processes, and reduce overlap of work processes. Cross functional management creates greater effectiveness and time and cost reduction, which will enable focus on new developments to cater to the needs of customers, ultimately leading to increased sales and profits.

5. 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 2011, the Company opened another regional distribution center in the northeast at Khon Kaen. Presently, the Company has 4 main distribution centers for both dry grocery and chilled temperature-controlled products 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.

รสชาติแห่งความสุข ทุกมื้อที่เซเว่นอีเลฟเว่น

Taste of Happiness... Every Meal at 7-Eleven



เซเว่นอีเลฟเว่นเสิร์ฟเมนูแห่งความสุขให้คุณได้เลือกอิ่มสะดวกทุกมื้อ... ไม่ว่าจะอิ่มเล็ก อิ่มกลาง หรืออิ่มใหญ่ ก็ใส่ใจกับการจับคู่เมนูต่างๆ อย่างหลากหลาย พร้อมสนุกกับการสรรหาอาหารและเครื่องดื่มรสชาติใหม่ๆ ก่อนใคร รวมทั้งอาหารขึ้นชื่อของแต่ละภูมิภาค ที่มีคุณภาพผ่านการรับรองจากรางวัลดาวไอทีโอป หัวเมื่อไหร่ที่แวะมาเติมเต็ม 'รสชาติแห่งความสุข' ที่...เซเว่นอีเลฟเว่น



7-Eleven serves satisfying menus for your choice every meal... whether light, medium or heavy
Happiness in matching different menus
Fun in selecting new tasting food and drinks before others
Including famous food from each region with OTOP award quality
Anytime feeling hungry, come for the 'taste of happiness' at ... 7-Eleven



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 23 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 6,276 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 flooding situation in the past year had an impact on the whole supply chain such as lowered production or cease operations of some manufacturers, inconvenience in transportation routes, and the Company’s product distribution center which could not be managed to full capacity.

The Company’s Risk Management

The Company has prepared preventive scheme against various disasters as well as a plan to deal with flooding situations, including increasing the volume of products distributed via regional distribution centers, increasing the number of large delivery trucks, sourcing substitute products, and building temporary product distribution centers. In addition, the Company has bought insurance to compensate for loss due to disasters, covering product distribution centers, stores and subsidiary companies.

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 office level and has established a back-up system that meets generally-accepted standards. The Company has 2 IT centers located in different areas - the Silom IT Center in Bangkok and Chaengwattana IT Center in Nonthaburi Province. These 2 IT centers support each other in case of any problem at one of the centers. In addition, the Company has a team of experts to prevent against fire and flood in line with international standards.

In addition, 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, 2011, companies in the Charoen Pokphand Group continue to hold an aggregate 48.06 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 2,500 product items and of 6,276 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.



Shareholding Structure and Management

Securities of the Company

As at 31 December 2011, 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, 2011	
	No. of shares	%
1. C.P. Merchandising Co., Ltd.*	1,346,642,200	29.97
2. Charoen Pokphand Group Co., Ltd.*	764,946,000	17.02
3. American International Assurance Company, Limited-Di-Life	206,651,900	4.60
4. State Street Bank Europe Limited	179,887,627	4.00
5. Chase Nominees Limited	163,488,896	3.64
6. Thai NVDR Company Limited	154,536,303	3.44
7. Albouys Nominees Limited	113,343,100	2.52
8. HSBC (Singapore) Nominees Pte Ltd	99,754,301	2.22
9. Government of Singapore Investment Corporation	95,279,500	2.12
10. State Street Bank and Trust Company	92,205,467	2.05
11. UNS Agro Chemical Co., Ltd.	90,000,000	2.00
12. Bangkok Produce Merchandising Plc.*	47,860,000	1.07
13. Others	1,138,552,730	25.34
Total	4,493,148,024	100.00

* Denotes companies in the Charoen Pokphand Group which hold a combined shareholding of 48.06 percent of the total paid-up capital

Dividend Policy

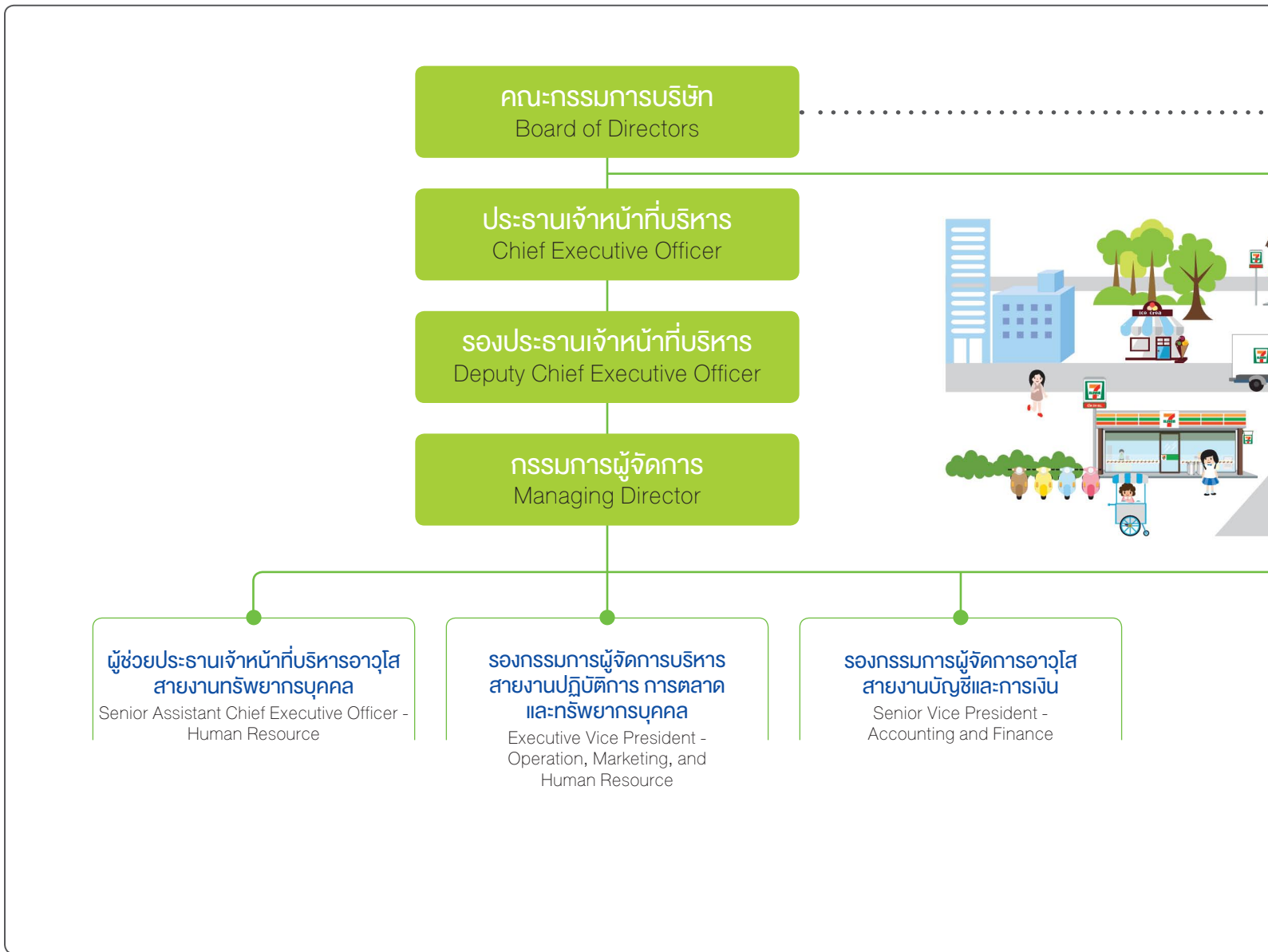
The Company's Board of Directors has a policy to propose a dividend payment to shareholders at approximately 50 percent of net profit generated from operations after income tax deduction and statutory reserves from the separate financial statement by contemplating consolidated financial statement. However, 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 และต้องเปิดเผยค่าตอบแทน
Definition of executive according to notification who shall declare remuneration



คณะกรรมการตรวจสอบ
Audit Committee



รองกรรมการผู้จัดการอาวุโส
สายงานจัดซื้อและศูนย์กระจายสินค้า

Senior Vice President -
Purchasing and Distribution

รองกรรมการผู้จัดการอาวุโส
สายงานบริหารทั่วไป

Senior Vice President -
General Management

รองกรรมการผู้จัดการอาวุโส
สายงานสารสนเทศ

Senior Vice President -
Information Technology

เลขาธิการบริษัท
Company Secretary



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

In 2011, 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 members of the Board resigned from the Board of Directors of the Company, effective from August 4, 2011 onwards.

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	Bhatarabhirom	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.

Term of Office of Audit Committee

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



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 2011 (No. of Times)

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

* Resigned from the Board of Directors of the Company, effective from August 4, 2011 onwards

(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 2011, 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 *	Senior Assistant Chief Executive Officer - Human Resource
5.	Mr. Tanin	Buranamanit *	Executive Vice President - Operation, Marketing, and Human Resource
6.	Mr. Taweesak	Kaewratthanapattama *	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	Senior Vice President - Information Technology

* Executives named above are those classified 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	3.74
Audit Committee and Independent Director (2 persons)	Remuneration for directors	1.92
	Bonus	5.99
Independent Director (2 persons) *	Remuneration for directors	0.76
	Bonus	3.00
Chairman	Remuneration for directors	1.20
	Bonus	3.74
Vice Chairman: Non-Executive Directors	Remuneration for directors	0.96
	Bonus	3.00
Executive Directors (3 persons)	Remuneration for directors	1.44
	Bonus	4.49
Non-executive Directors (5 persons)	Remuneration for directors	2.40
	Bonus	7.49
Total 15 directors	Remuneration for directors	9.88
	Bonus	31.45
	Total	41.33
Executives directors and executive officers (9 persons)	Salary, bonus, compensation from EJIP, and other benefits	244.79
Total remuneration for directors and executives		286.12

* An independent director resigned from the Board of Directors of the Company, effective from August 4, 2011 onwards.



(b) Other Remuneration

- None

Auditor's Remuneration

(a) Audit Fee

In the fiscal year ended 2011, the Company paid the audit fees to the Company's auditor,

Mr. Veerachai Ratanajaratkul, Certified Public Accountant Registration No. 4323 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 11 companies and the abroad subsidiary of 1 company, Lotus Distribution Investment Limited, in the amount of Baht 2.71 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 2011, KPMG Phoomchai Audit Ltd. had provided services to subsidiaries on IFRS training in the total amount of Baht 0.12 million.

Personnel

2011 (As at December 31, 2011)	Convenience Store Business
Store employees (Persons) *	23,711
Head office staff (Persons) *	8,002
Total (Persons)	31,713
Total remunerations (Million Baht)	9,314

* Included only Company's permanent staff

สร้างสังคมไทย ด้วยดวงใจจิตอาสา

Building Thai Society with Volunteer Hearts



เพราะซีพี ออลล์ คือส่วนหนึ่งของสังคมไทย
เราจึงได้สร้างสรรคโครงการและกิจกรรมดีๆ ที่ “พนักงานหัวใจจิตอาสา” ได้ร่วมแรงร่วมใจ... ขึ้นมา
เพื่อให้ชุมชนรอบข้างน่าอยู่และเข้มแข็ง อาทิ การประหยัดพลังงานและรักษาสิ่งแวดล้อม
พร้อมใส่ใจกับการปลูกธรรมะและบ่มเพาะเมล็ดพันธุ์แห่งปัญญา ด้านการศึกษา
เสริมสร้างคุณภาพชีวิตของสังคมไทยให้ดีขึ้น



Because CP All is part of Thai society

We have created worthwhile projects and activities with “dedicated employee volunteers”

To make surrounding communities pleasant and strong, including energy saving and environmental conservation

Instilling Dharma and improving intellect in terms of education

Improving the quality of life of Thai society



Compliance with Good Corporate Governance Principles

Good corporate governance is the main management policy of CP All Public Company Limited to ensure responsibility, transparency and fairness to all stakeholders. 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 5 core sections including shareholders' rights; equitable treatment of shareholders; role of stakeholders; information disclosure and transparency; and responsibilities of the Board of Directors.

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 to ensure that the Company's business will be conducted with quality, fairness, transparency and accountability. The Code provides guidelines on morals and ethics for directors, executives and employees to perform their duties honestly, adhere to the laws, strictly observe fairness and morality, be responsible to society, recognize all stakeholder groups and individual rights according to the law, not be involved in violating human rights, and not engage in activities which violate intellectual property or individual rights.

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.

Throughout 2011, the Company adhered to the principles of good corporate governance of listed companies covering rights of shareholders, equitable treatment of shareholders, role of stakeholders, and information disclosure and transparency. According to the Company Corporate Governance Assessment Report 2011 conducted by the Thai Institute of Directors Association (IOD),

The Company had an overall score of "Very Good". It was rated "Excellent" in the Role of Stakeholders category and Information Disclosure and Transparency category. For the Rights of Shareholders category and Equitable Treatment of Shareholders category, the Company was rated "Very Good".

Compliance with good corporate governance principles in line with the Company's policy in 2011 can be summarized as follows:

Category 1 Rights of Shareholders

Besides basic rights entitled to shareholders according to the law, the Company supports shareholders to use their rights at shareholders' meetings as follows:

- **Prior to the Shareholders' Meeting**

In 2011, the Company held the Annual General Meeting of Shareholders on 22 April 2011 at Meeting Room on 3rd floor, Convention Hall Center, Panyapiwat Institute of Management, Chaengwattana Road, Pak Kret, Nonthaburi. The Company sent out the invitation to the shareholders' meeting and accompanying documents to shareholders more than 16 days prior to the meeting. This information was also posted on the Company's website at 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 invited shareholders to propose agenda items in advance for the Annual General Meeting of Shareholders for the Year 2011 via the Company's website and the Stock Exchange of Thailand on 8 November 2011. This was done 30 days before the last day of the fiscal year. The shareholders who are eligible to propose agenda items in advance must hold minimum shares of not less than 5 percent of the total voting shares of the Company. 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 2011, there were no proposed agenda items by shareholders.



The Company's invitation to the shareholders' meeting had information that was correct, sufficient, and clear as follows:

1. A map of the meeting venue with directions for traveling by car or public transport
2. Each agenda item clearly states whether the matter is for acknowledgement or approval, the facts and reasons, the Board's opinions, as well as the number of votes needed for the resolution
3. The required documents that the shareholders need to bring to the meeting
4. The voting rules and procedures according to the Company's regulations, information on proposed directors in replacement of those who retired by rotation, the details of the 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
5. Provided all types of proxy forms according to the regulations of the Ministry of Commerce and encourage shareholders to attend the meeting and use their voting rights
6. Posted the invitation to the shareholders' meeting in both Thai and English on the Company's website 30 days prior to the meeting date

- **At the day of the shareholders' meeting**

The Company organized the Annual General Meeting of Shareholders at Panyapiwat Institute of Management on Chaengwattana Road which has a meeting room that can sufficiently accommodate shareholders. Registration was open 2 hours before the meeting to allow sufficient time to check the documents of shareholders and proxies. To ensure correct and fast registration, the Company arranged sufficient staff and tables and used barcodes for registration. Upon successful registration, shareholders received voting cards for each agenda item for voting in the meeting room.

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, were displayed on the screen for shareholders to easily view. In the case of agenda items where the directors have conflict of interest or agenda items concerning connected transactions, the screen also showed the number of votes not entitled to vote.

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, 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. Representatives from the Thai Investors Association also joined in asking questions at the meeting.

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. The questions and answers were carefully recorded. Each agenda item indicated the meeting resolution and result of the votes, including the number of agree votes, disagree votes, abstain votes and unentitled votes. The video recording of the meeting was posted on the Company's website after the meeting to enable shareholders who were unable to attend to be informed of the issues discussed during the meeting.

Only the agenda items that were indicated in the meeting invitation were considered.

- **After the shareholders' meeting**

After the shareholders' meeting, the Company prepared the minutes of the meeting and 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 2011 organized by the Thai Investors Association, the Company received a score 93.03 out of the grand score of 100, equivalent to a rating of "Excellent", while the mean score of listed companies was 86.84. This assessment is considered as a part of good corporate governance and reflects the importance that the Company gives to improving the quality of shareholders' meetings and information disclosure

Category 2 Equitable Treatment of Shareholders

Even though each shareholder has unequal voting rights due to the different number of shares held by each, this does not mean that their basic rights as shareholders are different. The Company gives importance to and recognizes the rights of every single shareholder, whether major or minor shareholders, institutional or individual shareholders, local or foreign shareholders. Therefore, the Company will not perform any acts which are considered as preferential treatment or which will lead to unfair treatment to shareholders. In 2011, the Company performed the following:

1. Shareholders' meeting

- The Company provided an opportunity for minority shareholders to propose agenda items in advance for the Annual General Meeting of Shareholders for the Year 2011. The invitation was posted via the Company's website and the Stock Exchange of Thailand to provide sufficient time for shareholders and enable the Company Secretary to propose the agenda item to the Board of Directors for approval to be included in the shareholders' meeting.

