



CP ALL PUBLIC COMPANY LIMITED



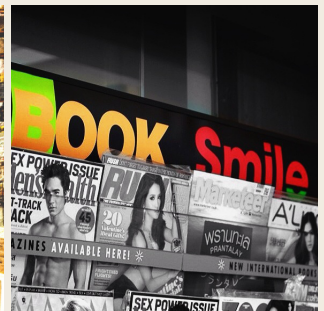




CP ALL, All Sustainability

CP All... alongside Thai society for
over 24 years with 7-Eleven convenience stores
Offering convenience to
all communities nationwide with
a myriad of products and services
Catering to customer demands everywhere,
anytime, around the clock
**Creating joyful smiles for all customers
through our happy employees and
dedicated management team**





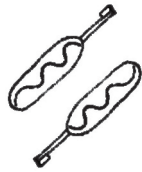


CP ALL, All Flourish

7-Eleven... growing 500-550 stores/year
With professional management systems
for assortment of quality products, efficient
product delivery, effective store management
Connected via modern IT system enabling
flexibility and speed
**All processes... integrated
and seamless**



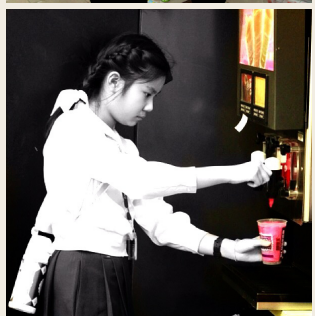
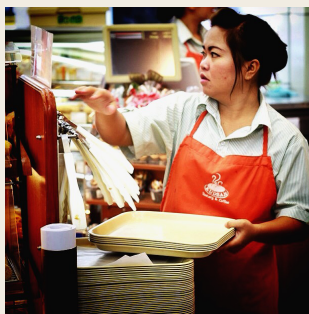




CP ALL, All Convenience

Dawn, Day, Dust, Night - savoring your
ecstatic moment anytime you drop by 7-Eleven
Fulfilling your stomach... with our variety
of Ready-to-eat food
Fulfilling your desire... with our wide range
of products and services
Fulfilling your day ... with our welcome smiles
and friendly service
All feelings satiated at 7-Eleven







CP ALL, All Care

CP All... caring for society, communities
and the environment

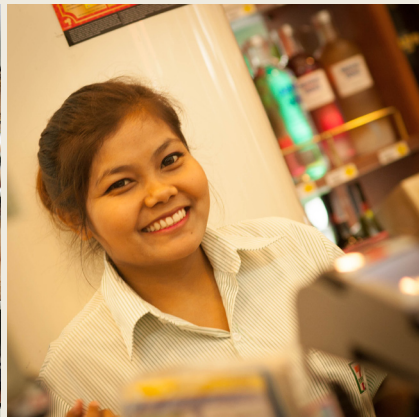
Numerous activities initiated and
continued until present

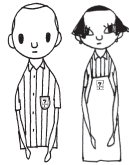
Supporting education and intellectual
development, promoting virtue and ethics

Creating a pleasant Thai society

With sense of duty and social responsibility







CP ALL, All People

“Employees” . . . our key success factor
in driving CP All business

Creating a good quality of life . . . starting with
“good, capable people who love the organization”

Every single employee . . . an important
family member achieving
sustainable growth together

“Employees” . . . our organization’s life energy





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

CP All Public Company Limited
Operating 7-Eleven convenience stores
Convenience Food Store of Thais
With a new corporate logo
Under the concept
“Boundless Convenience
Joy blossoming infinitely”
To be a sustainable growth organization
Forever delighting customers



Corporate Philosophy

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



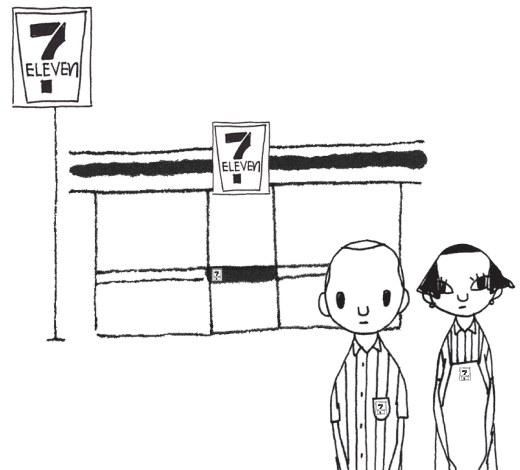
Vision

We serve convenience to all communities.



Mission

To create customer engagement with innovative product and service and to enhance good relations with community and society.



SUMMARY OF FINANCIAL INFORMATION

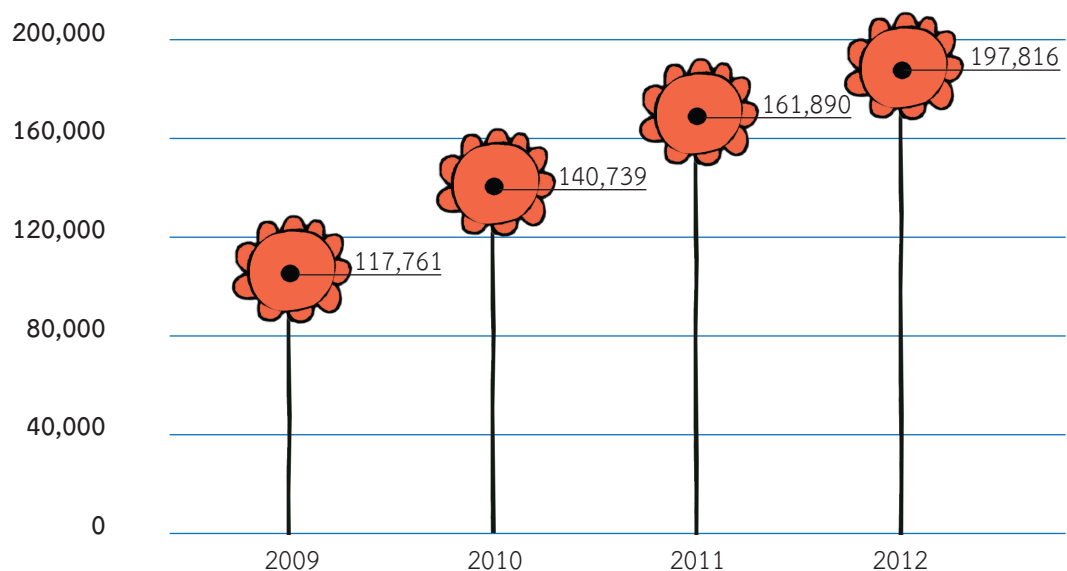
For Fiscal Years Ending December 31, 2012

CP ALL Public Company Limited and its Subsidiaries	2010 (Restated)	2011	2012
Consolidated Financial Information		(Million Baht)	
Net Sales and Services Income	134,954	155,360	188,702
Total Revenues	140,739	161,890	197,816
Net Profit	6,663	8,008	11,023
Net Cash Provided by Operating Activities	12,340	12,587	23,032
Total Assets	47,904	55,341	71,798
Total Liabilities	29,946	33,642	44,812
Total Equity	17,958	21,699	26,986
Share Information		(Baht)	
Book Value per Share*	1.98	2.39	2.98
Earnings per Share*	0.74	0.89	1.23
Financial Ratios		(%)	
Gross Margin (Sales and Services)	24.9	24.8	25.8
EBIT Margin	6.5	6.8	7.1
Net Profit Margin	4.7	4.9	5.6
Return on Total Assets	14.4	15.5	17.3
Return on Total Shareholders' Equity	36.5	40.8	45.7

* The Company issued the stock dividend during the year of 2012. Thus, the Company has restated the number of ordinary shares used in the computation of book value per share and earnings per share for the year ended 31 December 2011 and 2012 from 4,493,148,024 shares to 8,983,101,348 shares.