- In the case where shareholders are unable to attend the meeting in person, the Company proposed 3 directors to be selected as proxies. One was Mr. Padoong Techasarintr, Independent Director and Audit Committee, as an alternative for shareholders to appoint as their proxy and vote on their behalf.

- The Company sent all 3 proxy forms to shareholders so that they can choose the form that best suits their needs. However, in the invitation notice, the Company advised shareholders to use form No. 2 which is has the most detail.

- In the selection of directors, the Company votes on individual directors.

2. Directors and Executives

The Company has written procedures to prevent the use of inside information as follows:

- Established a policy to prevent the use of inside information and disseminated an announcement warning directors and executives to suspend trading in the Company's shares in the one-month period prior to and one day after the release of the Company's financial reports to the public. In the past year, the Company's directors and executives strictly adhered to this policy.
- In the Board of Directors' Meeting, directors or executives with vested interests in connected transactions shall be excluded from attending the meeting and voting on that particular agenda item.
- The directors and executives shall file a report of their interests and that of related persons every year and every time there is a change to the Company Secretary. In addition, copies shall be



sent to the Chairman of the Board of Directors and the Chairman of the Audit Committee.

- The directors and executives shall file their holdings of the Company's shares and those held by their related persons and report to the Board of Directors' Meeting at the end of every year.

Category 3 Role of Stakeholders

The Board of Directors places importance on all stakeholder groups, whether internal or external stakeholders, and recognizes their rights according to the law for sustained joint benefits. The Board also promotes cooperation between the Company and stakeholders in order to create security for the Company.

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 2011, 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, housing loans, and relief program for flood victims 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 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.

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 “Corporate Social Responsibility Report”.

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. Shareholders and stakeholders are able 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

Category 4 Information Disclosure and Transparency

Information disclosure and transparency is one of the key elements of good corporate governance that the Company strictly adheres to as it is an important channel for shareholders who are not involved in the Company's management to monitor the work of the Company's executives. The Company is confident that it discloses information in a complete, adequate, timely and regular manner. Besides disclosing information in compliance with the regulations of the Stock Exchange of Thailand in Form 56-1, the annual report, and event reports, the Company's Investor Relations Department which acts as the information dissemination center for investors also prepares Investor Information Releases which are posted on the Company's website, financial reports, and operating results in the form of PowerPoint presentation. The Investor Relations Department also organizes meetings for analysts, investors, the press and interested persons every quarter. In 2011, three Analysts Meetings were organized, and information was disseminated via Webcast through the channel of the Stock Exchange of Thailand and the Company's website, 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 13 road shows in Thailand and abroad to meet institutional investors on a regular basis. Four 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, and food and bakery production facilities.

Analysts and investors may contact the Company for information via phone, e-mail, conference call, or download information from the Company's website at <http://www.cpall.co.th/investor.aspx> 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, Sathon
Bangkok 10120, Thailand
Tel. (66)2-648-2501 Fax. (66)2-679-0050
Email: investor@cpall.co.th

In 2011, the Company disseminated financial and non-financial information on each accounting period and on significant events as follows:

Financial Information

The Company's financial statements are prepared in accordance with generally accepted accounting standards and examined by an independent external auditor.

Non-Financial Information

1. Non-financial information is 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 0.156 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 2011.
8. Information about the shareholding of directors and executives.

Category 5 Responsibilities of the Board of Directors

Even though the Company has not yet appointed a Selection Committee to select the Company's directors, the Company is confident that the current 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 (the Company is in the process of selecting 1 independent director to replace the director who resigned)
 - 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

The Company’s Board of Directors all clearly understand their roles and duties as well as the Company’s business. The Company Secretary has prepared a Guide for Directors to be given to new directors. The Guide includes information such as the Company’s business operations, annual report, regulations, objectives, code of business ethics, good corporate governance, and scope of responsibility of the position. In addition, new directors shall attend training for directors organized by the Thai Institute of Directors (IOD), in which the Company will be responsible for all expenses.

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.

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 to the Chairman of the Board of Directors and the Chairman of the Audit Committee.

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.



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.

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.

The Company's Internal Audit Department has independence in performing its duties. They are 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.

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 2011, a total of 5 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

The Company has not yet appointed a Remuneration Committee; however, determination of directors' remuneration has been carefully considered by the Board of Directors' Meeting. 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. In approving the agenda item on directors' remuneration, shareholders who are the Company's directors or proxies shall not be entitled to vote.

The directors' remuneration is divided into 2 parts. One is the retainer fee in the form of monthly payment. The other is the incentive payment (bonus) which is a special payment for directors once a year according to the value the Company has created for shareholders. In 2011, the Company paid remuneration to directors as follows:

- The monthly remuneration for directors is the same as that the shareholders' meeting had approved in 2004. In 2011, director retainer fees totaled approximately Baht 9.92 million
- In 2011, the payment of bonus for directors is at the rate of 0.5 percent of dividends paid out to shareholders, equivalent to a total bonus of Baht 31.45 million. The Chairman is responsible for determining the appropriate amount to be allocated to each director.

5.2 Remuneration for Executives

The Company has a policy to set remuneration for executives 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.

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

7.1 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 2011, there was 1 connected transaction between the Company and its subsidiaries and related parties which was entering into the connected transaction between C.P. Retailing and Marketing Co., Ltd. (CPRAM) and C.P. Intertrade Co., Ltd. (CPIT) regarding the acquisition of land and property to expand production facilities of ready-to-eat meals. Any other transactions between the Company and its subsidiaries and related parties are conducted on the basis of normal business terms and undertakings that the management can conduct under the principle approved by the Board of Directors.

7.2 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. 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. Every time directors



and executives engage in trading of the Company's shares, they shall file the Report of Changes in Securities Holding (Form 59-2) and report to the SEC Office within 3 working days so that the SEC Office may disclose the shareholding to the general public through the SEC website.

- 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.
- The Company has stipulated that the report of holdings in the Company's shares by directors and executives, their spouse and minor children shall be reported to the Board of Directors' Meeting at the end of every year.

8. 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 2011, 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.

สินค้าและบริการ ที่หลากหลาย ตอบสนองความต้องการของลูกค้าทุกกลุ่ม

Diverse Products and Services Serving Needs of All Customer Groups



เซเว่นอีเลฟเว่น... คัดสรรสินค้าคุณภาพที่หลากหลายกว่า 2,500 รายการ ให้ตรงกับความต้องการ
ลูกค้าสามารถเลือกหาสินค้าได้ง่าย คุ้นเคย ในร้านที่สะดวกสบาย ปลอดภัยตลอด 24 ชม.
พร้อมให้บริการด้วยใจ ยิ้มแย้มแจ่มใสตลอดเวลา
คุณ...ก็สามารถ พบความสุข ความสะอาดสารพัด ครบครันตามที่ต้องการใกล้บ้านคุณที่...เซเว่นอีเลฟเว่น



7-Eleven... assorting over 2,500 diverse quality products to cater to needs

Customers can easily find products, acquainted with the store that is convenient and safe 24 hours

Ready to serve with our heart, amicable all the time

You... can find happiness and convenience near your home at... 7-Eleven



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 differentiation, 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 through building relationships and business alliance networks, finding know-how and best practices from abroad through exchange among 7-Eleven operators worldwide, consultation by international experts, as well as customer comments and feedback from society and communities where 7-Eleven stores are located. In addition, internal management information and good practices in each

department are analyzed for intelligence to be used in decision-making in trial and expansion processes, which will lead to improvement of internal management in terms of new product development, production technology and cost management, store design that is more appropriate, effective and worthwhile, and studying opportunities for investment in new markets. The Company will have in-depth views to proactively develop the organization in different areas in order to cater to customers' demands and effectively compete 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 and engagement 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 Customer Relationship Improvement Project is one of the channels that the Company commissions annually. The Company has continuously conducted customer research in order to obtain information about target customers' opinions and demands. 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. As a result, the Company has increased the survey frequency from once a year to every quarter. 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

- The Company focuses on development of operational management to be more effective in order to minimize loss and improve quality and speed of processes throughout the entire value chain with the aim of providing the best to customers. Emphasis is placed on processes which are the heart of the business such as the product ordering and assortment process, product delivery process, store design process, and sales and

service process. Moreover, to ensure that products in 7-Eleven stores are able to meet the needs of target customers and are different from those of competitors, the Company gives importance to developing products jointly with suppliers 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.

In order to achieve its objective, the Company has studied and exchanged best practices with international companies and worked more closely with manufacturers. Besides, the Company 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.

- Having information that is necessary, adequate and timely for use to support decision-making and effective management is another challenge in improving operational management. Thus the Company has plans to effectively integrate information from all sources to be Business Intelligence to provide convenience in analysis and ease and timeliness of information use for better planning and decision-making. This will enable the Company to keep up with ever-changing customer needs, effectively deal with different situations which may arise, adapt and respond faster and better than competitors, and grow sustainably in the future.

- 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), eXta (Pharmacy, health, and beauty products), and the website www.ShopAt7.com which was launched as an alternative channel for consumers to purchase products.



New Products and Services Differentiation

- 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 meals. 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 2011, 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 2011, approximately 1,700 stores sold the chilled meal box and there are plans to increase to 2,500 stores in 2012.

- Product and service 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.

In terms of service, the Company strives to continuously develop and find services to provide convenience to customers. To cater to the modern lifestyle of customers who increasingly communicate via mobile phone and internet, the Company has joined with TrueMove H to offer 15 minutes of free Wifi at over 2,500 7-Eleven stores throughout Bangkok and its vicinities from mid December 2011 to January 31, 2012. The objectives of this trial service are to provide convenience to consumers hit by the floods, increase awareness and

create a good image among consumers that 7-Eleven stores provide Wifi service, and expand the future customer base.

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 every year and expanded the scope of the study. In 2011, there were additional studies on Field Consultants (FC) which the Company considers as another important group as they connect the work between the Head Office and store branches. Information from the study is used to plan and develop the Company's human resource management processes so that employees are happy with their work, leading to cross-functional innovative ideas, delivering value to customers and ultimately increasing sales and profits.

- 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 Technological College 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 Company recognizes the importance of building networks and business alliances leading to understanding, cooperation and further business opportunities. 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. At the end of 2011, this program has trained 10 classes.

- Franchisee Engagement Index – 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, dissatisfaction, loyalty, and engagement 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 for the 3rd consecutive year. In 2011, 4 seminars were organized in Bangkok and the provinces, totaling 13 seminars since its inception.

Furthermore, the flooding period showed that consumers have expectations and depend on 7-Eleven stores in times of emergency. The Company and subsidiary companies were aware of this and tried in every way to stand by consumers in the communities – delivering necessity products to stores and going into communities to provide assistance, service and distribute necessities to relieve the hardship of consumers.



Future Projects

Expansion and Renovation of 7-Eleven Stores

In 2012, the Company plans to open at least 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 3.7 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 2,000 million which the Company looks forward to be able to augment sales and profit in the future.

In addition, the Company plans to renovate stores which have been opened for 6 years and those that have been impacted by flood, totaling approximately 600 stores. The renovation and equipment replacement will enable the Company to maintain its sales volume and customer base. Approximately Baht 2.1 million is required for each store renovation. The expected renovation cost in 2012 is approximately Baht 1,300 - 1,400 million.

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 a continued expansion strategy 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 Lamphun. Approximately Baht 500 million is required for the overall investment and the DC is expected to be completed at the end of 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.



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

- 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 at 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.

2011

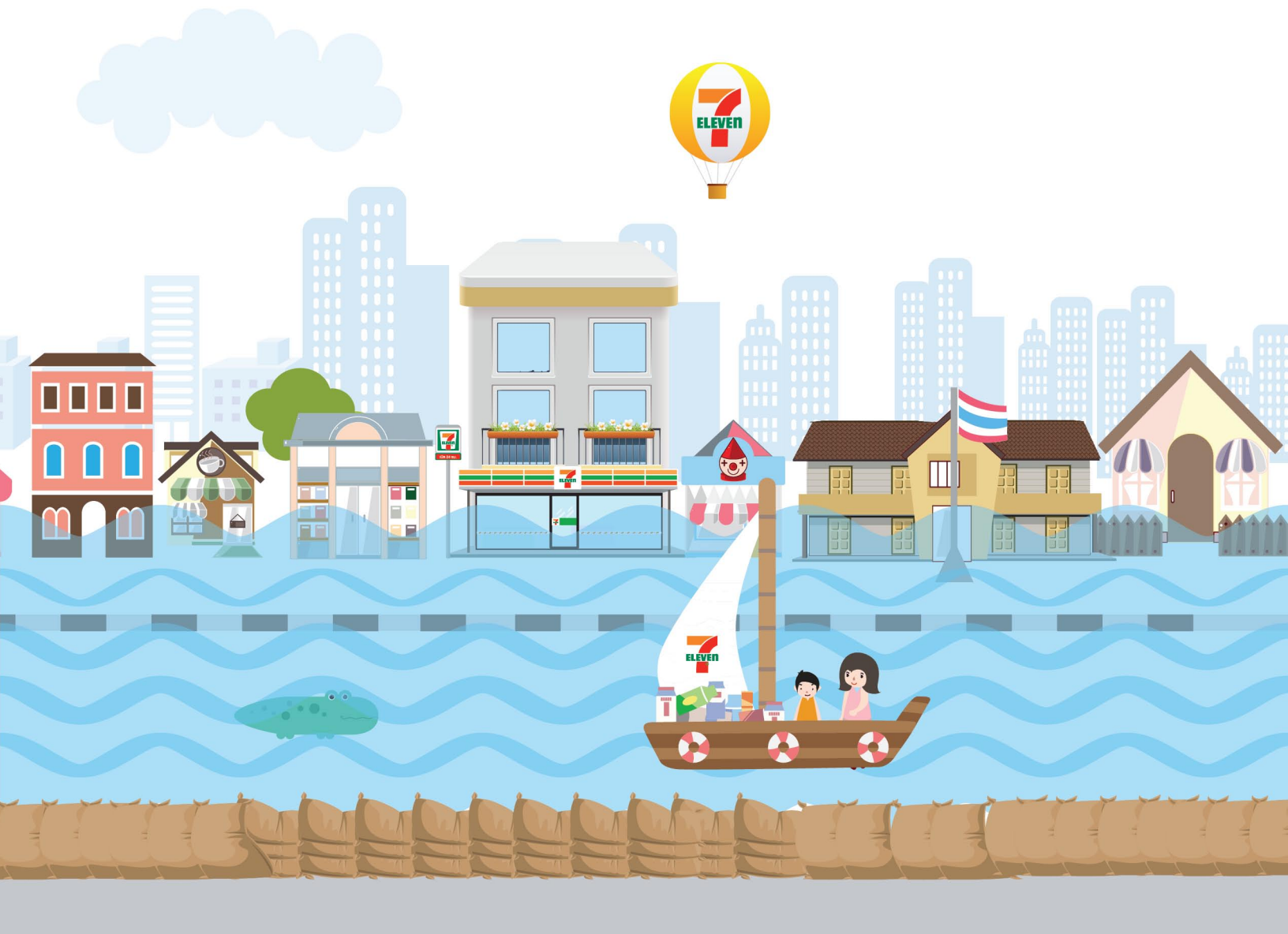
- Officially opened the regional distribution center at Khon Kaen
- Recognized by Forbes Asia Magazine as one of the 50 best biggest listed companies in the Asia Pacific Region in 2011 (Asia's Fab 50 Companies)
- Awarded the Top Corporate Brands 2011 in the service sector in Thailand by Chulalongkorn University's Faculty of Commerce and Accountancy
- Changed the name "Panyapiwat Techno Business School" to "Panyapiwat Technological College" effective from January 4, 2012 onwards.

รวมพลังไทยใจหนึ่งเดียว ฝ่าวิกฤตมหาอุทกภัย

Thais Overcoming the Flood Crisis Together



คนไทย...ไม่ทอดทิ้งกัน เซเว่นอีเลฟเว่นยื่นหยัดเคียงข้างทุกครั้งหรือเรือนในยามวิกฤตมหาอุทกภัย
เซเว่นอีเลฟเว่น ตระหนักถึงความเดือดร้อนของลูกค้าทุกกลุ่ม
พร้อมตั้งปณิธานอันแน่วแน่ว่าจะให้บริการกับลูกค้าอย่างเต็มความสามารถ
ด้วยเครือข่ายร้านสาขาที่มีการกระจายสินค้าและบริการให้ถึงมือผู้บริโภคได้อย่างทั่วถึง
เพื่อแบ่งเบาทุกข์ร้อนของพี่น้องประชาชน ซึ่งเปรียบเสมือนเพื่อนบ้านของเรา



Thai people... do not desert one another. 7-Eleven stands by all households during the flood crisis
7-Eleven is aware of the hardship of all customer groups
And is determined to serve all customers to its utmost ability
With the network of stores available, distributing products and services to customers everywhere
To relieve the sufferings faced by the people who are like our neighbors



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 implemented and collaborated with government and private organizations on various projects relating to education promotion and youth development, ethics and morals, environmental conservation, and contribution to society and communities.

Developing Reading Decade, Building Learning Society

9 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 435 schools have received the “School that Loves Reading” plaque and a total of 11 schools have received the “Outstanding School that Loves Reading” plaque.

8 Years of “7 Book Awards”

The 7 Book Awards has been organized for 8 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).

8 Years of Growing Seedlings “Examining Stories, Examining Lives”

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 2011 was the 8th time that both projects were organized under the concept of “Examining Stories, Examining Lives”. 174 youths, Thai-language teachers and art teachers were selected to join the projects with cooperation from renowned writers, cartoonists and experts, namely Naowarat Pongpaiboon, Assoc. Prof. Dr. Varakorn Samakoses, Adul Jantrasak, Chamaiporn Saengkrachang, Raj Lersuang, Sear Thai Raj, Salah Nakbumrung, Reungsak Duangpala and Kouad Daily News.

4 Years of “Communities that Love Reading”

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. Presently, 32 regional communities resided in Kanchanaburi, Lampang, and Ubonratchathani provinces join this program.



Developing Children with Direction with the First Book, 4th Year

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.

The project expanded to include an intensive training course for lecturers of the First Book Project. A total of 508 people from across the country have passed the course.

Developing Buddhism

Integrating Teaching with Buddhist Principles, 15th Year

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 12,535 Buddhism teachers and educational personnel have received training from this project.

16 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 16 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.

11 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. Most recently, the Company received an award from the Supreme Patriarch (Sangharaja) for organizing Dharma Studies for the Year 2010 and having the 5th most students passing the Dharma 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 18 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 Technological College

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, over 3,500 students have graduated or 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 advanced this new education model in collaboration with the Federation of Private Colleges of Technology and Vocational Education of Thailand and 10 private colleges of vocational education nationwide which later in 2009 increased to 37. 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. To date, over 5,200 students from 20 learning centers nationwide have graduated or are 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 5 areas – Retail Business Management, Logistics Management, Food Business Management, Building and Facilities Management, and Human Resource Management. The Faculty of Engineering and Technology 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 2 areas – Brand Communication and Corporate Communication. At the master's level, the Institute has an M.B.A. in Retail Business Management (Thai language program and Chinese language program), Logistics Management, and Strategic Human Resource and Organizational Management. To date, over 3,000 students have graduated or are in the program. The Institute also offers short courses in Advanced Retail Management (ARM) which have been offered 11 classes to date with over 500 people attending the course.

Boosting Intellect with Go Game

18 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.

In addition, the Company has organized Go Game competitions to continuously develop the skills of those who have joined the Go Game Project. Masterful youth are selected to represent Thailand in numerous international Go Game competitions.

Growth of Green Resolution, Good Things Begin in the Organization

“Reduce Plastic Bags Reduce Global Warming”

The Company has joined with the government and private sectors to promote energy saving and reduce the use of plastic bags to fight global warming for the past 3 years. The Company has collaborated with the Ministry of Natural Resources and Environment's Department of Environmental Quality Promotion to encourage Thais to reduce the use of plastic bags under the “45 Days Say No to Plastic Bags” Campaign and the project to do good for the country, reduce carbon emission, reduce global warming, “Reduce Plastic Bags Reduce Global Warming”. The Company has also joined with WWF Thailand and the Bangkok Metropolitan Administration to campaign for people to use energy efficiently by turning off lights in front of every 7-Eleven store throughout Bangkok.

With regards to 7-Eleven stores, the Company has a systematic campaign for consumers and employees to recognize the importance of reducing plastic bag usage in 7-Eleven stores. In 2011, the campaign was tested in 100 stores during May-June to study the impact on customer service. The results will be used to develop the campaign for further expansion to 500 stores. Another evaluation will then be conducted before expansion to all stores nationwide.

In 2011, the Company initiated a prototype energy saving store by changing various material and equipment in the store to use minimum energy as possible, such as sales lighting system, inverter air conditioning system, LED lighting system, opentype and vault refrigerators, centralized opentype refrigeration system, and promoting correct energy use. Initially, energy use has reduced approximately 25 percent and the prototype will be expanded to other stores nationwide.

Apart from this, the Company has sought more Green Products for sale in 7-Eleven stores.



Sharing Business Knowledge with Communities, Creating a Sustainable Economy

“Creating Sustainable and Wealthy Groceries” Training 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”. Speakers from the Company and successful SMEs are invited to share their experiences and knowledge 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. This seminar has been organized for 13 times and over 3,600 grocery operators and interested persons have attended the seminars.

Thais Caring for One Another

“7-Eleven Assisting Flood Victims”

The flood disaster during June – December 2011 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, bakery, 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.

Last year, the Company joined with the Office of the Prime Minister to open 24 hours for donations from the public to the “OPM Disaster Relief Fund” at all 7-Eleven stores nationwide. More than Baht 10 million of donated money was presented to the Office of the Prime Minister to assist disaster victims, with the Company absorbing all

fees and management costs.

In addition, the Company provided assistance to small and medium-sized businesses that had distribution problems by distributing quality SME products in 7-Eleven stores. The Company also recruited many employees at all levels, especially store employees, to provide occupations for people affected by the crisis. Moreover, The Company organized “Relocating Temples to 7-Eleven Special Road Show”, inviting respected senior monks to preach at various shelters to help uplift the spirits of the flood victims.

“Communities and 7-Eleven, We Eat from the Same Rice Pot”

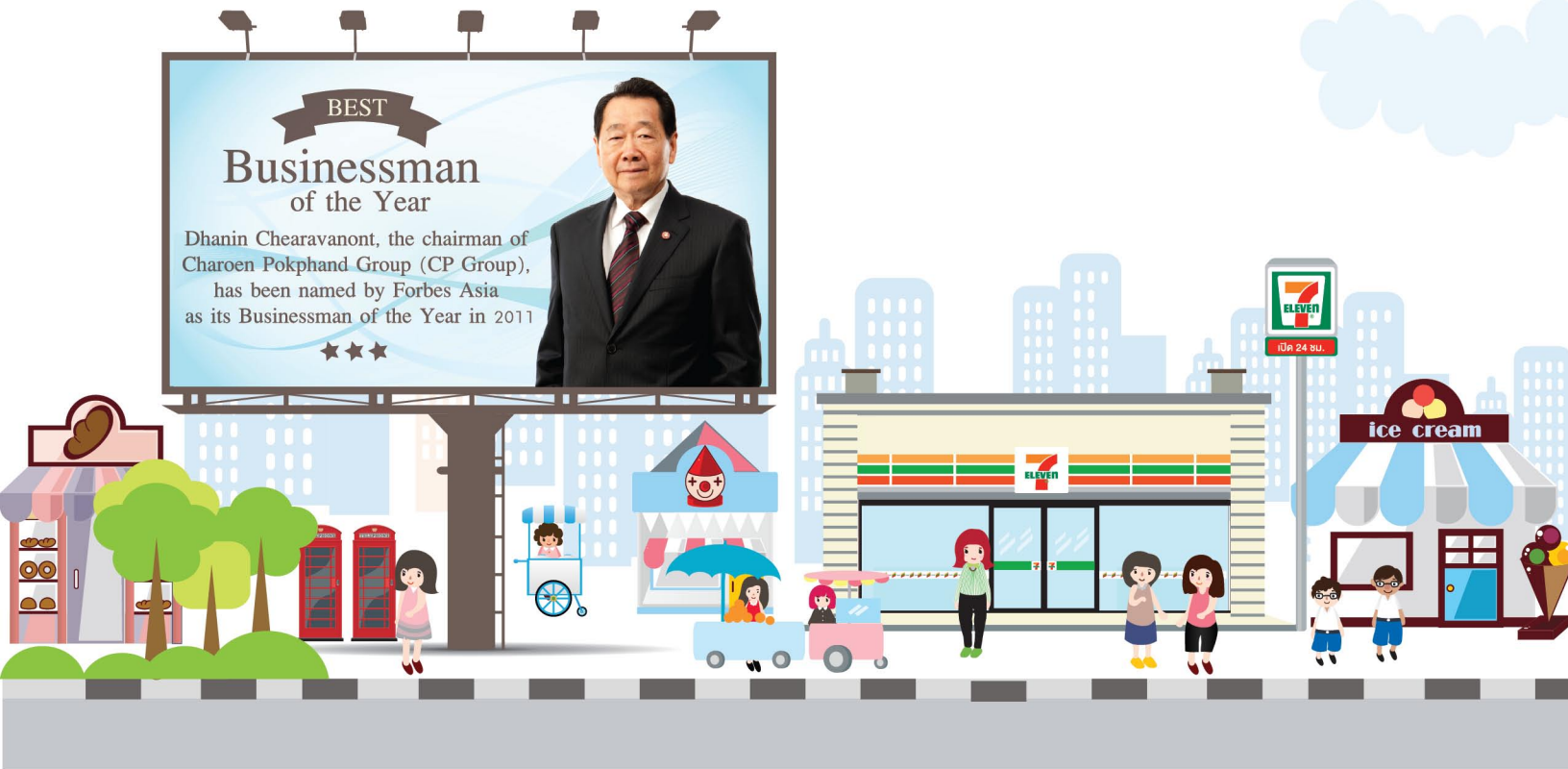
After the flood waters receded, recovery efforts began to quickly bring the situation back to normal. Concerned about the diet of the people in the flood-affected communities, the Company established the “Communities and 7-Eleven, We Eat from the Same Rice Pot” project to provide rice and food from the Princess Pa Foundation to people in the communities around 7-Eleven stores in Nakhonsawan Province, Ayutthaya Province, Bangkok, Singburi Province, and Chainat Province.

“Rice Boxes to Help Thais Lower Cost of Living”

The Company is aware that after the flood waters recede, people will have high house repair expenditures besides daily living expenditures. As a result, the Company joined with the Ministry of Commerce’s Department of Internal Trade to organize the “Blue Flag, Full with 29 Baht” Project to help lower people’s cost of living during October – December 2011. This was followed by the “Rice Boxes to Help Thais Lower Cost of Living” Project which sold 2 popular menus, Pork Fried with Basil Leaves and Rice and Fried Rice with Sausage, with drinks at only Baht 25 per set at 7-Eleven stores in 11 flood-hit provinces namely Bangkok, Chainat, Nakhon Pathom, Nakhonsawan, Nonthaburi, Pathumthani, Ayutthaya, Lopburi, Samutsakhon, Singburi and Uthaitani during December 23, 2011 to January 3, 2012.

นักธุรกิจแห่งปี 2554 ของภูมิภาคเอเชีย 'ธนินท์ เจียรวนนท์'

"Dhanin Chearavanont" Asia's 2011 Businessman of the Year



ธนินท์ เจียรวนนท์ ประธานกรรมการและประธานคณะผู้บริหารเครือเจริญโภคภัณฑ์ (ซี.พี.) และประธานกรรมการบริษัทซีพี ออลล์ จำกัด (มหาชน) ผู้ที่มีความมุ่งมั่นอย่างแรงกล้าที่จะผลักดันให้ไทยเป็น “ครัวของโลก” ได้รับการยกย่องจากนิตยสารฟอร์บส์ เอเชีย ให้เป็นนักธุรกิจแห่งปี 2554 ของภูมิภาคเอเชีย ในวัย 72 ปี ด้วยความสำเร็จในการทำให้เครือเจริญโภคภัณฑ์เป็นบริษัทอาหารชั้นนำระดับโลกที่มีบทบาทสำคัญในการสร้างรายได้ให้กับภาคชนบท ทั้งยังขยายตลาดอาหารส่งออกไปกว่า 40 ประเทศทั่วโลก นอกจากนี้รายได้มากกว่า 1 ใน 5 ของธุรกิจมาจากธุรกิจค้าปลีกที่เติบโตอย่างรวดเร็ว ด้วยจำนวนสาขาจอร์นเซเว่นอิลฟเว่นที่มากที่สุดเป็นอันดับ 3 ของโลก

Dhanin Chearavanont, Chairman and CEO of the Charoen Phokphand Group (CP Group) and Chairman of CP All Public Company Limited, who has a strong determination make Thailand the “Kitchen of the World”, was recognized by Forbes Asia as Asia’s 2011 Businessman of the Year at the age of 72. He has been successful in making CP Group a world leading food company, playing an important role in generating income for rural communities and expanding the food export market to over 40 countries worldwide. In addition, more than one fifth of the Group’s revenue comes from the retailing business which is rapidly growing, with the third highest number of 7-Eleven stores in the world.

‘ซีพี ออลล์’ 1 ใน 50 องค์กรธุรกิจยอดเยี่ยม ของทวีปเอเชีย ปี 2554

“CP All” Asia’s 2011 Fab 50 Companies



ซีพี ออลล์ ได้รับการคัดเลือกจากนิตยสารฟอร์บส์ เอเชียให้เป็น 1 ใน 50 บริษัทจดทะเบียนขนาดใหญ่ที่มีผลงานโดดเด่นที่สุดในภูมิภาคเอเชียแปซิฟิก (Asia’s Fab 50 Companies) ด้วยจุดแข็งด้านการบริหารจัดการด้วยระบบ TQM (Total Quality Management) ที่มุ่งตอบสนองความต้องการของลูกค้าและความรับผิดชอบต่อสังคม ทำให้บริษัทเติบโตก้าวหน้าอย่างมั่นคงดังเช่นทุกวันนี้

CP All has been recognized by Forbes Asia as Asia’s Fab 50 Companies. Its strength lies in management using the Total Quality Management (TQM) system that focuses on catering to customers’ needs and corporate social responsibility, which has enabled the Company to grow sustainably.



Related Transactions

In 2011, 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 5 of the Company's financial statements for the year ended December 31, 2011.) 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 2011 were as follows:

Trade Accounts Receivable

As at December 31, 2011, the Company and its subsidiaries had a trade accounts receivable balance with related parties in the amount of Baht 90 million or 18.9 percent of the Company and its subsidiaries' total trade accounts receivable.

Other Accounts Receivable

As at December 31, 2011, the Company and its subsidiaries had another accounts receivable balance with related parties in the amount of Baht 165 million or 32.9 percent of the Company and its subsidiaries' total other receivables.

Trade Accounts Payable

As at December 31, 2011, the Company and its subsidiaries had a trade accounts payable balance with related parties in the amount of Baht 3,379 million or 13.9 percent of the Company and its subsidiaries' total trade accounts payable.

Other Accounts Payable

As at December 31, 2011, the Company and its subsidiaries had an other accounts payable balance with

related parties in the amount of Baht 41 million or 4.0 percent of the Company and its subsidiaries' total other accounts payable.

Sales of Goods

In 2011, 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, 2011 amounted to Baht 1,156 million or 0.7 percent of the Company and its subsidiaries' total sales.

Purchases of Goods

In 2011, 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, 2011 amounted to Baht 16,230 million or 13.9 percent of the Company and its subsidiaries' total cost of sales.

Other Operating Income

In 2011, the Company and its subsidiaries recognized other income from related parties in the amount of Baht 226 million or 3.9 percent of the Company and its subsidiaries' total other income.

Rental and Service Fees

In 2011, 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, 2011 amounted to Baht 94 million or 0.3 percent of the Company and its subsidiaries' total selling and administrative expenses.



Purchases of Fixed Assets

In 2011, the Company and its subsidiaries had fixed assets purchase transactions with related parties at prices 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, 2011 amounted to Baht 64 million or 0.4 percent of the Company and its subsidiaries' total fixed assets.

Technical Service Fees

In 2011, 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, 2011 amounted to Baht 9 million or 0.03 percent of the Company and its subsidiaries' total selling and administrative expenses.

Other Expenses

In 2011, the Company and its subsidiaries paid other remunerations to related parties in the amount of Baht 208 million or 0.6 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.



Management Discussion and Analysis of Financial Status and Operation 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 6,276 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, 2011 Compared to the Operating Results for the Year Ended December 31, 2010

In 2011, the Company and its subsidiaries’ total revenue was Baht 161,890 million, increasing 15.0 percent from that of 2010 mainly due to an increase in sale of goods and rendering of services to Baht 155,360 million in 2011, or a rise of 15.1 percent.

Net sales and service income before elimination of Baht 165,179 million originated from two businesses, (1) convenience store business accounting for 92 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 8 percent of total net sales and service income.

The growth in net sales and service income was mainly due to the expansion of 486 7-Eleven outlets, close to the target of 500 stores although the Company had to shift part of its resources to renovate existing stores affected by flood during the end of 2011. In addition, the average same store sales/store/day of 7-Eleven increased from Baht 78,316 in 2010 to Baht 82,265 in 2011 and other income such as marketing support or interest income which followed the same trend has helped contribute to higher revenues.