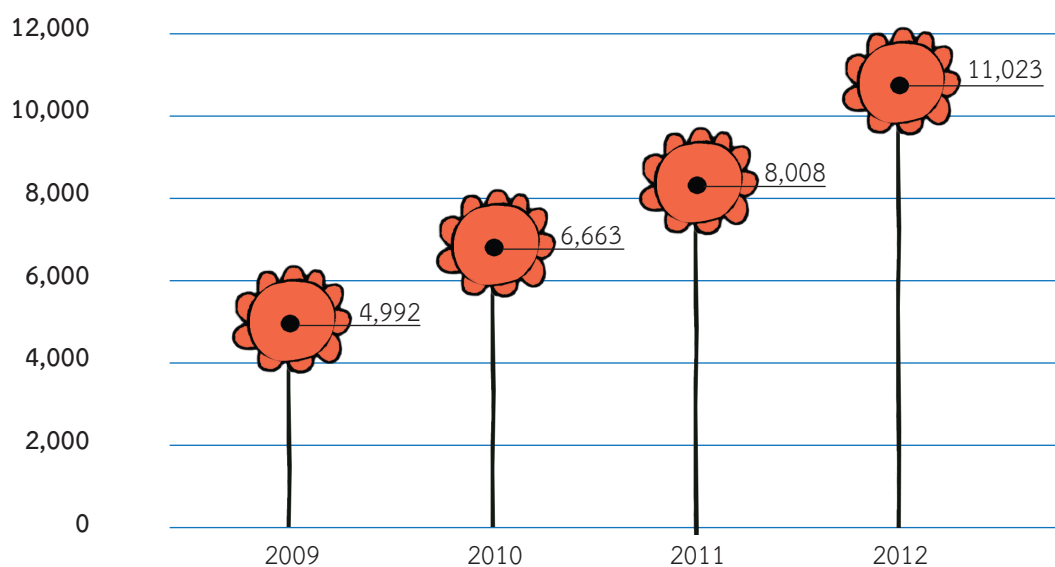
TOTAL REVENUES

(Million Baht)



Net Profit

(Million Baht)



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 ("CP Retailink 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." and "All Training 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.cpall.co.th





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MESSAGES FROM THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

In 2012, the Thai economy expanded well despite pressures from the world economic conditions and concerns over the European sovereign debt crisis and the US financial situation. The main driver of Thai economic growth was domestic demand from household consumption and private investment to restore damaged facilities after the severe flooding at the end of 2011. Government economic stimulus policies such as the reduction in corporate tax to 23 percent and Baht 300 minimum wage policy also contributed to economic growth. As a result, Thailand posted GDP growth of 6.4 percent in 2012. The Company continued to record robust growth in the previous year. The Company's total revenue of consolidated financial statement was Baht 197,816 million, increasing 22.2 percent, and net profit was Baht 11,023 million, raising 37.7 percent. At the end of 2012, the Company had a network of 6,822 stores covering 77 provinces in Thailand and was able to serve over 8 million customers per day.

The Company continued to focus on developing strategies to cater to the demands of customers and increase customer satisfaction in purchasing products and services from the store. One of the main strategies is becoming "the convenience food store of Thais" by assorting products that are fresh, clean, safe, and demanded by customers, with emphasis on ready-to-eat meals. The Company has introduced a wide variety of menus as well as festive products and has developed new items with its business partners to achieve competitive differentiation. Sales promotion activities were organized throughout the year. One such example is the "Love Thailand Stamps" which was jointly organized with the Tourism Authority of Thailand during the third and fourth quarter. Seventy seven types of stamps showcasing the highlight of each province were used to promote the attraction of each province and domestic tourism. This sales promotion activity received great cooperation from suppliers and was well-received by customers.

In 2013, the Company aims to rollout another 500-550 stores and renovate 500-600 existing stores. Emphasis will be given to increasing the proportion of franchise stores and opening more stores in the provinces to support development of urban areas in the provinces. Other supporting factors include smaller household size and increasing purchasing power following the government policy to increase wages. This has resulted in changes in consumer purchasing behavior, demanding greater convenience and speed in purchasing products and services. Furthermore, the Company continues to develop its supply chain to be more effective, creating competitive advantages. The Company plans to expand investment in its subsidiaries to increase production capacity of ready-to-eat food products, invest in information technology systems, and expand the distribution center in Samut Sakhon province to support store expansion. At the end of 2012, the northern regional distribution center in Lampoon province was opened.

In terms of organizational development, the Company strives to build a stable and sustainable organization with emphasis on Total Quality Management (TQM). Organizational knowledge has been managed

systematically and effective use of information has been promoted, leading to greater innovation. The Company has also reviewed and revised its mission to build strong ties with customers through continued development of innovative products and services.

In relation to giving back to society, the Company continues to implement various projects that are beneficial to communities and society. Focus is given to developing human resources to be prepared for the ASEAN Economic Community (AEC) through the bilateral vocational education system of Panyapiwat Institute of Management and Panyapiwat Technological College, which places importance on developing intellectual skills to create good and capable people for Thai society. Moreover, the Company realizes importance to other social contribution activities and environmental conservation such as the Schools that Love Reading Project, 7 Book Awards Project, Sharing Knowledge with Traditional Retailers Project, and the Thinking Plastic Bag Campaign under the 7-go-Green Project with the aim of reducing the use of plastic bags.

From dedicated management of business operations and joint efforts from all sectors, the Company would like to express sincere appreciation and thanks to all customers, business partners, shareholders and supporters for their unwavering support of the Company's business. No less important, the Company is most grateful to its devoted employees who have been instrumental to the Company's solid growth. Return on total shareholders' equity for the past 3 years was high at an average of 41 percent per year. In addition, from the Corporate Governance Report of Thai Listed Companies 2012 by the Thai Institute of Directors Association, the Company continued to receive a "Very Good" CG score. It has also been recognized by Forbes as one of Asia's Fab 50 Companies 2012, for the second consecutive year, as well as awarded as Thailand's Top Corporate Brands 2012 in the service sector, for the second consecutive year, by Chulalongkorn University's Faculty of Commerce and Accountancy. Furthermore, the Company won the "Best Retailer in Thailand" for the third consecutive year from the Retail Asia-Pacific Top 500 Ranking 2012 Awards. From these achievements, the Company is determined to continue operating its business with good corporate governance, integrity, transparency, and the interests of all stakeholders. 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.

A handwritten signature in black ink, appearing to read "Dhanin Chearavanont".

Mr. Dhanin Chearavanont
Chairman

A handwritten signature in black ink, appearing to read "Korsak Chairasmisak".

Mr. Korsak Chairasmisak
Chief Executive Officer

BOARD OF DIRECTORS



Prof. Dr. Komain Bhatarabhirom
Chairman of the Audit Committee
and Independent Director



Mr. Pridi Boonyoung
Audit Committee and
Independent Director



Mr. Padoong Techasarintr
Audit Committee and
Independent Director



Prof. Suphachai Phisitvanich
Independent Director



Mr. Apisak Tantivorawong
Independent Director



Mr. Dhanin Chearavanont
Chairman



Mr. Korsak Chairasmisak
Vice Chairman
and Chief Executive Officer



Mr. Adirek Sripratak
Director



Mr. Umroong Sanphasitvong
Director



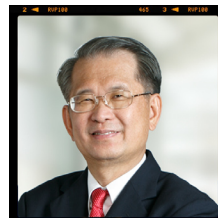
Mr. Soopakij Chearavanont
Director



Mr. Narong Chearavanont
Director



Mr. Prasert Jarupanich
Director



Mr. Pittaya Jearavitkul
Director and Deputy Chief
Executive Officer



Mr. Piyawat Titasattavorakul
Director and Managing Director



Mr. Tanin Buranamanit
Director and Executive Vice
President - Operation, Marketing
and Human Resource

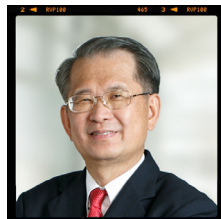


Mr. Supot Shitgasornpongse
Company Secretary

EXECUTIVE OFFICERS



Mr. Korsak Chairasmisak
Vice Chairman and Chief Executive Officer



Mr. Pittaya Jearavisitkul
Director and Deputy Chief Executive Officer



Mr. Piyawat Titasattavorakul
Director and Managing Director



Mr. Tanin Buranamanit
Director and Executive Vice President - Operation, Marketing and Human Resource



Mr. Suraphan Pussadej
Senior Assistant Chief Executive Officer - Human Resource



Mr. Taweesak Kaewrathtanapattama
Senior Vice President - Accounting and Finance



Mr. Chuan Nimkittikul
Senior Vice President - Purchasing and Distribution



Mr. Suwit Kingkaew
Senior Vice President - General Management



Mr. Kosa Pongsupath
Senior Vice President - Information Technology

DIRECTORS AND MANAGEMENT BIOGRAPHY

Prof. Dr. Komain Bhatarabhirom

80 years old

Position :

Chairman of the Audit Committee and Independent Director

Position in other organizations :

- Chairman of the Law 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

2012 : 5 times out of 5 meetings

(%) shareholding (as at December 28, 2012) :-

Mr. Pridi Boonyoung

74 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

2012 : 5 times out of 5 meetings

(%) shareholding (as at December 28, 2012) : 0.00759

Mr. Padoong Techasarintr

71 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, Kulthorn 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

2012 : 5 times out of 5 meetings

(%) shareholding (as at December 28, 2012) : 0.00011

Prof. Suphachai Phisitvanich

72 years old

Position :

Independent Director

Position in other organizations :

- Chairman, AIRA Securities Public Co., Ltd.
- Chairman, Sena Saithong Co., Ltd.
- Chairman and Member of the Audit Committee,
Samart I-Mobile Public Co., Ltd.
- Chairman, AIRA Capital Public 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 to Finance Minister,
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

1992 - 1992 Director General, Excise Department

1991 - 1991 Director General, Fiscal Policy Office

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

2012 : 4 times out of 5 meetings

(%) shareholding (as at December 28, 2012) : -

Mr. Apisak Tantivorawong

59 years old

Position :

Independent Director

Position in other organizations :

- Director and Chairman of the Risk Management
Committee, Thai Oil Public Company Limited

Education :

- MBA (Industrial Management), University of Tennessee,
USA
- BEng (Chemical Engineering), Chulalongkorn University

Experiences :

- 2004 - 2012 President, Krungthai Bank Public Co., Ltd.
- 2007 - 2009 Chairman, ASEAN Bankers Association
- 2007 - 2010 Chairman, The Thai Bankers' Association
- 2007 - 2010 Director, The Board of Investment of Thailand
- 2007 - 2010 Director, Thai Asset Management Corporation
- 2006 - 2010 Director, Indorama Polymers Public Co., Ltd.

Relationship : -

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

2002 Director Certification Program (DCP)

Attendance at the Board of Directors' Meeting during 2012 : 1 time out of 2 meetings*

*Appointed as a Director on August 7, 2012

(%) shareholding (as at December 28, 2012) : 0.00445

Mr. Dhanin Chearavanont

73 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 2012 : 2 times out of 5 meetings

(%) shareholding (as at December 28, 2012) : 0.01705

Mr. Korsak Chairasmisak

60 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, Songklanakarin University
- Consultant, Thammasat Association
- Financial Consultant, The Writers Association of Thailand
- Consultant, 7 Book Award
- Chairman, Panyapiwat Institute of Management Council

Education :

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

Experiences :

- 1983 - 1987 Executive Vice President (Trading), Charoen Pokphand Group Co., Ltd. (Based in Hong Kong)
- 1979 - 1983 Managing Director, Bangkok Produce Merchandising Co., Ltd., C.P. Agro-Industry Co., Ltd., C.P. Intertrade Co., Ltd., Bangkok Fisheries Co., Ltd.
- 1973 - 1978 Feed Ingredient Purchasing Manager, Charoen Pokphand Group Co., Ltd.

Social Contribution :

- Chairman, Thai Go Association (Amateur 5 Dan), Representative of Thailand Participated in the World Amateur Go Championship in Japan in 1984, 1987, 1989, 1994, 1995, 1996 and 1997
- President, World Chinese Wei Qi Federation
- Expert, The Behavioral Science Research Institute (BSRI), Srinakharinwirot University
- Honorary Chief, Panyapiwat Institute of Management
- Eastern 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 2012 :

5 times out of 5 meetings

(%) shareholding (as at December 28, 2012) : 0.10650

* Included Employee Joint Investment Program (EJIP)

Mr. Adirek Sripratak

67 years old

Position :

Director

Position in other organizations :

- Honorary President, Thai Broiler Processing Exporters Association
- President and CEO, Charoen Pokphand Foods Public Co., Ltd.
- Vice Chairman, Charoen Pokphand Group Co., Ltd.

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 2012 : 3 times out of 5 meetings

(%) shareholding (as at December 28, 2012) : -

Mr. Umroong Sanphasitvong

60 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 2012 : 4 times out of 5 meetings

(%) shareholding (as at December 28, 2012) : -

Mr. Soopakij Chearavanont

49 years old

Position :

Director

Position in other organizations :

- Chief Executive Officer, UTV Cable Network Public Co., Ltd.
- Executive Vice Chairman, Charoen Pokphand Group Co., Ltd.
- 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, Chia Tai Lotus (Shanghai) Co., Ltd.
- Chairman, Fortune Leasing Co., Ltd.
- Chairman, Mass Gain Investment Limited
- Chairman, Beijing Lotus Supermarket Chain Store Co., Ltd.
- Chairman, SM True 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 Chairman & Chief Executive Officer, C.P. Lotus Corporation
- Executive Vice Chairman & Chief Executive Officer, Shanghai Lotus Supermarket Chain Store Co., Ltd.
- Vice Chairman, Marketing and Distribution Business (Thailand), Charoen Pokphand Group Co., Ltd.
- Vice Chairman, Real Estate and Land Development Business (Thailand), Charoen Pokphand Group Co., Ltd.
- Vice Chairman, Telecommunication Business, Charoen Pokphand Group Co., Ltd.
- Vice Chairman, Automotive industrial Business (China), Charoen Pokphand Group Co., Ltd.
- Vice Chairman, Chia Tai Trading (Beijing) Co., Ltd.
- Vice Chairman, Chia Tai Vision Limited
- Vice Chairman, Chia Tai International Finance Co., Ltd.
- Vice Chairman, Shanghai Fortune World Development Co., Ltd.
- Director and Member of the Compensation and Nomination, True Corporation Public Co., Ltd.
- Director, Chia Tai Development Investment Co., Ltd.
- Director, Chia Tai Group Co., Ltd.
- Director, CP Pokphand Co., Ltd.
- Director, True Move Co., Ltd.
- Director, Fortune Shanghai Limited
- Director, Lotus-CPF (PRC) Investment Co., Ltd.

Community Service :

- 2012 Expert to the Committee on Labour and Social Welfare Group
- 2011 Vice Chairman of Youth Committee of China Overseas Chinese Investment Enterprises Association
- 2010 Chairman of China Thailand Chamber of Commerce
- 2009 Advisor to the Committee on Education, The House of Representatives
- 2009 Committee Members, The Build Foundation
- 2009 Advisor, Ministry of Culture
- 2008 Honorary Consul, The Russian Federation for the provinces of Phuket, Krabi and Phang-nga
- 2008 Committeeman of Chinese People's Government Consultant Committee - Wuhan Province No. 10th
- 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
- 1995 Honorary Advisor to the Senate Standing Committee on Sports, The House of Representatives
- 1993 Member of Thai-Chinese Culture And Economy Association
- 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 2012 : 1 time out of 5 meetings

(%) shareholding (as at December 28, 2012) : 0.00248

Mr. Narong Chearavanont

48 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.
- Director, Chia Tai Qingdao Holdings (Hongkong) Limited
- Director, Chia Tai Qingdao Holdings Limited
- Chief Executive Officer, Shanghai Litai Logistics Co., Ltd.
- Director, Grand River Park Co., Ltd.
- Director, Grand River Place Co., Ltd.
- Director, Grand River Front Co., Ltd.
- Senior Executive Assistant to Chairman Charoen Pokphand Group "Global Talent Recruitment"
- Vice Chairman, Shanghai Kinghill Co., Ltd.

Education :

- Honorary Doctor of Business Administration Program, Ramkhamhaeng University
- 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 2012 : 4 times out of 5 meetings
(%) shareholding (as at December 28, 2012) : 0.00339

Mr. Prasert Jarupanich

64 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 Health 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 2012 : 4 times out of 5 meetings
(%) shareholding (as at December 28, 2012) : -

Mr. Pittaya Jearavisitkul

57 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 2012 : 5 times out of 5 meetings
(%) shareholding (as at December 28, 2012) : 0.01751

* Included Employee Joint Investment Program (EJIP)

Mr. Piyawat Titasattavorakul

59 years old

Position :

Director and Managing Director

Position in other organization :

- Director, C.P. Lotus Corporation Co., Ltd.

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 2012 : 5 times out of 5 meetings

(%) shareholding (as at December 28, 2012) : 0.00366

* Included Employee Joint Investment Program (EJIP)

Mr. Tanin Buranamanit

49 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 2012 : 5 times out of 5 meetings

(%) shareholding (as at December 28, 2012) : 0.00218

* Included Employee Joint Investment Program (EJIP)

Mr. Supot Shitgasornpongse

59 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 (1st 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 28, 2012) : 0.00158

* Included Employee Joint Investment Program (EJIP)

Mr. Suraphan Pussadej

64 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 28, 2012) : 0.00299

* Included Employee Joint Investment Program (EJIP)

Mr. Taweesak Kaewrathtanapattama

56 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 28, 2012) :** 0.00283

* Included Employee Joint Investment Program (EJIP)

Mr. Chuan Nimkittikul

61 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 28, 2012) :** 0.00700

* Included Employee Joint Investment Program (EJIP)

Mr. Suwit Kingkaew

63 years old

Position :

Senior Vice President - General Management

Education :

- Master Degree in Business Administration, Kasetsart University
- Bachelor Degree in Economics, Kasetsart University
- The program for Senior Executives on Justice Administration, 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 28, 2012) :** 0.00620

* 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 28, 2012) :** 0.00216

* Included Employee Joint Investment Program (EJIP)

NATURE OF BUSINESS

Overview of Business Operations

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

At the end of the year 2012, the Company had a total of 6,822 7-Eleven stores nationwide. Of the total, 3,177 stores are in Bangkok and vicinity (47 percent) and 3,645 stores are in provincial areas (53 percent). According to type of store, there are 2,984 corporate stores (44 percent), 3,320 franchise stores (48 percent) and 518 sub-area license stores (8 percent). Presently, an average of 8.3 million customers visit 7-Eleven stores each day.

In 2012, the Company expanded another 546 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 2012, the Company had 5,842 stand-alone stores (86 percent) and 980 stores in PTT gas stations (14 percent).