Gross Profit

In 2011, the Company and its subsidiaries’ gross profit was Baht 38,497 million, an increase of 14.7 percent from 2010, 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, gross profit margin excluding phone card of the Company’s convenience store business increase 0.2 percent to 25.1 percent in 2011. However, gross profit margin including phone card decreased slightly from 24.5 percent in 2010 to 24.3 percent in 2011 because phone card sales, especially online mobile phone top-up cards, showed



decent growth causing an increased sales mix of this product while the gross margin of this product was lower than other product categories.

Selling and Administrative Expenses

In 2011, the Company and its subsidiaries' selling and administrative expenses were Baht 34,032 million, increasing 12.7 percent year-on-year as detailed below:

- (1) Personnel expenses, which accounted for 28.6 percent of the total SG&A, amounted to Baht 9,729 million.
- (2) Store management expenses, which accounted for 21.7 percent of the total SG&A, increased to Baht 7,395 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 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 21.4 percent in 2010 to 21.0 in 2011 because of gaining a level of operating leverage on rental and depreciation expenses.

Net Profit

In 2011, the Company and its subsidiaries net profit was Baht 8,008 million, or Baht 1.78 per share, increasing Baht 1,344 million or 20.2 percent when compared to 2010 net profit of Baht 6,663 million, or Baht 1.48 per share. Return on shareholders' equity was 40.8 percent in 2011, compared to 36.5 percent in 2010.

Operating Results of the Convenience Store Business

In 2011, the convenience store business had net sales and service income of Baht 152,073 million, an increase of Baht 20,417 million or 15.5 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 486 stores, or an increase of 8.4 percent from 2010 and an average of 4.8 percent same store sales growth excluding phone card. The increase in same store sales growth was coming from both a rise in customer traffic to approximately 1,200 customers/store/day and spending per ticket of approximately Baht 50. In terms of the product mix, food and beverages accounted for 72.8 percent while non-food items accounted for 27.2 percent.

The cost of sales of the convenience store business excluding phone card was decreasing to 74.9 percent of sales in 2011 compared with 75.1 percent in 2010 due to a product mix; whereby, the portion of ready-to-eat products, which generated higher margin, was increasing. However, cost of sales including phone card was 75.7 percent in 2011, increasing slightly from 75.5 percent in 2010 because of the increased sales of online mobile phone top-up cards which generally yield lower margin compared to other product categories, resulting in lower gross profit margin of convenience store business from 24.5 percent in 2010 to 24.3 percent in 2011. Gross profit rose from Baht 32,209 million in 2010 to Baht 37,007 million in 2011, or a rise of 14.9 percent. Operating expenses increased Baht 3,953 million or 13.1 percent from 2010 mainly due to store expansion.

Other income such as income from marketing support also increased because of higher sales and higher interest income that followed the rising trend of the interest rate.

The convenience store business had an operating profit of Baht 9,926 million in 2010, up 18.7 percent from 2010 and net profit of Baht 7,274 million in 2011, up 18.4 percent from 2010.



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 2011, the operating profit generated from other businesses was Baht 1,503 million, increasing by 20.7 percent from 2010 and net profit was Baht 1,164 million, increasing by 19.8 percent from 2010 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, 2011

Total Assets

As at December 31, 2011, the Company and its subsidiaries reported total assets of Baht 55,341 million, an increase of 15.5 percent compared to the previous year, due to sales growth and 7-Eleven store expansion. Non-current assets increased from Baht 17,191 million in 2010 to Baht 18,937 million in 2011.

Total Liabilities

As at December 31, 2011, the Company and its subsidiaries had total liabilities of Baht 33,642 million, increasing 12.3 percent from the previous year mainly due to an increase of accounts payable which would vary to sales growth and store expansion.

Total Shareholders' Equity

As at December 31, 2011, consolidated total shareholders' equity was Baht 21,699 million, an increase of 20.8 percent from the previous year. This was due to an increase in retained earnings.

Analysis of Statements of Cash Flows, Liquidity and Sources of Funds of the Company and its Subsidiaries for the Year Ended December 31, 2011 Compared to the Year Ended December 31, 2010

Liquidity

As at December 31, 2011, the Company's liquidity was healthy with consolidated cash and cash equivalents of Baht 14,202 million, which accounted for 25.7 percent of total assets.

Cash Flow from Operating Activities

In 2011, net cash flow from operating activities totaled Baht 12,590 million, increased 2.0 percent from 2010. The Company still has good working capital management, having negative cash cycle of 47 days in 2011, resulting from inventory period of 24 days and payable period of 72 days.

Cash Flow from Investing Activities

In 2011, net cash flow used in investing activities amounted to Baht 9,638 million, increasing 148.9 percent from 2010. The main investments in 2011 included land acquisition, buildings and leasehold improvements, store expansion of 7-Eleven in Thailand, and store renovation, totaled Baht 4,156 million which is in line with that of 2010 of Baht 4,260 million. In addition, net investments in high liquid assets and financial instruments with maturities of more than one year increased Baht 5,053 million.

Cash Flow from Financing Activities

In 2011, net cash flow used in financing activities totaled Baht 4,491 million, decreasing 16.9 percent from 2010 because the Company distributed normal cash



dividend only once in 2011 at the rate of Baht 1.0 per share, totaling Baht 4,493 million. Meanwhile, in 2010, the Company paid normal dividend at the rate of Baht 0.8 per share, totaling Baht 3,595 million. In addition, the Board of Directors approved an interim dividend payment of Baht 0.4 per share to shareholders, totaling Baht 1,797 million, thus total dividend payment for the year 2010 was Baht 5,392 million.

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 plans to improve efficiency of the supply chain management by building up another regional distribution center (RDC) in the north at Lamphun in 2012. 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.

In addition, the government policies to increase people's disposable income by raising the salary for fresh graduates to Baht 15,000 and the daily minimum wage to Baht 300, effective from April 1, 2012, may cause an increase in the Company's selling and administrative expenses. On the other hand, Thai's cabinet also approved a cut in corporate income tax from 30 percent to 23 percent in 2012 and to 20 percent in 2013 in preparation for Asean Economic Community (AEC) competition which would reduce the Company's income tax paid accordingly.



Audit Committee's Report

The company's Board of Directors appointed the Audit Committee consisting of the three independent non-executive directors; Prof. Dr. Komain Bhatarabhirom, as the Chairman of the Audit Committee, Mr. Pridi Boonyoung and Mr. Padoong Techasarintr, as members of the Committee. All three members are knowledgeable and have experiences in various sectors such as financial accounting, organization management and legal affairs. The Vice President responsible for the internal audit was designated as the Audit Committee Secretary.

The Audit Committee had performed the duty independently and had freedom in expressing the opinions within the boundary of the roles and responsibilities assigned by the Board of Directors. They oversaw the operations to ensure transparency, honesty and fairness. Good cooperation from the company's Management and both the Internal and the External Auditors have been received.

During the year 2011, the Audit Committee had 12 meetings with the presence of all the three committee members throughout the period. The Internal Auditors, the Management Executives, the External Auditor, the Financial Managements, the Information Technology and the Operational departments were invited to attend some agenda for exchange of ideas and suggestions. The main topics of the meetings have been summarized and reported to the company Board of Directors for every three months covering the following:

1. Review the quarterly and annually consolidated financial statements of both the company and its subsidiaries for the year 2011. The Management of Accounting and the other relevant departments were invited to give clarifications for the significant and special financial transactions. The details and all the evidences used in the preparations of the financial statements were provided. Moreover these preparations were also monitored to ensure their compliance with the accounting standard as well as the new announcements and amendments of the financial reporting standards of the Federation of Accounting Professions.

The Audit Committee has the opinion that the mentioned financial statements were prepared in accordance with the accounting standards with complete and sufficient disclosure of information as well as in time for the benefits of the shareholders and the users of the financial statements.

2. Review and revise the internal control system by participating in the Internal Auditors' meetings to examine the auditing reports every month. This is to assess the systems of the Internal Control, the follow-up on the improvements and remedial actions as well as the risk management.

The Audit Committee agreed that the company had sufficient and effective internal control system in compliance with the international standard which included the control of the environment, risk assessment, the controlling activities, the good information technology and communication systems as well as the independent and effective internal auditing system. They also reviewed and endorsed the Internal Auditing Plan for the year 2011 which was adjusted according to the suggestions corresponding to the plan and the policy of the risk management. Moreover this auditing scope also covered the company's subsidiaries.

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 generating the utmost benefits to the company's operation and its shareholders. The same commercial conditions used with the external parties were applied. Additionally they ascertained that the information was clearly, completely and sufficiently disclosed in accordance with the announcement of the Capital Market Supervisory Board.

4. The Company's Board of Directors and 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 Board of Directors every 6 months. 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. During the massive flooding last year the company worked according to the laid down risk management measures. This was enable the company's business to continue without disruption.

The Audit Committee agreed that the company had the appropriate procedures and preventive measures for risk management. The management of changed situations which may affect the business was prompt and effective.

5. 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.

6. 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. There was a channel for receiving complaints pertaining to the works that violated the laws, regulations and the company's codes of ethic. This was to build up confidence of the shareholders and the stakeholders. It enhanced the efficiency of working and as a result creating developments of the internal auditing towards preventive measures. In relation to this the company appointed the Good Governance Committee to be directly responsible for this initiative.
7. The Audit Committee together with the Management reviewed the selection of the Auditors based on the tenders from four leading auditing firms presenting their scope of works and fees for the year 2010 to 2012. The KPMG Phoomchai Audit Ltd. was recommended to continue their services due to their satisfactory performances from the past two years. They provided good suggestions which could benefit all stakeholders. Therefore it was proposed to the company Board of Directors for approval and for further endorsement of the shareholders meeting, the appointment of Mr. Veerachai Ratanajaratkul, Mr. Vairoj Jindamaneepitak or Ms. Munchupa Singsookawat of KPMG Phoomchai Audit Ltd. as the company's external auditors for the year 2012.

January 31, 2012

On behalf of the Audit Committee

Komain Bhatrabhirom

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



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, 2011, 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, 2011.

(Mr. Dhanin Chearavanont)
ประธานกรรมการ

(Mr. Korsak Chairasmisak)
ประธานเจ้าหน้าที่บริหาร



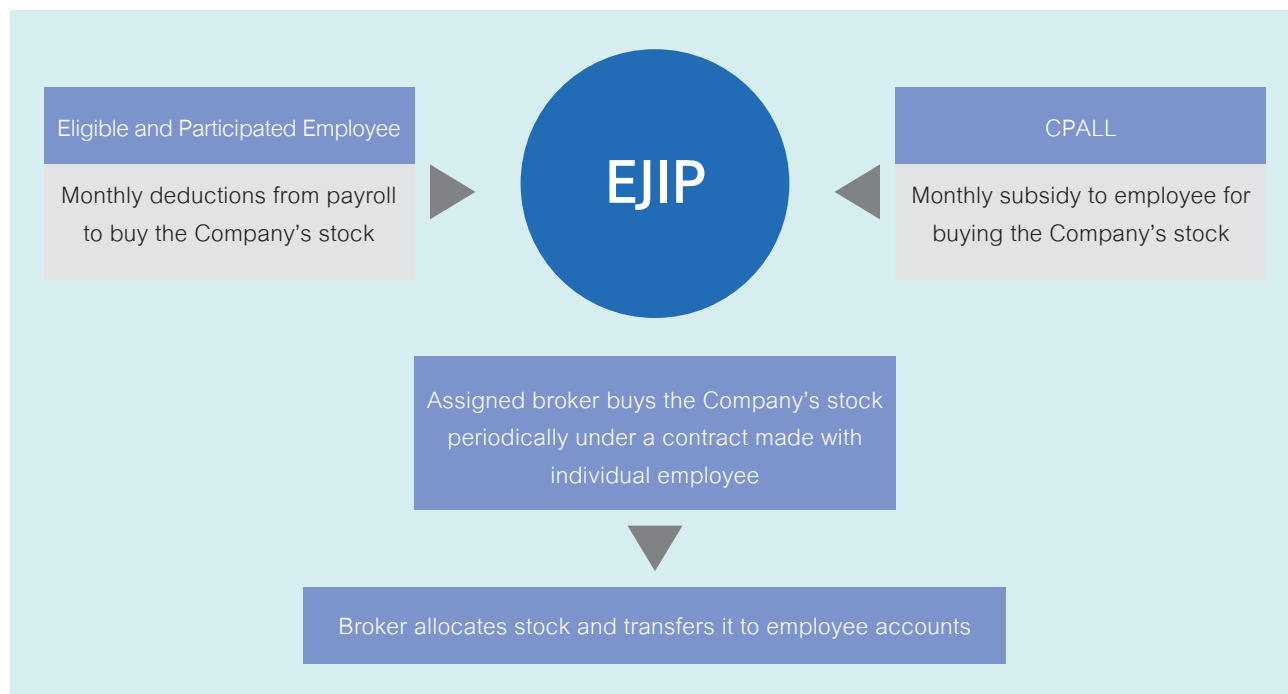
Summary of the Employee Joint Investment Program (EJIP)

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 (Per Employee)	<ul style="list-style-type: none"> • Employee - 5% or 7% of salary (on a voluntarily basis) • CPALL - 80% of the deductible amount from employee in each month
Duration	July 2009 – June 2012 (Total 3 years)
Method of Payment	<ul style="list-style-type: none"> • Buying – employee's deduction from monthly salary and the Company's contribution • Selling – broker transfers money from stock sale to employee's bank account
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"> • Dividend gain • Capital gain • Other rights such as rights issue, warrant, shareholders' meeting
Selling Stock	Employee has the right to sell stock during the specified period in the contract.
Tax	<ul style="list-style-type: none"> • Employee must pay personal income tax on the contribution amount received from the Company. • Company can claim tax deductible on the contribution amount.

3. Eligible Employee Under EJP

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



Shareholdings of the Company by Directors and Management

Shareholder's name	Designation	Number of shares	
		2010	2011
Prof. Dr. Komain Bhatrabhirom	Chairman of the Audit Committee and Independent Director	0	0
Mr. Pridi Boonyoung	Audit Committee and Independent Director	455,599	340,739
Mr. Padoong Techasarintr	Audit Committee and Independent Director	4,912	4,912
Mr. Suphachai Phisitvanich	Independent Director	0	0
Pol. Gen. Kowit Wattana ^{1,2}	Independent Director	0	0
Mr. Dhanin Chearavanont	Chairman	765,738	765,738
Mr. Korsak Chairasmisak	Vice Chairman and Chief Executive Officer	5,897,404 ³	4,689,308 ³
Mr. Adirek Sripratak	Director	0	0
Mr. Umroong Sanphasitvong	Director	0	0
Mr. Soopakij Chearavanont	Director	111,198	111,198
Mr. Narong Chearavanont	Director	152,401	152,401
Mr. Prasert Jarupanich	Director	0	0
Mr. Pittaya Jearavisitkul	Director and Deputy Chief Executive Officer	707,335 ³	753,359 ³
Mr. Piyawat Titasattavorakul	Director and Managing Director	90,174 ³	133,257 ³
Mr. Tanin Buranamani ¹	Director and Executive Vice President – Operation, Marketing, and Human Resource	53,676 ³	79,278 ³
Mr. Suraphan Pussadej	Senior Assistant Chief Executive Officer – Human Resource	35,361 ³	112,837 ³
Mr. Taweesak Kaewrathtanapattama	Senior Vice President – Accounting and Finance	74,728 ³	103,333 ³
Mr. Chuan Nimkittikul	Senior Vice President – Purchasing and Distribution	294,863 ³	295,225 ³
Mr. Suwit Kingkaew	Senior Vice President – General Management	484,941 ³	292,425 ³
Mr. Kosa Pongsupath	Senior Vice President, Information Technology	305,653 ³	66,572 ³

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

2. Resigned from the Board of Directors of the Company, effective from August 4, 2011 onwards.

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

- The holdings in the Company's shares included those of spouses, minor children, and nominees.



Subsidiaries Information

Subsidiaries Information as at December 31, 2011
CP All Public Company Limited

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%

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%

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%

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%

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%

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

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%

Nanjing Zheng Yi Xin Trading Co., Ltd.

Type of business : Commercial Trading
Incorporated : Nanjing City, Jiangsu Province,
the People's Republic Of China
Paid up capital : USD 2.0 million
Shareholding : 100%

งบการเงินประจำปี และรายงานของผู้สอบบัญชีรับอนุญาต

Annual Financial Statements and Audit Report
of Certified Public Accountant

สำหรับปีสิ้นสุดวันที่ 31 ธันวาคม 2554 และ 2553
For the years ended 31 December 2011 and 2010





Audit Report of Certified Public Accountant

To the Shareholders of CP ALL Public Company Limited

I have audited the accompanying consolidated and separate statements of financial position at 31 December 2011, and the related statements of income, comprehensive income, changes in equity and cash flows for the year 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. The consolidated and separate financial statements of CP ALL Public Company Limited and its subsidiaries, and of CP ALL Public Company Limited, respectively, for the year ended 31 December 2010 were audited by another auditor whose report dated 15 February 2011 expressed an unqualified opinion on those statements. As explained in notes 2 and 3 to the accompanying financial statements, with effect from 1 January 2011 the Company has adopted certain new and revised financial reporting standards. The consolidated and separate financial statements for the year ended 31 December 2010 have been restated accordingly. I have audited the adjustments that were applied to the restatement of those financial statements and in my opinion those adjustments are appropriate and have been properly applied.