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

- **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
- **CP Retailink Company Limited (CPR)** 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 5 majors: business administration, engineering and technology, management science, liberal arts, and communication arts and master degree concentrating on 1 major: business administration
- **Panyatara Company Limited (PTR)** provides training and seminar services
- **All Training Company Limited (ATN)** provides training and seminar services

The Company has also expanded its own business operations as follows:

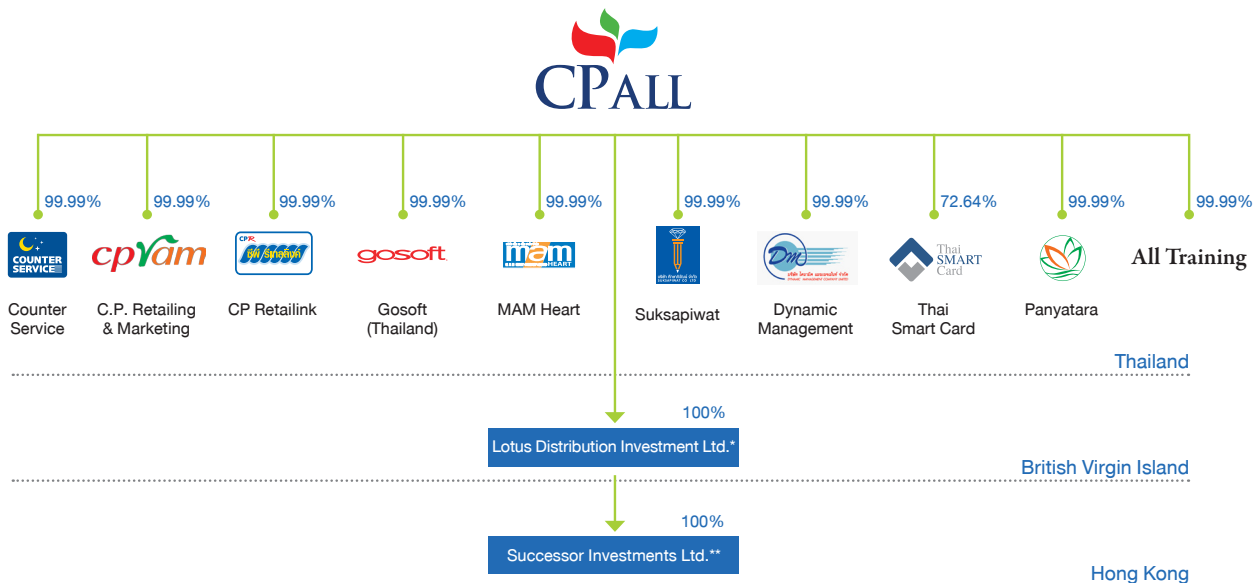
- **7-Catalog** Order as a distribution channel in purchasing products from catalog magazines
- **Book Smile** as a new distribution channel for books and magazines
- **eXta** as a health and beauty shop offering pharmaceuticals and medical supplies, health products and cosmetics
- **Kudsan** as a channel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

Group Structure of CP ALL Public Company Limited

As at December 31, 2012

The Company became a public company limited registration number 0107542000011 on March 12, 1999. As at December 28, 2012, the Charoen Pokphand Group held 42.91 percent of the Company’s paid-up capital.

As at December 31, 2012, 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 (For additional details, please refer to Management Discussion and Analysis of Financial Status and Operation Results) :

Groups of Business	2010*		2011*		2012*	
	Million Baht	%	Million Baht	%	Million Baht	%
Convenience store (7-Eleven)	131,656	91	152,073	92	184,799	92
Other businesses ^{/1}	12,266	9	13,106	8	16,812	8
Total net sales and service income	143,922	100	165,179	100	201,611	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 CPR and other income from other subsidiaries

Business Objectives

The Company aims to be the leader in the convenience store business in Thailand that can satisfy the ever-changing demands of customers. The Company will focus on its strength, offering "convenience" to customers in purchasing goods and services and move towards convenience food store through 7-Eleven outlets that expand across the country and most of which are open 24 hours a day. The Company plans to further open approximately 500-550 new outlets in, with the next milestone of 10,000 stores in the next 5-6 years. 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. The Company has also increased the variety of store formats including stores located in 1-3 shophouses, kiosks, as well as stand alone stores with parking space in front, to cover areas in Bangkok and its vicinities and in provinces, with stores coverage in the 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. At the same time, the Company has started to bring in innovations and new technology which match the behavior of modern-day customers such as internet, mobile phones and social network, to provide greater convenience in accessing products and services.

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 2012, there were 7-Eleven stores with a total of 6,822 outlets.

Types of 7-Eleven Stores

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

(Unit : stores)	2009	2010	2011	2012	No. of new store openings in 2012
Corporate Stores	2,794	2,834	2,926	2,984	58
Franchise Stores	2,130	2,541	2,884	3,320	436
Sub-Area License Stores	346	415	466	518	52
Total	5,270	5,790	6,276	6,822	546

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

2) Franchise Stores: The Company offers an opportunity for any person including employees to operate their own 7-Eleven store under a franchise system. The Company will provide close support in operating the business, knowledge and understanding of management, principles of product assortment, as well as a financial system. Other supports are regular nationwide sales promotion and advertising plans. In addition, the Company steadily sends employees to advise new management techniques. A franchisee can either choose a new location or an existing store. In case a franchisee has his own location, the Company will help with the feasibility study without any charges. The term of the franchise agreement and the benefits depend on the type of franchise.

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

Product Mix of 7-Eleven

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

Products of the Company are categorized into the following 2 major groups: Foods & Beverage accounting for 73 percent and non-food products excluding phone card accounting for 27 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 from more than 300 vendors to better provide convenience to customers. Furthermore, there are ATM machines at the stores which are currently located at approximately 6,000 branches, or accounting for 88 percent of total stores.

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 8.3 million customers nationwide per day purchased products and services from 7-Eleven stores in 2012, increasing from 7.6 million customers nationwide per day in 2011.

Customers who visit 7-Eleven stores have different product and service needs according to store location. Analyzing different behaviors and needs in each location is 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 2012, many factors had an impact on economic expansion. The world economy experienced a slowdown due to the European sovereign debt crisis and the US financial situation. As a result, product export value and export-oriented industry's production shrank. However, domestic consumption and private investment for post-flood rehabilitation were positive factors which supported growth in domestic

demand in the first half of the year. Consequently, the Thai economy was able to resume a normal pace in the second half of the year as well as support risk and impact from the weakening export sector. In addition, there were other supporting factors which helped increase liquidity and stimulate domestic spending such as the government policy to increase the minimum wage, measures to increase the salary of government officials, agricultural products pledging scheme, and tax deduction for first-time car buyers and first-time home buyers.

The abovementioned factors all supported the growth of the retail sector in 2012. Kasikorn Research Center forecasted that the retail sector will expand approximately 7.2 percent in 2012, while 2013 growth is expected to be similar to that of 2012, increasing around 6-8 percent. Part of the growth is expected to be driven from preparations to be a member of the ASEAN Economic Community (AEC) as Thai retailers start to jointly invest with foreign retailers or with other Thai retailers in expanding the number of retail branches. It is expected that this will lead to development of operating processes in order to improve competitive potential within the industry.

Besides the joint venture of retailers, after the post-flood rehabilitation and flood compensation, retailers have plans to build more distribution centers in order to mitigate the 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 various sales and promotional strategies in order to attract customers and maintain market share. These strategies include encouraging continuous purchasing through membership cards and developing communication channels through social network and mobile application to provide convenience to consumers in accessing information, products and services via modern devices, especially smart phones and tablets, which answer to their modern lifestyle.

Nowadays, small modern retail stores should be focused upon as they have the ability to reach communities and customers easily, this would allow the stores to keep up with the fast change in customers' preference. These changing demands include lower consumption per household following smaller household size as more people are living alone or couples have less children, inability to stock lots of products at home due to the limited size of living quarters such as commercial buildings and condominiums, and an urban lifestyle which has influenced consumers to give greater importance to convenience and speed. Therefore, small modern retail stores located close to home has become an important alternative. The small modern retail stores may combine the typical retail store format with other features that better meet the demands of consumers. One such example is the super-convenience store, a small retail store that sells products similar to supermarkets and focuses on selling consumer products and fresh food products. As for 7-Eleven, it continues to focus on being a convenience food store, emphasizing ready-to-eat food products and consumer products necessary for daily life.

In 2012, the number of retail stores in the form of chain convenience stores increased 967 stores. Out of this total, 546 stores came from the expansion of 7-Eleven stores. However, as some retail operators ceased their operations, the total number of retail stores dropped as shown in the table below.

Number of convenience store, both in communities and in gas stations

(Unit : stores)	2009	2010	2011	2012
Stand alone convenience stores	7,906	8,883	9,773	9,526
• 7-Eleven stores	4,462	4,920	5,350	5,842
• Others	3,444	3,963	4,423	3,684
Convenience stores in gas stations	2,012	2,075	2,135	1,988
• 7-Eleven stores	808	870	926	980
• Others	1,204	1,205	1,209	1,008
Total convenience stores	9,918	10,958	11,908	11,514

Remark : Convenience outlets in chain store format

Source : Compilation by CP All Plc.

Business Strategy and Direction

The Company continues 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. 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 2012, the Company continued to focus on developing various strategies to keep pace with rapid customer changes, effectively handle different situations that may arise, adjust itself to satisfy customers more swiftly and better than its competitors, and respond to strategic challenges in 2012 as follows:

1. Maintaining growth through same store sales growth and new stores as well as revenue from new businesses

Due to the trend in the changing lifestyle and behavior of modern-day consumers, the Company must find and follow the changes to be up-to-date in order to create differentiation for its products and services, maintain existing customers, acquire new customers, and create opportunities for future business expansion. This will enable the Company to maintain long-term business growth. The strategies that the Company will deploy to maintain business growth include:

- **Store expansion in line with changes in population structure and lifestyle in each area**

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. There has been increasing store expansion in the economic cities in the provinces. Even though competition in store expansion has intensified, the Company has found that Thailand retail industry still has opportunity for growth and continued store expansion in the communities. In addition, the government policy to support investment in infrastructure in Bangkok, suburban and rural areas is another factor supporting store expansion to cover greater areas.

In 2012, to accommodate consumers' changing lifestyle as mentioned previously, the Company has signed a memorandum of understanding with property developers to expand its customer base at projects and nearby communities. For example, the Company has signed an agreement with L.P.N. Development Public Co., Ltd. to open 7-Eleven stores at all LPN condominium projects.

Presently, the Company's stores cover all provinces nationwide with a target to reach 10,000 stores in the next 5-6 years. Not only does the Company give importance to increasing the number of stores, but also 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.

- **Increasing access to the Company's products and services through existing and new businesses**

The Company strives to continuously develop its business and services as well as new distribution channels which will increase access to the Company's products and services. In the past, the Company has expanded investment in various businesses which are related to the convenience store business in order to create a business network. These include 7-Catalog (purchasing products from catalog magazines), Counter Service (a bill payment service), and increasing the variety of products in 7-Eleven stores under various brands such as Book Smile (books and magazines), Kudsan (freshly baked bakery and freshly brewed coffee), and eXta (health and beauty products).

However, the Company has not stopped thinking of new innovations in order to further develop these businesses to be able to better satisfy consumers' demands. With regards to Counter Service, the Company has negotiated to expand the variety of payment services offered such as payment of vehicle license plate fees, refilling money into Easy Pass, payment for bus tickets of Transport Co., Ltd., and payment for overdue water bills.

2. Managing Relationship with Customers and Society

Due to the current trend in increasing competition among retailers, customers have more spending options and give greater consideration before purchasing products. As a result, the Company has developed strategies to deal with different factors as follows:

- Selection of differentiated products and services to cater to customer demands of each store

The Company has studied consumer behavior and lifestyle of every group in order to monitor demographic and social changes of target customers. This information is used in planning store expansion and assortment and development of products and services that are demanded by customers and in line with the changing lifestyle of customers in each area.

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 FBO approach, Firstly launched in 7-Eleven stores, Best selection, Only available at 7-Eleven stores, is utilized in product assortment and development .

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.

**- Striving to become the convenience food store
to respond to the changing behavior and lifestyle of consumers leads
to adjusting business strategies to create differentiation and value-added in the long run**

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 increase the proportion of food and beverage products, especially ready-to-eat foods which currently account for approximately 20 percent. At present, menu variety has been increased, festive products have been introduced during various festivities, and freshly baked bakery and freshly brewed coffee products have been developed under the Kudsan brand, offering greater product variety.

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 realizes 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.

- Managing relationship with customers to maintain existing customers and acquire new customers

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 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.

Furthermore, the Company recognizes that consumers nowadays are more familiar with technology and trendy products. Thus the Company has used internet, mobile applications and social network to communicate with consumers to create new experiences, present new products, provide greater convenience in using services, and reduce hassle in transaction processes, in order to build loyalty and ties with the store.

3. Increasing Efficiency, Reducing Duplications, and Lowering Costs of Internal Management Leading to Development Opportunities

The Company has improved operational processes through system integration by providing opportunities for management cross functional departments and business alliances in order to develop work processes, reduce overlap of work processes, create greater effectiveness and reduce time and cost, which will enable focus on new developments to cater to the needs of customers, ultimately leading to increased sales and profits.

4. Having Capable and Dedicated Employees is Sufficient for Business Expansion

The Company highly focuses on improving organizational potential through developing the potential of employees and promoting knowledge sharing to support innovation and organizational knowledge. 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 and further enhance sustainable business growth. 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. At the end of 2012, the Company opened a new regional distribution center in the North at Lampoon Province which can support approximately 1,000 stores.

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.

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 24 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 more than 6,800 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 severe flooding in 2011 had an impact on the Company's whole supply chain. Some manufacturers lowered production volume, while some totally ceased operations. Some roads were flooded, affecting transportation and delivery. In addition, the Company's distribution centers could not operate at its normal level.

The Company's Risk Management

The Company has built new distribution centers in order to support store expansion and reduce risk from delivering products from the main distribution center in Bangkok and vicinities to the provinces. At the end of 2012, the Company opened the northern regional distribution center in Lampoon province. The regional distribution centers are able to support one another across the country in case any distribution center experiences disruptions.

Furthermore, the Company has an Incident Action Plan to prevent and deal with various crises such as flooding, riots, and fires. There is also a Crisis Assessment Team (CAT) which is responsible for providing warnings about the crisis to various departments in the risk areas so that they can prepare to deal with the crisis in a timely and appropriate manner. Contingency plans include using nearby distribution centers to deliver products, transporting products using large trucks, finding alternative products, and establishing temporary distribution centers. The Company has also collaborated with major producers to develop a Business Continuity Plan (BCP) to prepare products and deliver them during crises. Apart from this, 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 including POS&Store Controller and warehouse 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 regularly reviews its Business Continuity Management (BCM) with regards to information technology for continued development in this area. 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 28, 2012, companies in the Charoen Pokphand Group continue to hold an aggregate 42.91 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. With regards to the Product Liability Act B.E. 2551 which may affect the operating process of the Company and its suppliers, the Company has increased care in overseeing the quality of products in every store to ensure product safety, from source of origin until reaching the hands of consumers. All important product information is also completely disclosed. However, there may be unexpected external factors which may cause harm to customers visiting 7-Eleven stores across the country.

The Company's Risk Management

The Company has reviewed and developed its Quality Assurance process to continuously raise the level of quality and food safety of all product categories. Focus is given to selection and quality control of products delivered by suppliers that are trustworthy and meet quality and safety standards at all stages of production.

The Company has also cooperated with manufacturers and distributors to improve product quality and safety during all processes from selection of raw materials, production, packaging, storage, and delivery, until the product reaches customers in the stores. Continuous quality control is implemented. A Product Liability Committee consisting of personnel from procurement and distribution, product management, quality assurance, legal, and operations is responsible for close monitoring and evaluation to ensure safety for customers and consumers. The Company has established a Customer Care Unit to provide advice and assistance to customers in a systematic and timely manner. Customers can contact Customer Care via the store or the Call Center 24 hours.

SHAREHOLDING STRUCTURE AND MANAGEMENT

Securities of the Company

As at 31 December 2012, the Company registered capital with Ministry of Commerce at Baht 8,986,296,048, of which Baht 8,983,101,348 has been paid up. The paid-up capital comprises 8,983,101,348 ordinary shares with a par value of Baht 1 per share.

Shareholders

Major Shareholders	As at December 28, 2012	
	No. of shares	%
1. C.P. Merchandising Co., Ltd.*	2,788,026,800	31.04
2. Charoen Pokphand Group Co., Ltd.*	1,014,577,400	11.29
3. Thai NVDR Company Limited	449,943,795	5.01
4. Chase Nominees Limited	375,196,940	4.18
5. State Street Bank Europe Limited	314,596,458	3.50
6. American International Assurance Company, Limited-Di-Life	257,600,000	2.87
7. UBS AG	205,054,000	2.28
8. UNS Agro Chemical Co., Ltd.	180,000,000	2.00
9. HSBC (Singapore) Nominees Pte Ltd	170,188,997	1.89
10. Government of Singapore Investment Corporation	160,723,400	1.79
11. Albuys Nominees Limited	146,407,900	1.63
12. Bangkok Produce Merchandising Plc.*	52,370,400	0.58
13. Others	2,868,415,258	31.94
Total	8,983,101,348	100.00

* Denotes companies in the Charoen Pokphand Group which hold a combined shareholding of 42.91 percent of the total paid-up capital