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 2011 and the results of operations and cash flows for the year then ended of CP ALL Public Company Limited and its subsidiaries, and of CP ALL Public Company Limited, respectively in accordance with Financial Reporting Standards.

(Veerachai Ratanajaratkul)
Certified Public Accountant
Registration No. 4323
KPMG Phoomchai Audit Ltd.
Bangkok
16 February 2012



Statements of financial position

CP ALL Public Company Limited and its Subsidiaries • As at 31 December 2011 and 2010

Assets	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
<i>(in Baht)</i>					
Current assets					
Cash and cash equivalents	6	14,201,712,209	15,715,769,103	10,804,492,327	12,179,562,440
Current investments	7	9,893,328,680	4,435,563,060	5,437,163,051	398,417,012
Trade accounts receivable	5, 8	476,647,510	473,505,316	170,569,581	150,983,028
Other accounts receivable	5, 9	499,891,661	752,059,798	645,975,606	963,192,069
Inventories	5, 10	8,642,208,577	6,517,558,870	7,901,008,700	6,019,330,055
Other current assets	5, 11	2,690,265,324	2,818,429,051	2,525,941,702	2,734,495,951
Total current assets		36,404,053,961	30,712,885,198	27,485,150,967	22,445,980,555
Non-current assets					
Investments in subsidiaries	12	-	-	6,504,828,995	6,504,828,995
Investment in related company	5	18,000,000	-	18,000,000	-
Other long-term investments	7	1,741,111,582	690,883,156	1,740,700,000	690,883,156
Long-term loans to related parties	5	-	-	290,000,000	263,000,000
Property, plant and equipment	5, 13	14,993,990,443	14,524,789,535	11,743,397,149	11,428,309,749
Intangible assets		821,084,172	783,129,066	449,680,849	365,636,639
Leasehold rights		311,132,620	299,964,387	311,132,620	299,964,387
Other non-current assets	5	1,051,494,748	892,465,731	1,359,275,152	1,230,410,459
Total non-current assets		18,936,813,565	17,191,231,875	22,417,014,765	20,783,033,385
Total assets		55,340,867,526	47,904,117,073	49,902,165,732	43,229,013,940



Statements of financial position

CP ALL Public Company Limited and its Subsidiaries • As at 31 December 2011 and 2010

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
<i>(in Baht)</i>					
Current liabilities					
Overdrafts and short-term borrowings					
from financial institutions		2,173,470	-	-	-
Trade accounts payable	5, 14	24,393,114,291	21,612,698,348	20,005,235,776	17,481,777,873
Income tax payable		1,138,285,191	1,090,390,263	975,339,884	974,492,747
Other current liabilities	5, 15	4,945,513,129	4,666,237,959	7,485,828,079	6,631,787,482
Total current liabilities		30,479,086,081	27,369,326,570	28,466,403,739	25,088,058,102
Non-current liabilities					
Employee benefit obligations	16	757,878,420	493,400,579	611,980,000	436,900,000
Accrued guarantee deposits	17	2,405,049,204	2,083,204,269	2,282,708,449	1,943,841,459
Total non-current liabilities		3,162,927,624	2,576,604,848	2,894,688,449	2,380,741,459
Total liabilities		33,642,013,705	29,945,931,418	31,361,092,188	27,468,799,561



Statements of financial position

CP ALL Public Company Limited and its Subsidiaries • As at 31 December 2011 and 2010

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
		<i>(in Baht)</i>			
Equity					
Share capital	18				
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	18				
Premium on ordinary shares		1,684,316,879	1,684,316,879	1,684,316,879	1,684,316,879
Retained earnings					
Appropriated					
Legal reserve	19	450,000,000	450,000,000	450,000,000	450,000,000
Unappropriated		15,224,548,627	11,710,127,967	11,913,608,641	9,132,749,476
Other components of equity		(361,408,747)	(581,921,413)	-	-
Equity attributable to equity holders of the Company		21,490,604,783	17,755,671,457	18,541,073,544	15,760,214,379
Non-controlling interests		208,249,038	202,514,198	-	-
Total equity		21,698,853,821	17,958,185,655	18,541,073,544	15,760,214,379
Total liabilities and equity		55,340,867,526	47,904,117,073	49,902,165,732	43,229,013,940



Statements of income

CP ALL Public Company Limited and its Subsidiaries • For the years ended 31 December 2011 and 2010

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
(in Baht)					
Income	5				
Revenue from sale of goods and rendering of services		155,359,866,920	134,953,814,479	152,072,584,456	131,655,802,690
Interest income		450,590,597	339,202,521	372,216,302	132,934,450
Dividend income		46,310	37,120	499,992,730	463,993,348
Net foreign exchange gain		216,304,490	-	5,459,702	-
Other income	22	5,862,973,715	5,445,649,276	6,275,955,177	5,839,157,659
Total Income		161,889,782,032	140,738,703,396	159,226,208,367	138,091,888,147
Expenses	5				
Cost of sale of goods and rendering of services	10	116,862,567,472	101,396,247,897	115,066,016,392	99,446,319,865
Selling expenses	10, 23	27,133,503,093	24,200,632,889	27,238,423,231	24,300,723,560
Administrative expenses	24	6,593,275,341	5,589,024,240	6,690,578,820	5,688,179,130
Key management benefit expenses	5	305,652,676	288,952,748	305,652,676	288,952,748
Net foreign exchange loss		-	106,608,248	-	3,460,042
Finance costs	5	11,868	111,706	-	-
Total expenses		150,895,010,450	131,581,577,728	149,300,671,119	129,727,635,345
Profit before income tax expense		10,994,771,582	9,157,125,668	9,925,537,248	8,364,252,802
Income tax expense	27	2,981,460,788	2,487,358,316	2,651,530,059	2,221,683,057
Profit for the year		8,013,310,794	6,669,767,352	7,274,007,189	6,142,569,745
Profit attributable to:					
Equity holders of the Company		8,007,568,684	6,663,462,775	7,274,007,189	6,142,569,745
Non-controlling interests		5,742,110	6,304,577	-	-
Profit for the year		8,013,310,794	6,669,767,352	7,274,007,189	6,142,569,745
Basic earnings per share	29	1.78	1.48	1.62	1.37



Statements of comprehensive income

CP ALL Public Company Limited and its Subsidiaries • For the years ended 31 December 2011 and 2010

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
		<i>(in Baht)</i>			
Profit for the year		8,013,310,794	6,669,767,352	7,274,007,189	6,142,569,745
Other comprehensive income					
Currency translation differences	20	220,512,666	(358,278,763)	-	-
Fair value changes in investments	20	-	(1,768,843,079)	-	(21,364,599)
Investments translation differences	20	-	(129,216,917)	-	-
Other comprehensive income for the year, net of income tax		220,512,666	(2,256,338,759)	-	(21,364,599)
Total comprehensive income for the year		8,233,823,460	4,413,428,593	7,274,007,189	6,121,205,146
Total comprehensive income attributable to:					
Equity holders of the Company		8,228,081,350	4,407,124,016	7,274,007,189	6,121,205,146
Non-controlling interests		5,742,110	6,304,577	-	-
Total comprehensive income for the year		8,233,823,460	4,413,428,593	7,274,007,189	6,121,205,146

Statements of changes in equity

CP ALL Public Company Limited and its Subsidiaries • For the years ended 31 December 2011 and 2010

	Consolidated financial statements (Restated)											
	Retained earnings		Surplus on other components of equity			Total other components of equity		Equity attributable to equity holders of the Company		Non-controlling interests	Total equity	
Note	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated retained earnings	Fair value changes in investments	Investments translation differences	Surplus on common control transactions	Currency translation differences	Total other components of equity	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
	4,493,148,024	1,684,316,879	450,000,000	6,705,795,137	-	-	5,630,707,680	(223,642,650)	5,407,065,030	18,740,325,070	196,216,300	18,936,541,370
Balance at 1 January 2010												
Transactions with equity holders, recorded directly in equity												
<i>Distributions to equity holders</i>												
Dividends	-	-	-	(5,391,777,629)	-	-	-	-	-	(5,391,777,629)	(6,652)	(5,391,784,281)
<i>Changes in ownership interests in subsidiaries</i>												
Decrease in non-controlling interests with a change in control	-	-	-	-	-	-	-	-	-	-	(27)	(27)
Total transactions with equity holders, recorded directly in equity	-	-	-	(5,391,777,629)	-	-	-	-	-	(5,391,777,629)	(6,679)	(5,391,784,308)
Comprehensive income for the year												
Profit	-	-	-	6,663,462,775	-	-	-	-	-	6,663,462,775	6,304,577	6,669,767,352
Other comprehensive income	-	-	-	-	(1,768,843,079)	(129,216,917)	-	(358,278,763)	(2,256,338,759)	(2,256,338,759)	-	(2,256,338,759)
Total comprehensive income for the year	-	-	-	6,663,462,775	(1,768,843,079)	(129,216,917)	-	(358,278,763)	(2,256,338,759)	4,407,124,016	6,304,577	4,413,428,593
Transfer to retained earnings	-	-	-	3,732,647,684	1,768,843,079	129,216,917	(5,630,707,680)	-	(3,732,647,684)	-	-	-
Balance at 31 December 2010	4,493,148,024	1,684,316,879	450,000,000	11,710,127,967	-	-	-	(581,921,413)	(581,921,413)	17,555,671,457	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 2011 and 2010

	Note	Consolidated financial statements							Total equity
		Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated retained earnings <i>(in Baht)</i>	Currency translation differences	Equity attributable to equity holders of the Company	Non-controlling interests	
Balance at 1 January 2011		4,493,148,024	1,684,316,879	450,000,000	11,710,127,967	(581,921,413)	17,755,671,457	202,514,198	17,958,185,655
Transactions with equity holders, recorded directly in equity		-	-	-	-	-	-	-	-
<i>Distributions to equity holders</i>		-	-	-	-	-	-	-	-
Dividends	30	-	-	-	(4,493,148,024)	-	(4,493,148,024)	(7,270)	(4,493,155,294)
Total transactions with equity holders, recorded directly in equity		-	-	-	(4,493,148,024)	-	(4,493,148,024)	(7,270)	(4,493,155,294)
Comprehensive income for the year		-	-	-	-	-	-	-	-
Profit		-	-	-	8,007,568,684	-	8,007,568,684	5,742,110	8,013,310,794
Other comprehensive income	20	-	-	-	-	220,512,666	220,512,666	-	220,512,666
Total comprehensive income for the year		-	-	-	8,007,568,684	220,512,666	8,228,081,350	5,742,110	8,233,823,460
Balance at 31 December 2011		4,493,148,024	1,684,316,879	450,000,000	15,224,548,627	(361,408,747)	21,490,604,783	208,249,038	21,698,853,821

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 2011 and 2010

	Note	Separate financial statements (Restated)							
		Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated retained earnings <i>(in Baht)</i>	Fair value changes in investments	Surplus on common control transactions	Total other components of equity	
Balance at 1 January 2010		4,493,148,024	1,684,316,879	450,000,000	8,362,698,848	-	40,623,111	40,623,111	15,030,786,862
Transactions with equity holders, recorded directly in equity									
<i>Distributions to equity holders</i>									
Dividends	30	-	-	-	(5,391,777,629)	-	-	-	(5,391,777,629)
Total transactions with equity holders, recorded directly in equity									
Comprehensive income for the year									
Profit									
Other comprehensive income	20				6,142,569,745	(21,364,599)	-	(21,364,599)	6,142,569,745
Total comprehensive income for the year									
Transfer to retained earnings					6,142,569,745	(21,364,599)	-	(21,364,599)	6,121,205,146
Balance at 31 December 2010		4,493,148,024	1,684,316,879	450,000,000	9,132,749,476	21,364,599	(40,623,111)	(19,258,512)	15,760,214,379
Transactions with equity holders, recorded directly in equity									
<i>Distributions to equity holders</i>									
Dividends	30	-	-	-	(4,493,148,024)	-	-	-	(4,493,148,024)
Total transactions with equity holders, recorded directly in equity									
Comprehensive income for the year									
Profit									
Other comprehensive income					7,274,007,189	-	-	-	7,274,007,189
Total comprehensive income for the year									
Balance at 31 December 2011		4,493,148,024	1,684,316,879	450,000,000	11,913,608,641	-	-	-	18,541,073,544

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 2011 and 2010

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
<i>(in Baht)</i>					
Cash flows from operating activities					
Profit for the year		8,013,310,794	6,669,767,352	7,274,007,189	6,142,569,745
<i>Adjustments for</i>					
Depreciation	13, 26	3,122,658,881	2,900,446,308	2,761,135,624	2,524,094,759
Amortisation - intangible assets	26	98,574,661	108,606,807	58,244,009	69,335,500
Amortisation - leasehold rights	26	80,768,333	83,939,748	80,768,333	83,939,748
Interest income		(450,590,597)	(339,202,521)	(372,216,302)	(132,934,450)
Dividend income		(46,310)	(37,120)	(499,992,730)	(463,993,348)
Finance costs		11,868	111,706	-	-
Income tax expense	27	2,981,460,788	2,487,358,316	2,651,530,059	2,221,683,057
Provision for employees' severance pay	16	265,775,421	217,561,434	175,748,500	192,900,000
Allowance and (reversal of allowance for) losses on slow-moving inventories		(35,630,449)	209,559,771	(39,783,376)	206,654,570
Bad debts and (reversal of allowance for) doubtful accounts		(2,437,331)	2,349,011	186,634	1,193,776
Impairment losses of property, plant and equipment		-	1,898,843	-	-
Unrealised (gain) loss on exchange		(201,989,542)	(33,297,014)	(5,615,451)	3,394,157
Loss on disposal and write-off of property, plant and equipment		35,981,474	37,724,902	36,245,862	36,584,040
Gain on disposal of leasehold rights		(4,030,400)	(455,010)	(4,030,400)	(455,010)
		<u>13,903,817,591</u>	<u>12,346,332,533</u>	<u>12,116,227,951</u>	<u>10,884,966,544</u>
Changes in operating assets and liabilities					
Trade accounts receivable		(1,851,692)	(37,530,939)	(19,586,553)	(33,166,196)
Other accounts receivable		252,903,383	(276,888,306)	317,399,500	(315,648,251)
Inventories		(2,089,019,258)	(826,775,433)	(1,841,895,269)	(756,100,882)
Other current assets		211,520,980	(385,268,294)	252,768,580	(351,631,348)
Other non-current assets		(158,904,234)	(119,319,905)	(128,864,693)	(22,742,293)
Trade accounts payable		2,780,415,943	2,423,667,585	2,523,457,903	2,358,827,227
Other current liabilities		305,722,460	874,985,432	846,789,250	449,844,226
Employee benefit obligations paid	16	(1,297,580)	(137,598)	(668,500)	-
Accrued guarantee deposits		321,844,935	424,276,456	338,866,990	431,235,936
Cash generated from operating activities		<u>15,525,152,528</u>	<u>14,423,341,531</u>	<u>14,404,495,159</u>	<u>12,645,584,963</u>
Income tax paid		<u>(2,935,029,504)</u>	<u>(2,083,431,798)</u>	<u>(2,650,682,922)</u>	<u>(1,844,298,728)</u>
Net cash provided by operating activities		<u>12,590,123,024</u>	<u>12,339,909,733</u>	<u>11,753,812,237</u>	<u>10,801,286,235</u>



Statements of cash flows

CP ALL Public Company Limited and its Subsidiaries • For the years ended 31 December 2011 and 2010

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
<i>(in Baht)</i>					
Cash flows from investing activities					
Interest received		394,536,688	182,653,821	327,632,298	133,822,719
Dividends received		46,310	37,120	499,992,730	463,993,348
Purchase of current investments	7	(8,368,058,774)	(4,849,562,712)	(6,600,000,000)	(598,417,012)
Sale of current investments	7	3,315,557,258	1,677,203,278	1,598,417,012	1,396,010,076
Cash outflow on investment in related company	5	(18,000,000)	-	(18,000,000)	-
Cash outflow on investments in subsidiaries/liquidation of subsidiary		-	(27)	-	(10)
Cash inflow on exercise of the right to sell investments in convertible preferred shares of related party		-	3,787,726,201	-	34,912,765
Cash outflow on other long-term investments	7	(1,100,000,000)	(640,883,156)	(1,100,000,000)	(640,883,156)
Cash inflow on other long-term investments	7	50,183,156	-	50,183,156	-
Cash inflow on long-term loans to related parties	5	-	-	123,920,000	858,200,000
Cash outflow on long-term loans to related parties	5	-	-	(150,920,000)	(600,200,000)
Purchase of property, plant and equipment	32	(3,921,465,786)	(4,093,294,946)	(3,365,849,043)	(3,838,042,599)
Sale of property, plant and equipment		233,822,750	224,318,477	229,083,906	217,026,656
Purchase of intangible assets		(136,977,700)	(111,754,892)	(142,288,219)	(102,973,307)
Sale of intangible assets		447,933	101,825	-	-
Purchase of leasehold rights		(97,311,107)	(54,721,856)	(97,311,107)	(54,721,856)
Sale of leasehold rights		9,404,941	5,556,928	9,404,941	5,556,928
Net cash used in investing activities		(9,637,814,331)	(3,872,619,939)	(8,635,734,326)	(2,725,715,448)



Statements of cash flows

CP ALL Public Company Limited and its Subsidiaries • For the years ended 31 December 2011 and 2010

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
<i>(in Baht)</i>					
Cash flows from financing activities					
Interest paid		-	(164,687)	-	-
Dividends paid to equity holders of the Company	30	(4,493,148,024)	(5,391,777,629)	(4,493,148,024)	(5,391,777,629)
Dividends paid to non-controlling interests		(7,270)	(6,652)	-	-
Increase (decrease) in overdrafts and short-term borrowings from financial institutions		2,173,470	(10,212,018)	-	-
Net cash used in financing activities		<u>(4,490,981,824)</u>	<u>(5,402,160,986)</u>	<u>(4,493,148,024)</u>	<u>(5,391,777,629)</u>
Net increase (decrease) in cash and cash equivalents					
		(1,538,673,131)	3,065,128,808	(1,375,070,113)	2,683,793,158
Cash and cash equivalents at beginning of year		15,715,769,103	12,682,282,755	12,179,562,440	9,495,769,282
Effect of exchange rate changes on balances held in foreign currencies		24,616,237	(31,642,460)	-	-
Cash and cash equivalents at end of year	6	<u>14,201,712,209</u>	<u>15,715,769,103</u>	<u>10,804,492,327</u>	<u>12,179,562,440</u>



Notes to the financial statements

CP ALL Public Company Limited and its Subsidiaries • For the years ended 31 December 2011 and 2010

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorized for issue by the executive directors on 16 February 2012.