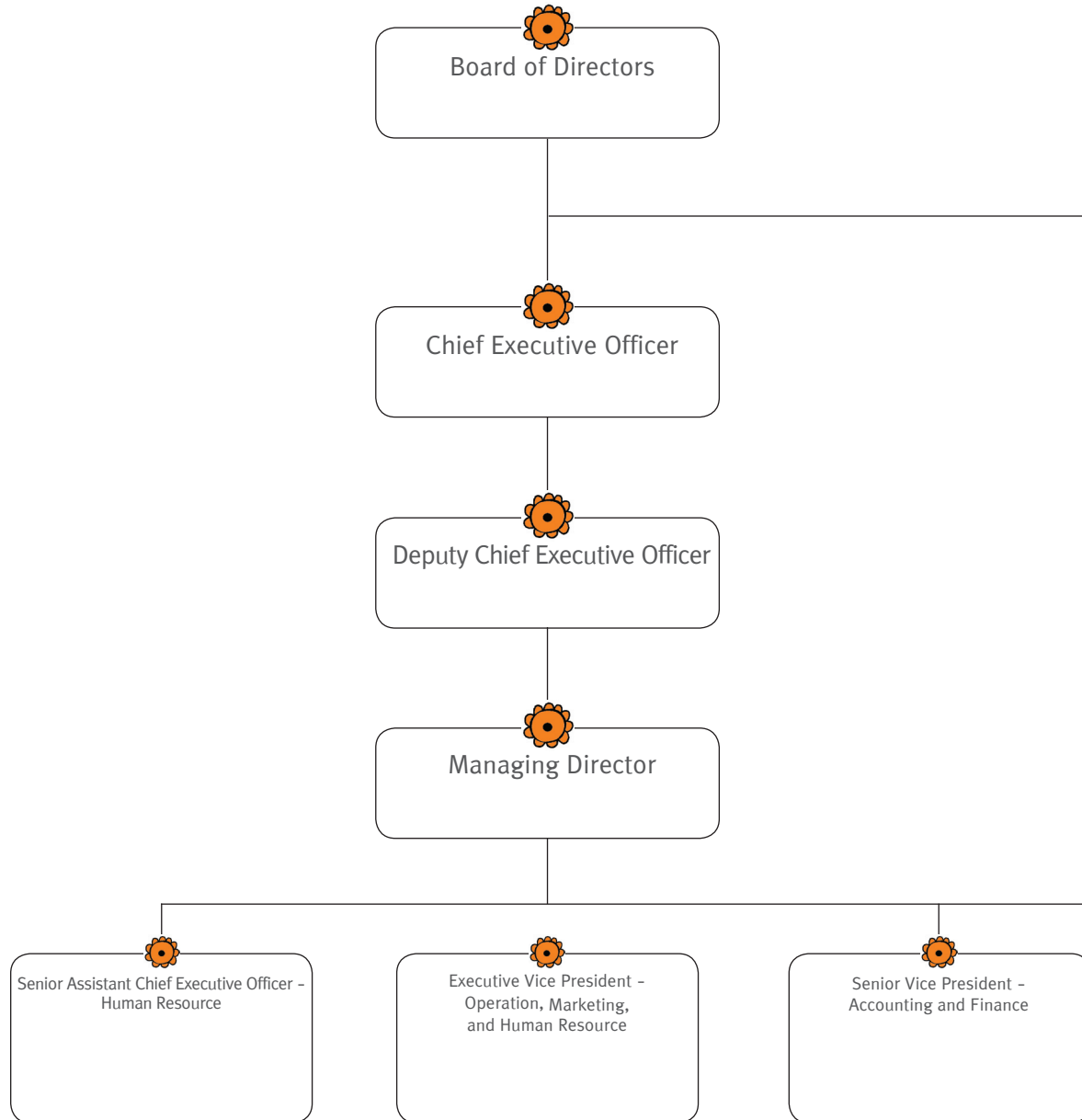
Dividend Policy

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.

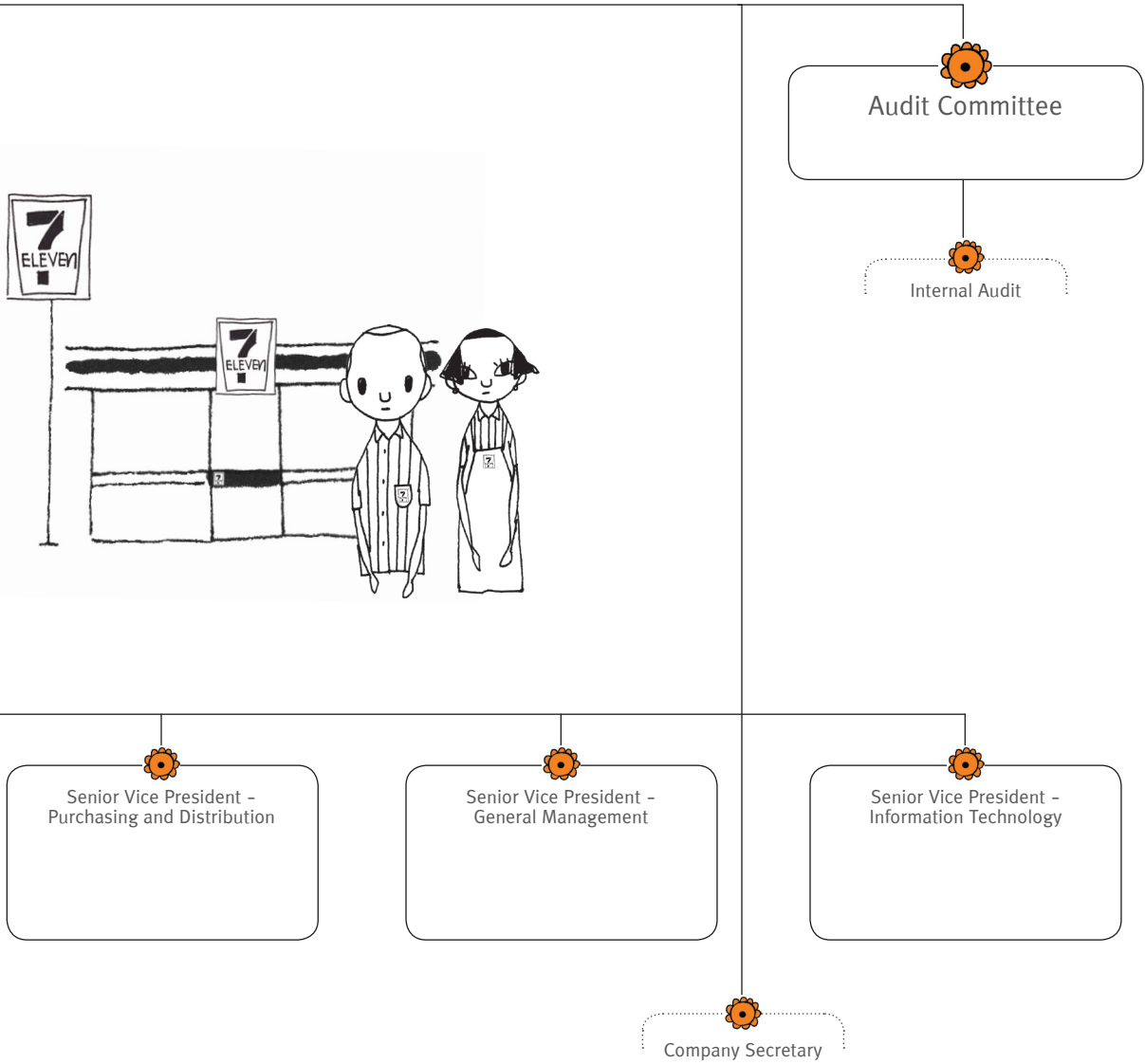
With respect to subsidiaries, the Board of Directors of subsidiaries has policies to distribute dividends in accordance with the operating performance of the relevant companies without determining a certain rate of dividend payment. The distribution of dividends will be based on financial position and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



MANAGEMENT STRUCTURE



Definition of executive according to notification who shall declare remuneration



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

Board of Directors

As of December 31, 2012, the Company's Board of Directors consists of 15 members including:

1. Executive Directors 4 persons
2. Non - Executive Directors 11 persons, which are as follows:
 - Independent Directors 5 persons (account for one-third of board members)
 - Non - managing Directors 6 persons

Definitions

Executive Directors:

The directors who take a position as management and involve in the day-to-day operations of the organization.

Non - Executive Directors:

The directors who are not part of the executive team, may or may not be an independent director, and not engaged in the day-to-day management of the organization.

Independent Directors:

Independent or outside directors who are not engaged in the day-to-day management of the organization and not major shareholders. Furthermore, independent directors must have no such connection with a major shareholder, group of major shareholder, or other stakeholders.

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 Public Limited Companies Act, Securities and Exchange Act, and another related laws 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 Baht 2 million 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.

The name of the Board of Directors:

1.	Prof. Dr. Komain	Bhatarabhirom	Independent Director
2.	Mr. Pridi	Boonyoung	Independent Director
3.	Mr. Padoong	Techasarintr	Independent Director
4.	Prof. Suphachai	Phisitvanich	Independent Director
5.	Mr. Apisak	Tantivorawong	Independent Director
6.	Mr. Dhanin	Chearavanont	Chairman
7.	Mr. Korsak	Chairasmisak ¹	Vice Chairman
8.	Mr. Adirek	Sripatak ²	Director
9.	Mr. Umroong	Sanphasitvong ²	Director
10.	Mr. Soopakij	Chearavanont ²	Director
11.	Mr. Narong	Chearavanont ²	Director
12.	Mr. Prasert	Jarupanich ²	Director
13.	Mr. Pittaya	Jearavisitkul ¹	Director
14.	Mr. Piyawat	Titasattavorakul ¹	Director
15.	Mr. Tanin	Buranamanit ¹	Director

Note : The Board of Directors of the Company approved Mr. Apisak Tantivorawong to be the Company's Independent Director in place of the one who resigned, effective from August 7, 2012 onwards.

Authorized Directors:

Certification documents of the Company stipulate that the binding signatures must include 2 authorized directors - consisting of any authorized directors from both Executive¹ and Non - Executive² members, excluding the Chairman and Independent Directors for the existing of the independent compliance with good corporate governance principles. Both directors must sign and affix the Company's seal.

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.