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 2011 was 6,276 stores (2010: 5,790 stores).

	2011	2010
	<i>(number of stores)</i>	
The Company owns and manages convenience stores	2,926	2,834
The Company franchises the license to other retailers under management agreements	2,884	2,541
The Company franchises the license to other retailers under sub-license agreements	466	415
Total	<u>6,276</u>	<u>5,790</u>

Details of the Company’s subsidiaries as at 31 December 2011 and 2010 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2011	2010
Direct subsidiaries				
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



Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2011	2010
Gosoft (Thailand) Co., Ltd.	Information system design and development services	Thailand	99.99	99.99
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
Indirect subsidiaries				
Panyapiwat Institute of Management	Educational institution	Thailand	99.99	99.99
Panyapiwat Techno Business School	Educational institution	Thailand	99.99	99.99
Successor Investments Limited	Holding company	Hong Kong Special Administrative Region	100.00	100.00
Nanjing Zheng Yi Xin Trading Co., Ltd.	Commercial trading	The People's Republic of China	100.00	-

2 Basis of preparation of the financial statements

(a) Statement of compliance

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

During 2010 and 2011, the FAP issued the following new and revised TAS and TFRS relevant to the Group’s operations and effective for accounting periods beginning on or after 1 January 2011:

TAS/TFRS	Topic
TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets



TAS/TFRS	Topic
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
FAP Announcement no. 17/2554	Transitional Procedures for Other Long-term Employee Benefits
FAP Announcement no. 18/2554	Accounting Guidance on Revaluation of Assets

The adoption of these new and revised TAS and TFRS has resulted in changes in the Group's accounting policies. The effects of these changes are disclosed in note 3.

In addition to the above new and revised TAS and TFRS, the FAP has issued during 2010 a number of other new and revised TAS and TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TAS and TFRS are disclosed in note 34.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis unless otherwise stated in accounting policies.

(c) Presentation currency

The financial statements are prepared and presented in Thai Baht. All financial information has been rounded in the notes to the financial statements to the nearest million unless otherwise stated.

(d) Use of estimates and judgements

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 4(s) Current taxation
- Note 16 Measurement of defined benefit obligations
- Note 31 Valuation of financial instruments



3 Changes in accounting policies

(a) Overview

From 1 January 2011, consequent to the adoption of new and revised TAS and TFRS as set out in note 2, the Group has changed its accounting policies in the following areas:

- Presentation of financial statements
- Accounting for business combinations
- Accounting for acquisitions of non-controlling interests
- Accounting for property, plant and equipment
- Accounting for borrowing cost
- Accounting for employee benefits

Details of the new accounting policies adopted by the Group and the impact of the changes on the financial statements are included in notes 3(b) to 3(g) below.

(b) Presentation of financial statements

From 1 January 2011, the Group has adopted TAS 1 (revised 2009) Presentation of Financial Statements. Under the revised standard, a set of financial statements comprises:

- Statement of financial position;
- Statement of income;
- Statement of comprehensive income;
- Statement of changes in equity;
- Statement of cash flows; and
- Notes to the financial statements.

As a result, the Group presents all equity holders changes in the statement of changes in equity and all non-equity changes in the statement of comprehensive income. Previously, all such changes were included in the statement of changes in equity.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on reported profit or earnings per share.

(c) Accounting for business combinations

From 1 January 2011, the Group has adopted TFRS 3 (revised 2009) Business Combinations and TAS 27 (revised 2009) Consolidated and Separate Financial Statements for all business combinations on or after 1 January 2011. The new policy for accounting for business combinations, together with information on the previous policy, is given below. The new policy has been applied prospectively from 1 January 2011 in accordance with the transitional provisions of the revised standards.

There have been no business combinations during 2011 and, accordingly, adoption of these two revised standards has had no impact on profit or earnings per share for 2011.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.



Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquiree's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions between 1 January 2008 and 31 December 2010

Goodwill represented the excess of the cost of the acquisition over the Group's interest in the recognized amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognized immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or securities, that the Group incurred in connection with business combinations were capitalized as part of the cost of the acquisition.

Acquisitions prior to 1 January 2008

Goodwill was measured in the same way as described in the preceding paragraph. However, both positive and negative goodwill were amortised over their estimated useful lives of 10 and 30 years and 30 years, respectively. On 1 January 2008, on adoption of the former TAS 43 (revised 2007), the Group discontinued amortising goodwill. Negative goodwill carried in the financial statements as at 31 December 2007 was derecognized by crediting unappropriated retained earnings on 1 January 2008.



(d) Accounting for acquisitions of non-controlling interests (previously termed 'minority interests')

From 1 January 2011, the Group has adopted TAS 27 (revised 2009) Consolidated and Separate Financial Statements for all acquisitions of non-controlling interests in subsidiaries. The new policy for accounting for acquisitions of non-controlling interests, together with information on the previous policy, is given below. The new policy has been applied prospectively from 1 January 2011 in accordance with the transitional provisions of the revised standard. There have been no acquisitions of non-controlling interests during 2011 and, accordingly, adoption of this revised standard has had no impact on the profit and earnings per share for the year ended 31 December 2011.

Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognized as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognized on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

(e) Accounting for property, plant and equipment

From 1 January 2011, the Group has adopted TAS 16 (revised 2009) Property, Plant and Equipment in determining and accounting for the cost and depreciable amount of property, plant and equipment.

The principal changes introduced by the revised TAS 16 and affecting the Group are that: (i) costs of asset dismantlement, removal and restoration have to be included as asset costs and subject to annual depreciation; (ii) the depreciation charge has to be determined separately for each significant part of an asset; and (iii) in determining the depreciable amount, the residual value of an item of property, plant and equipment has to be measured at the amount estimated receivable currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year-end.

The changes have been applied prospectively in accordance with the transitional provisions of the revised standard, except that consideration of the costs of asset dismantlement, removal and restoration, have been applied retrospectively. The changes have had no material impact on the profit and earnings per share for the years ended 31 December 2011 and 2010.

(f) Accounting for borrowing costs

From 1 January 2011, the Group has adopted TAS 23 (revised 2009) Borrowing costs.

Under the revised standard, borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Under the former standard, there was also an option to expense borrowing costs on qualifying assets when incurred.

It was the Group's policy under the former TAS 23 to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Consequently the adoption of the revised standard has had no impact on reported profit and earnings per share for the years ended 31 December 2011 and 2010.



(g) Accounting for employee benefits

From 1 January 2011, the Group has adopted TAS 19 Employee Benefits.

Under the new policy, the Group's liability for post-employment benefits is recognised in the financial statements based on calculations performed annually by a qualified actuary using the projected unit credit method. Previously, the Group has made a provision for its liability under the severance pay plan for its employee by accruing 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 4.19% in 2011 (2010: 5%) that is similar to the interest rate of long term government bond.

The Group has opted to recognise this liability as an expense through profit or loss on a straight-line basis over five years from the date of adoption of TAS 19, in accordance with the transitional provisions of TAS 19. The changes have had no material impact on the profit and earnings per share for the years ended 31 December 2011 and 2010.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3, which addresses changes in 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. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Business combinations

The accounting policy for business combinations has been changed from 1 January 2011. See note 3(c) for details.

The Group applies the acquisition method for all business combinations other than those with entities under common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.



Goodwill is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred is measured as the fair values of the assets transferred, liabilities incurred by the Group to the previous equity holders of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

When share-based payment awards exchanged (replacement awards) for awards held by the acquiree's employees (acquiree's awards) relate to past services cost, then a part of the market-based measure of the awards replaced is included in the consideration transferred. If there are future services requirement, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

A contingent liability of the acquiree company is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expenses as incurred.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investment or as an available-for-sale financial asset depending on the level of influence retained.

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 profit or loss.



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 other comprehensive income and presented in the foreign currency translation reserve in equity until disposal of the investments.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation difference in equity until disposal of the investment.

(c) *Hedge of future foreign currency transactions*

Gains or 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 or 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 profit or loss.

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 profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses.

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 profit or loss.

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

Recognition and measurement

Owned assets of the Group

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:



Buildings and improvements	3, 5, 10 and 20 years
Leasehold improvements	Over the lease period
Machinery and equipment	5, 7 and 10 years
Furniture, fixtures and office equipment	2, 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.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(i) Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 4(a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Technology, computer software and trademark	10 years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(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 profit or loss. 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 and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

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 profit or loss.

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 profit or loss even though the financial asset has not been derecognised. The amount of the loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

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 recognized in profit or loss. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in other comprehensive income.

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

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs is deducted. The discount rate is similar to the interest rate of long term government bond that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(o) Provisions



A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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 the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(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 profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. The group will not recognise revenue if there is continuing control or management involvement with the goods sold or there are significant risk regarding uncertainties of future economic benefits, unreasonable measurement of consideration due and associated costs, or the probable certain on 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 profit or loss on the accrual basis. Dividend income is recognised in profit or loss 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) Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables), and losses on hedging instruments that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(r) Lease payments



Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(s) Income tax

Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly 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.

In determining the amount of current tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(t) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

5 Related parties



For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with related parties were as follows:

Name of entities	Country of incorporation	Nature of relationships
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
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	Thailand	Indirect subsidiary, 99.99% shareholding
True Money Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
CPF Food Products Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
C.P. Packaging Industry Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
CPF Trading Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
Bangkok Food Products Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
Charoen Pokphand Northeastern Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Distribution and Sales Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True GS Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
C.P. Merchandising Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
CP-Meiji Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
Allianz C.P. General Insurance Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director



Name of entities	Country of incorporation	Nature of relationships
C.P. Land Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
C.P. Consumer Product Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
True Universal Convergence Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
True Move Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 2 common directors
True Corporation Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 4 common directors
Siam Makro Public Company Limited	Thailand	1 director of the Company is a major shareholder 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. Trading Group Co., Ltd.	Thailand	Chearavanont Group is a major shareholder

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
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 2011 and 2010 with related parties were as follows:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<i>Ultimate parent company</i>				
Administrative expenses	9	9	9	9
<i>Subsidiaries</i>				
Revenue from sale of goods and rendering of services	-	-	344	328
Interest income	-	-	8	8
Dividend income	-	-	500	464
Other income	-	-	501	499
Selling expenses	-	-	705	664
Administrative expenses	-	-	1,144	995
Purchases of goods and services	-	-	6,456	5,769
Purchases of property, plant and equipment	-	-	979	1,021
<i>Related companies</i>				
Revenue from sale of goods and rendering of services	1,156	1,221	329	396
Interest income	-	31	-	-
Other income	226	241	223	229
Selling expenses	15	7	-	-
Administrative expenses	287	219	260	199
Purchases of goods and services	16,230	13,891	14,951	12,786
Purchases of property, plant and equipment	64	-	-	-
<i>Key management personnel</i>				
Key management benefit expenses				
Short-term employee benefit	286	260	286	260
Severance pay for employees	20	29	20	29
Total key management benefit expenses	<u>306</u>	<u>289</u>	<u>306</u>	<u>289</u>



Balances as at 31 December 2011 and 2010 with related parties were as follows:

Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Related companies				
C.P. Merchandising Co., Ltd.	29	32	-	-
Siam Makro Public Company Limited	23	24	-	-
CPF Trading Co., Ltd.	10	7	-	-
True Corporation Public Company Limited	8	1	-	-
True Move Co., Ltd.	6	1	-	-
True GS Co., Ltd.	4	-	-	-
CPF Food Products Co., Ltd.	3	1	-	-
C.P. Trading Group Co., Ltd.	2	-	-	-
Others	7	7	-	-
Total	92	73	-	-
Less allowance for doubtful accounts	(2)	(1)	-	-
Net	90	72	-	-
Bad debts and doubtful debts expenses for the year	1	-	-	-

Other accounts receivable

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Subsidiaries				
Counter Service Co., Ltd.	-	-	73	75
Thai Smart Card Co., Ltd.	-	-	67	121
Others	-	-	13	19
Total	-	-	153	215
Related companies				
Allianz C.P. General Insurance Co., Ltd.	78	55	78	55
True Money Co., Ltd.	49	26	49	26
CPF Trading Co., Ltd.	14	14	10	14
True Distribution and Sales Co., Ltd.	12	-	12	-
True Move Co., Ltd.	8	8	8	8
Others	4	15	4	15
Total	165	118	161	118
Grand total	165	118	314	333
Bad debts and doubtful debts expenses for the year	-	-	-	-



Prepaid expenses

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Related company				
True Move Co., Ltd.	-	979	-	979
Total	<u>-</u>	<u>979</u>	<u>-</u>	<u>979</u>

Investment in related company

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Related company				
True GS Co., Ltd.	18	-	18	-
Total	<u>18</u>	<u>-</u>	<u>18</u>	<u>-</u>

Movements during the years ended 31 December 2011 and 2010 were as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Related company				
At 1 January	-	-	-	-
Acquisitions	18	-	18	-
At 31 December	<u>18</u>	<u>-</u>	<u>18</u>	<u>-</u>

Long-term loans

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Subsidiaries				
C.P. Retailing and Marketing Co., Ltd.	-	-	280	250
Dynamic Management Co., Ltd.	-	-	10	13
Total	<u>-</u>	<u>-</u>	<u>290</u>	<u>263</u>

All long-term loans of the Company as at 31 December 2011 and 2010 were dominated entirely in Thai Baht.



Movements during the years ended 31 December 2011 and 2010 were as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Subsidiaries				
At 1 January	-	-	263	521
Increases	-	-	151	600
Decreases	-	-	(124)	(858)
At 31 December	-	-	290	263

Interest rate as at 31 December 2011 and 2010 was as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(interest rate per annum)</i>			
Subsidiaries				
C.P. Retailing and Marketing Co., Ltd.	-	-	3.50%	2.375%
Dynamic Management Co., Ltd.	-	-	3.50%	2.375%

As at 31 December 2011 and 2010 the balances of long-term loans to subsidiaries were unsecured and without a fixed repayment term.

Prepaid rental and service fees

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Subsidiary				
Panyapiwat Institute of Management	-	-	344	374
Total	-	-	344	374

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 2011 and 2010 the Company's prepaid rental and service fees, net was Baht 344 million and Baht 374 million respectively.