(2) 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:
 - An opinion on the accuracy, completeness and credibility of the Company's financial report,
 - An opinion on the adequacy of the Company's internal control,
 - 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,
 - An opinion on the suitability of the auditor,
 - An opinion on the transactions that may cause conflicts of interests;
 - The number of Audit Committee meetings and the attendance of such meeting by each committee member,
 - An opinion or overall comment received by the Audit Committee from its performance of its duties in accordance with the charter, and
 - 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 2012 (Number of times)

The Name of the Board of Directors	Board Meetings (15 Members) Number of Meetings (5Times)	Audit Committee Meetings (3 Members) Number of Meetings (12Times)	Shareholders' Meetings (1Time)
1. Prof. Dr. Komain Bhatrabhirom	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	4/5		1/1
5. Mr. Apisak Tantivorawong*	1/2		-
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	4/5		1/1
10. Mr. Soopakij Chearavanont	1/5		0/1
11. Mr. Narong Chearavanont	4/5		0/1
12. Mr. Prasert Jarupanich	4/5		0/1
13. Mr. Pittaya Jearavisitkul	5/5		1/1
14. Mr. Piyawat Titasattavorakul	5/5		1/1
15. Mr. Tanin Buranamanit	5/5		1/1

* The Board of Directors of the Company approved Mr. Apisak Tantivorawong to be the Company's Independent Director in place of the one who resigned, effective from August 7, 2012 onwards.

(3) Internal Audit Manager

The Manager of the Internal Audit Office is Mr. Kidsada Euapiyachart, who also acts as the Secretary of the Audit Committee. The Audit Committee is responsible for considering the qualifications and suitability of the Internal Audit Manager, as well as approving the appointment, removal, and transfer of the Internal Audit Manager.

With recognizing the importance of internal audit, the Company has established an Internal Audit as the seperated office, with the Audit Committee responsible for reviewing internal control system. The Internal Audit Office is responsible for evaluating the adequacy and effectiveness of internal control in various work processes and activities according to the annual audit plan which has been approved by the Audit Committee.

Important duties of the Internal Audit Office include:

1. To verify the correctness and reliability of the database system and financial reports
2. To review the appropriateness of the database system and the existence of the Company's assets
3. To create trust in the Company's internal control as well as provide advice to all departments to achieve effective internal control
4. To monitor business's operation to be in line with the Company's rules and regulations, requirements of the Stock Exchange of Thailand, and other related laws
5. To review the Company's information technology to ensure reliability of the information and the system's safety
6. To conduct risk management throughout the organization
7. To monitor and administer inappropriate action

The Internal Audit Office will report to the Audit Committee every month and the Audit Committee will report the audit results and evaluation of the internal control system to the Board of Directors every quarter.

(4) 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.

(5) 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.

(6) Executive Committee

As at 31 December 2012, the Company's Executive Committee consists of the following persons:

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

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 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.

The Company has an appropriate and transparent executive replacement and addition plan to support business expansion with intellectual and skillfull new-generation people. It gives them opportunities to show their capabilities and performance as well as prepares them for high level management roles in the future. Managers are selected to join many leadership development programs such as the Leadership Development Program (LDP), Advance Leader Program (ADP), Business Leader Program (BLP), Functional Leader Program (FLP), and

New Manager Program (NMP). Development programs are individuals, including challenging work assignments and rotation in various departments, in order to develop their leadership skills and knowledge in all areas. This will ensure that the Company will have professional executives who are independent from major shareholders or other shareholders.

Remuneration for Directors and Executives

(1) 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	1.200
	Bonus	6.319
Audit Committee and Independent Director (2 persons)	Remuneration for directors	2.080
	Bonus	10.110
Independent Director (2 persons)*	Remuneration for directors	0.940
	Bonus	2.527
Chairman	Remuneration for directors	1.200
	Bonus	6.319
Vice Chairman: Non-Executive Directors	Remuneration for directors	1.040
	Bonus	5.055
Executive Directors (3 persons)	Remuneration for directors	1.440
	Bonus	7.581
Non-executive Directors (5 persons)	Remuneration for directors	2.400
	Bonus	12.635
Total 15 directors	Remuneration for directors	10.300
	Bonus	50.546
	Total	60.846
Executives directors and executive officers (9 persons)	Salary, bonus, compensation from EJIP, and other benefits	292.438
Total remuneration for directors and executives		353.284

*An independent director was appointed, instead of the resigned director, effective from August 7, 2012 onwards.

(b) Other Remuneration

- None

Auditor's Remuneration

(a) Audit Fee

In the fiscal year ended 2012, 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 12 companies and the abroad subsidiary of 1 company, Lotus Distribution Investment Limited, in the amount of Baht 2.7 million. For another abroad subsidiary, Successor Investments Limited, the Company paid the audit fees to KPMG Hong Kong in the amount of Baht 0.1 million per year. In addition, Successor (China) Investments Limited and Nanjing Zheng Yi Xin Trading Co., Ltd. paid the audit fees to KPMG Shanghai in the amount of Baht 0.2 million per year.

(b) Non-audit Service Fee

In the fiscal year ended 2012, KPMG Phoomchai Audit Ltd. had provided no service to the Company and subsidiaries.

Personnel

2012 (As at December 31, 2012)	Convenience Store Business
Store employees (Persons)*	26,455
Head office staff (Persons)*	9,102
Total (Persons)	35,557
Total remunerations (Million Baht)	12,531

* Included only Company's permanent staff

COMPLIANCE WITH GOOD CORPORATE GOVERNANCE PRINCIPLES

CP All Public Company Limited has continuously complied good corporate governance principles in its main management policy. Not only does this ensure that the Company's business will be conducted with effectiveness, responsibility, transparency, accountability and fairness to all stakeholder groups, but also attain sustainability growth through corporate social responsibility.

The Company's written Corporate Governance Policy is regularly reviewed and improved to be up to date with the current situation and on par with international standards. Its content 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.

Together with the Corporate Governance Policy, the Company has published the Business Ethics and Code of Conduct and disseminated both guides to all directors, management, and employees. It has also organized training to provide knowledge and understanding on correct practice. As a result, the Company's business is 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.

According to the Company Corporate Governance Assessment Report 2012 conducted by the Thai Institute of Directors Association (IOD), the Company has continuously adhered to the principles of good corporate governance of listed companies with improvement in every year. Throughout 2012, the Company had an overall score of "Very Good". It was rated "Excellent" both 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". The Company was also rated "Good" in the responsibilities of the Board of Directors category.

Details of compliance with good corporate governance principles in 2012 are as follows:

Category 1 Rights of Shareholders

The Company provides convenience to all shareholders to receive their basic rights, both as an investor and corporate owner, through accepted and trusted methods and standards. These rights include rights to buy,

sell and transfer their shares freely; rights to receive dividends; rights to attend shareholders' meetings or assign a proxy to attend and vote on their behalf; and rights to join in deciding on important matters of the Company such as selection of directors and approval of important business transactions that will have an impact on the Company's business direction. All shareholders have the right to vote according to the number of shares they hold. Each share is entitled to one vote and no share has special privileges above other shares.

Besides the above basic rights entitled to shareholders according to the law, the Company also encourages shareholders to use their rights as follows:

- **Prior to the Shareholders' Meeting**

In 2012, the Company held the Annual General Meeting of Shareholders on April 26, 2012 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, both Thai and English version, to shareholders more than 20 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 has invited individual shareholder or groups of shareholders to propose agenda items in advance for the Annual General Meeting of Shareholders for the Year 2012, via the Company's website and the Stock Exchange of Thailand on 30 September 2011 in order to facilitate and inform shareholders. This was done 90 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. The Company Secretary is responsible for screening the proposed agenda items before presenting to the Board of Directors for consideration. 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 2012, 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. Registration form with barcode that was sent along with the invitation letter to facilitate registration for shareholders
2. 3 types of proxy forms for shareholders to use as appropriate
3. Minutes of the previous shareholders' meeting
4. Information on the nominated persons to be selected for the Board of Directors including date position first held, term of office, education, training from the Thai Institute of Directors Association, family

- relationship with other members, director/management position held in other businesses, attendance at shareholders' meetings, and holdings of the Company's shares
5. Details of the Company's auditor including auditor's name, Company affiliation, education background and work experience, relationship with the Company's management, and holdings of the Company's shares
 6. Explanation on proxies, registration and required documents to be presented on the meeting day
 7. Information on the 3 directors to be appointed by the shareholder to attend and vote on his/her/its behalf; one out of the 3 directors is an independent director
 8. The Company's regulations regarding the shareholders' meeting
 9. A map of the meeting venue with directions for travelling by car or public transport
 10. Each agenda item clearly states whether the matter is for acknowledgement or approval, the facts and reasons, the Board's opinions, the rules and procedures for voting, and the number of votes needed for the resolution
 11. In order to receive the greatest benefits from the meeting and allow directors and management to prepare to explain on the meeting day, shareholders are invited to send their questions to the Company prior to the meeting day

- **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.

The Chairman of the Audit Committee, members of the Audit Committee, Independent Directors, Directors, Chief Executive Officer, Deputy Chief Executive Officer, Managing Director, and the Company's executives give high importance to the shareholders' meeting and were present in all the meetings. The Company's external

auditor and legal consultant were also 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 case the meeting has already started, the shareholders who arrive late can still attend and vote for the remaining matters and unapproved agenda

In the agenda item to approve dividend payment, the Company clearly stated its dividend policy and provided details of the proposed dividend amount, record date, tax credit for dividend payment from the Revenue Department, and history of dividend payment for the past 3 years. All details were provided in the invitation to the meeting, providing time for the shareholders to consider the information before attending the meeting.