Trade accounts payable

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Subsidiary				
C.P. Retailing and Marketing Co., Ltd.	-	-	170	252
Total	-	-	170	252



	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Related companies				
CPF Trading Co., Ltd.	1,038	817	838	610
True Money Co., Ltd.	698	371	687	359
True Move Co., Ltd.	652	7	644	-
CP-Meiji Co., Ltd.	230	170	230	170
True Distribution and Sales Co., Ltd.	193	11	193	11
C.P. Packaging Industry Co., Ltd.	85	88	85	88
C.P. Consumer Product Co., Ltd.	80	57	78	56
C.P. Food Store Co., Ltd.	59	52	51	34
Bangkok Food Products Co., Ltd.	58	35	-	-
CPF Food Products Co., Ltd.	55	52	-	-
Charoen Pokphand Northeastern Public Company Limited	51	43	-	-
Others	180	142	31	31
Total	3,379	1,845	2,837	1,359
Grand total	3,379	1,845	3,007	1,611

Other accounts payable

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Subsidiaries				
Counter Service Co., Ltd.	-	-	3,242	2,509
Retailink (Thailand) Co., Ltd.	-	-	176	124
Thai Smart Card Co., Ltd.	-	-	83	173
Gosoft (Thailand) Co., Ltd.	-	-	66	30
MAM Heart Co., Ltd.	-	-	38	24
Panyatara Co., Ltd.	-	-	15	13
Others	-	-	-	1
Total	-	-	3,620	2,874
Related companies				
True Universal Convergence Co., Ltd.	13	6	13	6
Allianz C.P. General Insurance Co., Ltd.	7	1	-	-
C.P. Intertrade Co., Ltd.	5	3	-	-
True Move Co., Ltd.	3	2	3	2
Others	13	9	1	1
Total	41	21	17	9
Grand total	41	21	3,637	2,883



Significant agreements with related parties

As at 31 December 2011 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 7.6 million, and place guarantee deposits with the related company totaling Baht 23.1 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.



- (h) The Company has a computer service center agreement with Thai Smart Card Co., Ltd., a local subsidiary. Under the term of the agreement, the Company agrees to provide place for setting up computer center and other facilities to the subsidiary for a period of 3 years until September 2014. In consideration thereof, the subsidiary agrees to pay an annual service fee to the Company at the amount stipulated in the agreement.

6 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Cash on hand	4,540	4,212	4,538	4,211
Cash at financial institutions				
- current accounts	359	511	165	440
Cash at financial institutions				
- savings accounts	7,432	6,623	5,501	4,110
Highly liquid short-term investments	1,871	4,370	600	3,419
Total	14,202	15,716	10,804	12,180

The currency denomination of cash and cash equivalents as at 31 December 2011 and 2010 was as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Thai Baht	13,582	15,615	10,804	12,180
China Renminbi	484	3	-	-
United States Dollars	135	97	-	-
Hong Kong Dollars	1	1	-	-
Total	14,202	15,716	10,804	12,180

7 Other investments

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Current investments				
Cash at financial institutions				
- time deposits	6,273	4,038	2,337	-
Promissory notes	3,520	200	3,000	200
Government bonds	100	198	100	198
Total	9,893	4,436	5,437	398



	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<i>Other long-term investments</i>				
Promissory notes	1,100	-	1,100	-
Government bonds	501	551	501	551
Unsecured debentures	140	140	140	140
Total	1,741	691	1,741	691
Grand total	11,634	5,127	7,178	1,089

Held-to-maturity investments have interest rates of 0.6% to 5.9% (2010: 0.8% to 5.9%) and mature in 3 years.

The currency denomination of other investments as at 31 December 2011 and 2010 was as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Thai Baht	6,661	1,089	6,141	1,089
China Renminbi	3,936	4,038	-	-
United States Dollars	1,037	-	1,037	-
Total	11,634	5,127	7,178	1,089

Movements during the years ended 31 December 2011 and 2010 of other investments were as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<i>Current investments</i>				
At 1 January	4,436	1,196	398	1,196
Purchases during the year	8,368	4,850	6,600	598
Sales during the year	(3,316)	(1,677)	(1,598)	(1,396)
Effect of exchange rate	405	67	37	-
At 31 December	9,893	4,436	5,437	398
<i>Other long-term investments</i>				
At 1 January	691	50	691	50
Purchases during the year	1,100	641	1,100	641
Sales during the year	(50)	-	(50)	-
At 31 December	1,741	691	1,741	691



8 Trade accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		<i>(in million Baht)</i>			
Related parties	5	92	73	-	-
Other parties		403	422	171	151
Total		495	495	171	151
Less allowance for doubtful accounts		(18)	(21)	-	-
Net		477	474	171	151
Bad debts and allowance for (reversal of allowance for) doubtful debts expenses for the year		(2)	1	-	-

Aging analyses for trade accounts receivable were as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		<i>(in million Baht)</i>			
Related parties					
Within credit terms		68	65	-	-
Overdue less than 3 months		24	8	-	-
Total		92	73	-	-
Less allowance for doubtful accounts		(2)	(1)	-	-
Net	5	90	72	-	-
Other parties					
Within credit terms		375	361	171	149
Overdue:					
Less than 3 months		23	52	-	2
3 - 6 months		1	1	-	-
6 - 12 months		-	1	-	-
Over 12 months		4	7	-	-
Total		403	422	171	151
Less allowance for doubtful accounts		(16)	(20)	-	-
Net		387	402	171	151
Grand total		477	474	171	151

The normal credit term granted by the Group ranges from 7 days to 90 days.



The currency denomination of trade accounts receivable as at 31 December 2011 and 2010 was as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Thai Baht	471	474	171	151
Swiss franc	2	-	-	-
Australian Dollar	2	-	-	-
Euro	1	-	-	-
China Renminbi	1	-	-	-
Total	477	474	171	151

9 Other accounts receivable

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		<i>(in million Baht)</i>			
Related parties	5	165	118	314	333
Other parties		345	644	342	640
Total		510	762	656	973
Less allowance for doubtful accounts		(10)	(10)	(10)	(10)
Net		500	752	646	963
Bad debts and doubtful debts expenses for the year		-	1	-	1

Aging analyses for other accounts receivable were as follows:

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		<i>(in million Baht)</i>			
Related parties					
Within credit terms		123	102	272	316
Overdue:					
Less than 3 months		35	15	36	16
3 - 6 months		7	1	6	1
Total	5	165	118	314	333



	Consolidated financial statements		Separate financial statements		
	Note	2011	2010	2011	2010
		<i>(in million Baht)</i>			
Other parties					
Within credit terms		260	491	259	489
Overdue:					
Less than 3 months		60	144	60	143
3 - 6 months		4	1	3	-
6 - 12 months		12	-	11	-
Over 12 months		9	8	9	8
Total		345	644	342	640
Less allowance for doubtful accounts		(10)	(10)	(10)	(10)
Net		335	634	332	630
Grand total		500	752	646	963

The normal credit term granted by the Group ranges from 7 days to 90 days.

Other accounts receivable of the Group and the Company as at 31 December 2011 and 2010 were denominated entirely in Thai Baht.

10 Inventories

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Finished goods	8,785	6,821	8,337	6,495
Work in progress	49	29	-	-
Raw materials	290	186	-	-
Total	9,124	7,036	8,337	6,495
Less allowance for losses on slow-moving inventories	(482)	(518)	(436)	(476)
Net	8,642	6,518	7,901	6,019

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 2011 amounted to Baht 115,529 million (2010: Baht 100,128 million) and Baht 858 million (2010: Baht 888 million), respectively for the consolidated financial statements, and Baht 115,066 million (2010: Baht 99,446 million) and Baht 855 million (2010: Baht 887 million), respectively for the separate financial statements.



11 Other current assets

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Cash card	1,969	1,050	1,969	1,050
Accrued income	206	427	161	405
Prepaid expenses	197	1,092	156	1,065
Suspense input value added tax	140	119	130	110
Loans to other companies	21	53	20	53
Others	157	77	90	51
Total	2,690	2,818	2,526	2,734

The currency denomination of other current assets as at 31 December 2011 and 2010 was as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Thai Baht	2,670	2,810	2,526	2,734
China Renminbi	20	8	-	-
Total	2,690	2,818	2,526	2,734

12 Investments in subsidiaries

Movements during the years ended 31 December 2011 and 2010 were as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
At 1 January	-	-	6,505	6,505
At 31 December	-	-	6,505	6,505

Investments in subsidiaries as at 31 December 2011 and 2010, and dividend income for the years then ended were as follows:

Separate financial statements

	Ownership interest		Paid-up capital		Cost method		Dividend income	
	2011	2010	2011	2010	2011	2010	2011	2010
	(%)		(in million US\$)		(in million Baht)			
Foreign subsidiary								
Lotus Distribution Investment Limited	100.00	100.00	116	116	3,857	3,857	-	-
Total			3,857	3,857				
Local subsidiaries								
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	350	329
Retailink (Thailand) Co., Ltd.	99.99	99.99	20	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	30	20
MAM Heart Co., Ltd.	99.99	99.99	1	1	1	1	-	15
Panyatara Co., Ltd.	99.99	99.99	1	1	1	1	100	80
Thai Smart Card Co., Ltd.	72.64	72.64	1,600	1,600	1,151	1,151	-	-
Total			2,648	2,648	2,648	2,648	500	464
Grand total			6,505	6,505	6,505	6,505	500	464

13 Property, plant and equipment

	Consolidated financial statements (in million Baht)						
	Land	Buildings, building and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Assets under construction and installation	Others	Total
Cost							
At 1 January 2010	1,484	8,425	6,629	6,719	111	2,341	25,709
Additions	218	1,396	1,027	1,157	1,833	419	6,050
Disposals/transfers	-	(224)	(228)	(651)	(1,853)	(74)	(3,030)
At 31 December 2010 and 1 January 2011	1,702	9,597	7,428	7,225	91	2,686	28,729
Additions	207	1,151	1,110	927	1,717	347	5,459
Disposals/transfers	-	(412)	(268)	(527)	(1,598)	(74)	(2,879)
At 31 December 2011	1,909	10,336	8,270	7,625	210	2,959	31,309

Accumulated depreciation and impairment losses

	Land	Buildings, building and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Assets under construction and installation	Others	Total
At 1 January 2010	-	(2,991)	(3,944)	(3,944)	-	(1,339)	(12,218)
Depreciation charge for the year	-	(692)	(931)	(982)	-	(295)	(2,900)
Impairment losses	-	-	-	-	(2)	-	(2)
Disposals/transfers	-	146	167	558	-	45	916
At 31 December 2010 and 1 January 2011	-	(3,537)	(4,708)	(4,368)	(2)	(1,589)	(14,204)
Depreciation charge for the year	-	(823)	(976)	(1,000)	-	(324)	(3,123)
Disposals/transfers	-	304	215	446	-	47	1,012
At 31 December 2011	-	(4,056)	(5,469)	(4,922)	(2)	(1,866)	(16,315)
Net book value	1,484	5,434	2,685	2,775	111	1,002	13,491
At 31 December 2010 and 1 January 2011	1,702	6,060	2,720	2,857	89	1,097	14,525
At 31 December 2011	1,909	6,280	2,801	2,703	208	1,093	14,994

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 December 2011 amounted to Baht 7,488 million (2010: Baht 5,626 million).

Separate financial statements

	Land	Buildings, building and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment <i>(in million Baht)</i>	Assets under construction and installation	Others	Total
Cost							
At 1 January 2010	944	6,783	4,777	6,765	32	2,048	21,349
Additions	182	1,335	803	1,229	1,655	404	5,608
Disposals/transfers	-	(220)	(209)	(611)	(1,672)	(74)	(2,786)
At 31 December 2010 and 1 January 2011	1,126	7,898	5,371	7,383	15	2,378	24,171
Additions	48	1,088	888	949	1,457	332	4,762
Disposals/transfers	-	(409)	(251)	(488)	(1,421)	(72)	(2,641)
At 31 December 2011	1,174	8,577	6,008	7,844	51	2,638	26,292
Accumulated depreciation and impairment losses							
At 1 January 2010	-	(2,633)	(3,109)	(4,108)	-	(1,230)	(11,080)
Depreciation charge for the year	-	(579)	(662)	(1,023)	-	(260)	(2,524)
Disposals/transfers	-	141	151	524	-	45	861
At 31 December 2010 and 1 January 2011	-	(3,071)	(3,620)	(4,607)	-	(1,445)	(12,743)
Depreciation charge for the year	-	(708)	(696)	(1,070)	-	(287)	(2,761)
Disposals/transfers	-	302	199	408	-	46	955
At 31 December 2011	-	(3,477)	(4,117)	(5,269)	-	(1,686)	(14,549)
Net book value							
At 1 January 2010	944	4,150	1,668	2,657	32	818	10,269
At 31 December 2010 and 1 January 2011	1,126	4,827	1,751	2,776	15	933	11,428
At 31 December 2011	1,174	5,100	1,891	2,575	51	952	11,743

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2011 amounted to Baht 6,623 million (2010: Baht 5,331 million).



14 Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		<i>(in million Baht)</i>			
Related parties	5	3,379	1,845	3,007	1,611
Other parties		21,014	19,768	16,998	15,871
Total		24,393	21,613	20,005	17,482

The currency denomination of trade accounts payable as at 31 December 2011 and 2010 was as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Thai Baht	24,367	21,581	20,005	17,482
United States Dollars	11	16	-	-
Euro	11	11	-	-
Yen	3	4	-	-
Others	1	1	-	-
Total	24,393	21,613	20,005	17,482

15 Other current liabilities

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		<i>(in million Baht)</i>			
Accrued personnel expenses		1,558	1,280	1,375	1,086
Other accounts payable to other parties		975	957	648	697
Deferred royalties income		651	546	651	546
Accrued royalties and other expenses		346	226	346	226
Accrued utilities expenses		299	262	282	243
Advance receipts from customers		179	178	-	-
Accrued advertising and sale promotion expenses		71	494	60	472
Other accounts payable to related parties	5	41	21	3,637	2,883
Others		826	702	487	479
Total		4,946	4,666	7,486	6,632



16 Employee benefit obligations

The Group operates the severance pay plan for employees based on the requirements of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Statement of financial position obligations for:				
Severance pay for employees	758	493	612	437
Total	758	493	612	437
Year ended 31 December				
Statement of income:				
Recognised in profit or loss:				
Severance pay for employees	266	217	176	193
Total	266	217	176	193

The Group adopted TAS 19 – Employee Benefits with effect from 1 January 2011; the effect on the financial statements is discussed in note 3 (g). As stated in note 3 (g), the Group has opted to recognise the transitional obligation as at 1 January 2011 through profit or loss on a straight-line basis over five years from 1 January 2011. Movements during the year on the provision for the unrecognised transitional obligation were as follows:

	Consolidated financial statements	Separate financial statements
	2011	2011
	<i>(in million Baht)</i>	
Unrecognised transitional obligation as at 1 January	190	67
Recognised through profit or loss for the year	(38)	(13)
Unrecognised transitional obligation as at 31 December	152	54

Movement in the present value of the defined benefit obligations

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Defined benefit obligations at 1 January	493	276	437	244
Benefits paid by the plan	(1)	-	(1)	-
Transitional obligation recognised	38	-	13	-
Current service costs and interest	228	217	163	193
Defined benefit obligations at 31 December	758	493	612	437



Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Consolidated/Separate financial statements	
	2011	2010
Discount rate (%)	4.19	5
Future pension increases (year)	55 and 60	55 and 60

Assumptions regarding future mortality are based on published statistics and mortality tables. Discount rate is similar to the interest rate of long term government bond and future salary increases rate was determined by the average rate of salary increases in prior year.

17 Accrued guarantee deposits

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Guarantee deposits payable to franchisees	2,101	1,860	1,986	1,727
Other accrued guarantee deposits	304	223	297	217
Total	2,405	2,083	2,283	1,944

18 Share capital

	Par value per share (in Baht)	Number of shares	Consolidated financial statements/ Separate financial statements		
			2011	2010	
			Baht (in million)	Number of shares	Baht
Authorised					
At 1 January					
- ordinary shares	1	4,500	4,500	4,500	4,500
At 31 December					
- ordinary shares	1	4,500	4,500	4,500	4,500
Issued and paid-up					
At 1 January					
- ordinary shares	1	4,493	4,493	4,493	4,493
At 31 December					
- ordinary shares	1	4,493	4,493	4,493	4,493

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.



19 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Limited Company Act B.E. 2535 requires that a public 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.

Other components of equity

Currency translation differences

The currency translation differences recognised in equity relate to foreign exchange differences arising from translation of the financial statements of foreign operations to Thai Baht.

Fair value change in investments

The fair value changes in investments account within equity comprises the cumulative net change in the fair value of financial asset until the investments are derecognised or impaired.

Investment translation differences

The investment translation recognised in equity represent to translation differences relating to the disposal of investments in convertible preferred shares.

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.

20 Other comprehensive income

	Consolidated financial statements				
	Attributable to equity holders of the Company				
	Currency translation differences	Fair value changes in investments	Investments translation differences	Total	Total other comprehensive income
	<i>(in million Baht)</i>				
Year ended 31 December 2011					
Currency translation differences	221	-	-	221	221
Total other comprehensive income for the year	221	-	-	221	221
Year ended 31 December 2010					
Currency translation differences	(358)	-	-	(358)	(358)
Fair value change in investments	-	(1,769)	-	(1,769)	(1,769)
Investments translation differences	-	-	(129)	(129)	(129)
Total other comprehensive income for the year	(358)	(1,769)	(129)	(2,256)	(2,256)



Separate financial statements

	Attributable to equity holders of the Company		
	Fair value changes in investments	Attributable to non-controlling interests <i>(in million Baht)</i>	Total other comprehensive income
Year ended 31 December 2010			
Fair value changes in investments	(21)	-	(21)
Total other comprehensive income for the year	(21)	-	(21)

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: Others

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: Others

The segment financial information of the Group for the years ended 31 December 2011 and 2010 were summarized as follows:

Business segment results

	Convenience stores		Others		Eliminations		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	<i>(in million Baht)</i>							
Revenue from sale of goods and rendering of services	152,073	131,656	13,106	12,266	(9,819)	(8,968)	155,360	134,954
Interest income	372	133	87	214	(8)	(8)	451	339
Dividend income	500	464	-	-	(500)	(464)	-	-
Net foreign exchange gain	5	-	211	-	-	-	216	-
Other income	6,276	5,839	178	154	(591)	(547)	5,863	5,446
Total revenues	159,226	138,092	13,582	12,634	(10,918)	(9,987)	161,890	140,739
Cost of sale of goods and rendering of services	115,066	99,446	9,941	9,410	(8,145)	(7,460)	116,862	101,396
Selling expenses	27,238	24,301	919	869	(1,023)	(969)	27,134	24,201
Administrative expenses	6,691	5,688	1,219	1,007	(1,317)	(1,106)	6,593	5,589
Key management benefit expenses	306	289	-	-	-	-	306	289
Net foreign exchange loss	-	4	-	103	-	-	-	107
Finance costs	-	-	8	8	(8)	(8)	-	-
Total expenses	149,301	129,728	12,087	11,397	(10,493)	(9,543)	150,895	131,582
Profit before income tax expense	9,925	8,364	1,495	1,237	(425)	(444)	10,995	9,157
Income tax expense	(2,651)	(2,221)	(331)	(266)	-	-	(2,982)	(2,487)
Profit for the year	7,274	6,143	1,164	971	(425)	(444)	8,013	6,670

Business segment financial position

	Convenience stores		Others		Eliminations		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	<i>(in million Baht)</i>							
Cash and cash equivalents	10,804	12,180	3,398	3,536	-	-	14,202	15,716
Current investments	5,437	398	4,456	4,038	-	-	9,893	4,436
Trade accounts receivable	171	151	2,749	3,041	(2,443)	(2,718)	477	474
Inventories	7,901	6,019	756	519	(15)	(20)	8,642	6,518
Other long-term investments	1,741	691	-	-	-	-	1,741	691
Property, plant and equipment	11,743	11,428	3,297	3,185	(46)	(88)	14,994	14,525
Intangible assets	450	366	299	312	72	105	821	783
Leasehold rights	311	300	-	-	-	-	311	300
Other assets	11,344	11,696	2,399	1,379	(9,483)	(8,614)	4,260	4,461
Total assets	49,902	43,229	17,354	16,010	(11,915)	(11,335)	55,341	47,904
Trade accounts payable	20,005	17,482	4,705	4,575	(317)	(444)	24,393	21,613
Accrued guarantee deposits	2,283	1,944	454	500	(332)	(361)	2,405	2,083
Other liabilities	9,073	8,043	1,861	1,485	(4,090)	(3,278)	6,844	6,250
Total liabilities	31,361	27,469	7,020	6,560	(4,739)	(4,083)	33,642	29,946

	Convenience stores		Others		Eliminations		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Capital expenditure	4,905	5,711	850	573	(158)	(122)	5,597	6,162
Depreciation	2,761	2,524	521	518	(159)	(142)	3,123	2,900
Amortisation - intangible assets	58	69	49	46	(9)	(6)	98	109
Amortisation - leasehold rights	81	84	-	-	-	-	81	84
Loss on disposal and write-off of property, plant and equipment	36	37	-	1	-	-	36	38

Geographic and business segment results

	Thailand		Others		Total	
	2011	2010	2011	2010	2011	2010
Revenue from sale of goods and rendering of services from external customers	155,360	134,954	-	-	155,360	134,954
Segment assets	50,761	43,753	4,580	4,151	55,341	47,904
Property, plant and equipment	14,991	14,520	3	5	14,994	14,525



22 Other income

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Sale promotion income	2,399	2,607	2,399	2,607
Income on royalties and other fees relating to licenses income	898	824	898	824
Others	2,566	2,015	2,979	2,408
Total	5,863	5,446	6,276	5,839

23 Selling expenses

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Convenience store management fees	7,395	5,894	7,395	5,894
Employee benefit expenses	5,289	4,857	5,069	4,665
Utilities expenses	3,061	2,868	3,048	2,854
Rental fees	3,002	2,690	2,996	2,683
Advertising and sale promotion expenses	2,644	2,655	2,659	2,670
Depreciation and amortisation	2,192	2,043	2,328	2,163
Others	3,551	3,194	3,743	3,372
Total	27,134	24,201	27,238	24,301

24 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Employee benefit expenses	4,135	3,493	3,939	3,403
Rental fees	492	464	484	457
Depreciation and amortisation	442	417	357	326
Utilities expenses	169	168	136	135
Others	1,355	1,047	1,775	1,367
Total	6,593	5,589	6,691	5,688



25 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Salaries, wages and bonus	11,173	10,038	8,943	7,963
Staff welfares	580	444	381	333
Contribution to social security fund	276	253	225	205
Contribution to provident fund	87	79	70	64
Training expenses	29	26	523	489
Others	119	133	23	26
Total	12,264	10,973	10,165	9,080

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:

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		<i>(in million Baht)</i>			
Changes in inventories of finished goods and work in progress		(1,984)	(797)	(1,842)	(756)
Purchase of finished goods		108,745	92,846	114,038	97,617
Raw materials and consumables used		3,836	3,512	-	-
Employee benefit expenses	25	12,264	10,973	10,165	9,080
Depreciation	13	3,123	2,900	2,761	2,524
Amortisation - intangible assets		98	109	58	69
Amortisation - leasehold rights		81	84	81	84
Rental fees		3,681	3,225	3,540	3,189
Utilities expenses		3,482	3,280	3,246	3,045
Advertising and sale promotion expenses		2,698	2,678	2,659	2,670
Convenience store management fees		7,395	5,894	7,395	5,894
Others		7,476	6,771	7,200	6,308
Total cost of sales of goods and rendering of services, selling expenses, administrative expenses, and management benefit expenses		150,895	131,475	149,301	129,724



27 Income tax expense

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Current tax expense				
Current year	<u>2,981</u>	<u>2,487</u>	<u>2,652</u>	<u>2,222</u>

The current tax expense in the consolidated and separate statements of income for the years ended 31 December 2011 and 2010 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 2011 and 2010 were as follows:

	Consolidated financial statements	
	2011	2010
	<i>(in million Baht)</i>	
Export sales	31	38
Domestic sales	3,517	3,095
Total	<u>3,548</u>	<u>3,133</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 2011 and 2010 were based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht/million shares)</i>			
Profit for the year attributable to equity holders of the Company	8,008	6,663	7,274	6,143
Weighted average number of ordinary shares outstanding during the year	4,493	4,493	4,493	4,493
Basic earnings per share (in Baht)	1.78	1.48	1.62	1.37

30 Dividends

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.

At the annual general meeting of the shareholders of the Company held on 22 April 2011, the Company's shareholders approved the appropriation of 2010 annual dividends of Baht 1.40 per share for 4,493,148,024 ordinary shares, totaling Baht 6,290 million, from the profit attributable to equity holders of the Company for the year 2010. The 2010 annual dividend declaration of Baht 1.40 per share included the 2010 interim cash dividends of Baht 0.40 per share (total sum of Baht 1,797 million), which was declared by the Company's board of directors on 9 November 2010. The Company paid the remaining of cash dividends of Baht 1 per share (total sum of Baht 4,493 million) to the Company's shareholders on 19 May 2011.

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 2011 and 2010 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 (in million Baht)	After 5 years	
2011					
Current					
- Cash at financial institutions					
- time deposits	0.60 - 4.35	6,273	-	-	6,273
- Debt securities	2.10 - 4.25	3,620	-	-	3,620
Total		9,893	-	-	9,893
Non-current					
- Debt securities	2.60 - 5.90	-	1,741	-	1,741
Total		-	1,741	-	1,741
2010					
Current					
- Cash at financial institutions					
- time deposits	0.80 - 0.975	4,038	-	-	4,038
- Debt securities	1.60 - 2.10	398	-	-	398
Total		4,436	-	-	4,436
Non-current					
- Debt securities	1.75 - 5.90	-	691	-	691
Total		-	691	-	691



	Effective interest rate (%)	Separate financial statements			Total
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	
2011					
Current					
- Cash at financial institutions					
- time deposits	2.65 - 4.35	2,337	-	-	2,337
- Debt securities	2.10 - 4.25	3,100	-	-	3,100
Total		5,437	-	-	5,437
Non-current					
- Debt securities	2.60 - 5.90	-	1,741	-	1,741
- Long-term loans to related parties	3.50	-	290	-	290
Total		-	2,031	-	2,031
2010					
Current					
- Debt securities	1.60 - 2.10	398	-	-	398
Total		398	-	-	398
Non-current					
- Debt securities	1.75 - 5.90	-	691	-	691
- Long-term loans to related parties	2.375	-	263	-	263
Total		-	954	-	954

The effective interest rates of guarantee deposits payable to franchisees as at 31 December 2011 and 2010 and the periods in which the 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 (in million Baht)	After 5 years	
2011					
Non-current					
- Guarantee deposits payable to franchisees	1.37 - 2.50	-	115	1,986	2,101
Total		-	115	1,986	2,101
2010					
Non-current					
- Guarantee deposits payable to franchisees	0.50 - 1.625	-	133	1,727	1,860
Total		-	133	1,727	1,860



	Effective interest rate (%)	Seperate financial statements			Total
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	
2011					
Non-current					
- Guarantee deposits payable to franchisees	1.37 - 2.50	-	-	1,986	1,986
Total		-	-	1,986	1,986
2010					
Non-current					
- Guarantee deposits payable to franchisees	0.50 - 1.375	-	-	1,727	1,727
Total		-	-	1,727	1,727

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 2011 and 2010 the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

Foreign currency	Consolidated financial statements		Separate financial statements		
	2011	2010	2011	2010	
<i>(in million Baht)</i>					
Cash and cash equivalents					
Foreign currency	China Renminbi	484	3	-	-
	United States Dollars	135	97	-	-
	Hong Kong Dollars	1	1	-	-
Other investments					
Foreign currency	China Renminbi	3,936	4,038	-	-
	United States Dollars	1,037	-	1,037	-
Forward currency contracts	United States Dollars	1,037	-	1,037	-
Trade accounts receivables and other accounts receivables					
Foreign currency	Swiss franc	2	-	-	-
	Australian Dollar	2	-	-	-
	Euro	1	-	-	-
	China Renminbi	1	-	-	-
Forward currency contracts	Swiss franc	2	-	-	-
	Australian Dollar	2	-	-	-
	Euro	1	-	-	-



		Consolidated financial statements		Separate financial statements	
Foreign currency		2011	2010	2011	2010
<i>(in million Baht)</i>					
Other current assets					
Foreign currency	China Renminbi	20	8	-	-
Forward currency contracts - to buy	Yen	53	-	-	-
	United States Dollars	23	-	-	-
	Euro	12	-	-	-
Forward currency contracts - to sell	Pound Sterling	40	-	-	-
	Australian Dollar	6	-	-	-
	United States Dollars	4	-	-	-
	Euro	4	-	-	-
Trade accounts payable and other accounts payable					
Foreign currency	United States Dollars	11	24	-	-
	Euro	11	11	-	-
	Yen	3	4	-	-
	Others	1	1	-	-
Forward currency contracts	Euro	30	-	-	-
	Yen	14	-	-	-
	United States Dollars	12	6	-	-
	Others	-	28	-	1
Other current liabilities					
Forward currency contracts - to buy	United States Dollars	-	3	-	-
	Others	-	22	-	-
Forward currency contracts - to sell	United States Dollars	-	5	-	-
	Others	-	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 statements of financial position. 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 statements of financial position because of the short-term maturity of those financial instruments.

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

Property, plant and equipment purchased during the years ended 31 December 2011 and 2010 were detailed as follows:

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2011	2010	2011	2010
		<i>(in million Baht)</i>			
Increase during the year	13	5,459	6,050	4,762	5,608
Less - payables		60	(104)	25	(98)
- transfer from assets under construction and installation		(1,598)	(1,853)	(1,421)	(1,672)
Purchase and paid by cash		3,921	4,093	3,366	3,838

33 Commitments with non-related parties

Capital commitments

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Contracted but not provided for (construction cost of new plants and installation cost of machinery and cost of computer system development)	31	21	-	-



Non-cancellable operating lease commitments

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Within one year	3,424	3,002	3,399	2,969
After one year but within five years	5,436	4,730	5,391	4,697
After five years	2	3	-	-
Total	8,862	7,735	8,790	7,666

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 2012 and 2020.

Other commitments

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Unused letters of credit for purchase of goods and supplies	61	36	-	-

Letter of guarantee

As at 31 December 2011 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 (2010: U.S.Dollars 0.3 million).

Significant agreements

As at 31 December 2011 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 2014. 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 February 2016. 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 for periods over 17 days to 12 months, and will expire on various dates until March 2012.
- (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 Group has 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 expected to become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table.



TAS/IFRS	Topic	Year effective
TAS 12	Income Taxes	2013
TAS 20	Accounting for Government Grants and Disclosures of Government Assistance	2013
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013

Management expects to adopt and apply these new TAS and IFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of those new standards assessed to have the greatest potential impact on the financial statements in the period of initial application. These standards are as follows:

TAS 12 - Income taxes

The principal change introduced by TAS 12 is the requirement to account for deferred tax liabilities and assets in the financial statements. Deferred tax liabilities and assets are the amounts of income taxes payable and recoverable, respectively, in future periods in respect of temporary differences between the carrying amount of the liability or asset in the statement of financial position and the amount attributed to that liability or asset for tax purposes; and the carryforward of unused tax losses. Currently, the Group does not recognise deferred tax in the financial statements.

The Group will adopt TAS 12 with effect from 1 January 2013. The effects of the change will be recognised retrospectively in the financial statements and the statement of financial position as at 31 December 2011 will be adjusted accordingly. Management estimates that the impact on the statement of financial position as at 31 December 2011 will be as follows:

	Consolidated financial statements 2011 (in million Baht)	Separate financial statements 2011
<i>Statement of financial position</i>		
Estimated changes as a result of the adoption retrospectively of		
TAS 12 - Income taxes:		
Increase in deferred tax assets	287	236
Increase in retained earnings	(282)	(236)
Increase in non-controlling interests	(5)	-

The impact on the statements of comprehensive income for 2012 and subsequent periods is not presently determinable.

TAS 21 (revised 2009) - The effects of changes in foreign exchange rates

The principal change introduced by TAS 21 is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21. Foreign currencies are defined by TAS 21 as all currencies other than the entity's functional currency.



Management has determined that the functional currency of the Company is Thai Baht. Accordingly, the adoption of TAS 21 from 1 January 2013 is not expected to have a significant impact on the Group's reported assets, liabilities or retained earnings.

TAS 20 - Accounting for government grants and disclosures of government assistance

Management is of the opinion that the adoption of TAS 20 from 1 January 2013 will not have a significant impact on the Group's financial statements.

35 Reclassification of accounts

Certain accounts in financial statements for the year ended 31 December 2010 have been reclassified to conform to the presentation in the 2011 financial statements.

	2010					
	Consolidated financial statements			Separate financial statements		
	Before reclassi- fication	Reclassi- fication	After reclassi- fication	Before reclassi- fication	Reclassi- fication	After reclassi- fication
	<i>(in million Baht)</i>					
<i>Statement of income</i>						
Other income	(5,791)	345	(5,446)	(6,312)	473	(5,839)
Cost of sale of goods and rendering services	98,837	2,559	101,396	97,015	2,431	99,446
Administrative expenses	8,522	(2,933)	5,589	8,621	(2,933)	5,688
Key management benefit expenses	260	<u>29</u>	289	260	<u>29</u>	289
		<u>-</u>			<u>-</u>	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Group's business.



บริษัท ซีพี ออลล์ จำกัด (มหาชน)
283 อาคารสีบุญเรือง 1 ถนนสีลม แขวงสีลม
เขตบางรัก กรุงเทพมหานคร 10500
โทรศัพท์ 0 2677 9000 โทรสาร 0 2679 0050

CP ALL PUBLIC COMPANY LIMITED
283 Sriboonrueng Building 1, Silom Road,
Silom, Bangrak, Bangkok 10500
Tel. 0 2677 9000 Fax. 0 2679 0050
www.cpall.co.th