In the selection of directors, the Company provided opportunity for shareholders to vote on individual directors. Each shareholder shall have a number of votes equal to one share per one vote and must exercise all the votes he/she has to appoint an individual or several persons to be director(s) but shall not split his/her votes among any person or group. The invitation letter will have accompanying documents with details of the directors nominated for selection and the clearly stated voting procedures.

The Company has set the agenda item to consider and approve the remuneration of the Company's directors at the shareholders' meeting every year even though there is no change in the amount of the remuneration from the previous meeting resolution.

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 by Company Secretary. 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 2012 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 89.43. 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, protecting the statutory rights of investors 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 under related laws and regulations. In 2012, 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 2012. This was done 3 months before the last day of fiscal year. 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 one of the directors to attend the meeting 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.
- Use voting cards for voting
- Record the minutes of the meeting in a correct, complete and timely manner

2. Directors and Executives

The Company has strict 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.
- Established guidelines regarding conflict of interest in the Business Ethics and Code of Conduct.

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 sustainability for the Company.

Even though the Company has not yet joined the United Nations (UN) Global Compact, the UN strategic policy initiative with the objective of connecting all sectors across the globe in order to create sustainable economic development, the Company places great importance on managing its business responsibly, including promoting human rights, employment standards, environmental conservation, and anti-corruption.

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 2012, the Company did not have any disputes with any stakeholder group. The Company's policy on the treatment of stakeholders is as follows:

Shareholders: The Company is committed to conducting its business effectively with transparency, prudence, good operating results and sustainable growth, in order to increase shareholders' value in the long run. Moreover, the Company adheres to the principle of fairness and protects shareholders' interests by establishing procedures to prevent the use of inside information for the personal interests of directors and executives.

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 disclosing information to customers in a transparent and fair manner, and 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 organizes both in-house and external training for every position in order to continuously develop the knowledge and skills of employees. 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 Big Crowd of Fish Project, President Award Project, and Chairman Award Project to promote an atmosphere for learning without limits in order to become an innovative organization.

The Company has set an appropriately salary and benefits payment system on par with leading companies in the same business. It does not hire illegal workers in every area its business is located. Employees are fairly evaluated and treated without consideration to personal relationships. 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 No.2 (EJIP: July, 1st 2012 - June, 30th 2017), 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 strictly managed the Company's business in compliance with the laws, rules and regulations. The Company has maintained good relations with government organizations through continually transparent contact and communication, and support for various projects.

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, and fairness, supporting activities to sustainably improve the quality of life of nearby communities and society, and caring for the environment in a concrete manner. Details of CSR programs can be found under "7-Eleven for Thai Society".

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

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

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

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

The Board of Directors reports information about the Company's operations that stakeholders and related parties should be informed of in Form 56-1, the annual report and website. In addition, two-way communication channels have been established for stakeholders and related parties to express their opinions and send complaints in case they have not received fair treatment from the Company. 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) 2648 2770 Fax. (66) 2679 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 2012, 4 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 16 road shows in Thailand and abroad to meet institutional investors on a regular basis. 10 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-Relations/ir-contact> or contact Investor Relations Office for more information at:

Investor Relations Office, CP All Public Company Limited

119 Tara Sathorn Tower, 12th Floor, Soi Sathorn 5, South Sathorn Rd.

Thungmahamek, Sathorn, Bangkok 10120, Thailand

Tel. (66) 2648 2501 Fax. (66) 2679 0050

Email: investor@cpall.co.th

In 2012, 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 audited by an independent external auditor, as well as passed the review and approval of the Company's Audit Committee.

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. 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.

3. 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 0.188 percent shareholding of the total paid-up capital.
4. Report on interest of directors and executives, including related persons
5. Report on shareholding of directors and executives, including related persons
6. The Board of Directors' Statement of Responsibility for Financial Reports and the Audit Report of Certified Public Accountant.
7. 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.
8. Each director's attendance at the Board of Directors' Meeting in 2012.

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 (account for one-third of board members)
 - 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.
- 1.5 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.
- 1.6 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.

The Company has set up the Internal Audit Office, a unit independent from management. The Internal Audit Office is responsible for evaluating the adequacy and effectiveness of internal control systems and risk management systems and reporting to the Audit Committee every month and Board of Directors every quarter. The Manager of the Internal Audit Office acts as the Secretary of the Audit Committee. Details of the Manager of the Internal Audit Office and the Internal Audit Office can be found under the "Management" section.

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 2012, 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 2012, the Company paid remuneration to directors as follows:

- Director retainer fees of year 2012 totaled approximately Baht 10.30 million.
- 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 50.546 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) No.2 during 2012 - 2017. 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, internal audit manager 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. Details of the Executive Development Program can be found under the "Management" Section.

7. Prevention of Conflicts of Interest, Control of Internal Information Use

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 residence 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 on his/her interest every year, file a report any time there is a change, and maintain 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 2012, there were no connected transactions between the Company and its subsidiaries and related parties, except the transactions which 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.

In 2012, Audit Committee meetings were held every month, a total of 12 times. 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.

RESEARCH AND DEVELOPMENT

Amid increasing competition, including competition to keep pace with ever-changing consumer demand and behavior as well as rapid expansion of retailers, the closeness and convenience of the stores are sufficient to provide enough competitive advantage. In response, the Company has placed importance on creating differentiation, ability to respond to modern lifestyles, and creating an impressive and new shopping experience for customers. The Company has never ceased to continue developing its business and services, including new channels to make its products and services more accessible to customers.

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 high importance on continuous research and development in order to have in-depth views on how to use the R&D results to proactively improve the organization in different aspects. This will enable the Company to effectively cater to customers' demands and 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 Relationship Improvement**

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 frequency in conducting surveys, from annually to quarterly. Furthermore, it has expanded the scope of the survey to customers with high spending in 7-Eleven stores.

- **Customer Experience Monitoring**

Customer Experience Monitoring is a research project which has been implemented to closely follow the changes of target customers as well as competitors during the year (Tracking Study). In 2012, for convenience and timeliness in following the changes of customers and the rising competition, the Company used new technology which was developed together with the

Engineering Faculty of Panyapiwat Institute of Management to track customer satisfaction and loyalty at the store level.

- In the past year, the Company also conducted in-depth research in the form of Focus Groups with employees who provided excellent service. Results from the research were used to design and develop better services.

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; and attract new customers and retain existing ones.

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 integrated both internal and external information through building strong business alliances and networks, finding new know-how and best practices from abroad, and working 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.

- **Customer & Market Intelligence and Smart Report** Having information that is necessary, adequate and timely is another challenge in improving operational management. The Company has effectively integrated information from all sources to be Business Intelligence, and developed data analysis tools and Smart Report presentation. This has enabled convenience in analysis of information and timeliness for supporting management planning and decision-making. It has brought about learning and improvement of processes to create greater customer satisfaction and loyalty. The Company will be able

to successfully meet customers' expectations as well as deliver value to all customers and stakeholders, both now and in the future. It will be able to effectively deal with different situations which may arise, adapt and respond faster and better than competitors, and grow sustainably in the future.

- **Integrated Work System** An integrated work system incorporates all work processes together in order to increase the organization's productivity, by using the minimum amount of resources; whether labor, resources, or time. In 2012, the Company initiated the Process Excellence Award to reward departments for improving their work processes to be easier with less duplication, more flexible, and more effective. A total of 22 projects submitted by various departments were awarded for improving work flow and creating benefits for the organization.

New Products and Services Differentiation

- One of the Company's strategic policies for the year 2012 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 2012, 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 2012, approximately 2,500 stores sold the chilled meal box.
- **Product & Service Innovation** Product service and innovation is one of the processes in gaining new customers and stimulating existing customers to repeat purchases. Thus, the Company has focused on creating competitive differentiation. New products and services, especially Only @ 7-Eleven, which were developed jointly between the Company and Team Merchandising, were assorted and developed to be quality products, different from those of competitors in order to meet customers' need. Customers' need have been analyzed to find market opportunities and to develop new products and services with manufacturers. Moreover, the Company seeks new ideas and innovations by sharing and learning from best practices of world's 7-Eleven network and business alliances, in order to deliver differentiated, high quality products and services that are able to meet customers' needs at affordable prices.

The Company strives to find and develop new communication channels and market opportunities to allow consumers to receive information, products and services anywhere

anytime. Emphasis is placed on modern devices, such as smart phones and tablets, and social networks. In addition, Facebook and Mobile Application have been used to communicate with consumers since 2011 and continued into 2012. As a result, consumers have been able to access store information and sales promotion as well as join various fun activities more easily. Consequently, this will lead to customer loyalty, brand loyalty, and improved internal management in response to the comments received from customers.

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 and expanded the scope of the study every year. 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 lead to sustainable growth. As a result, 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, work-base learning, 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 2012, this program has trained 13 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 perception, 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 4th consecutive year. In 2012, 3 seminars were organized in Bangkok and the provinces, totaling 16 seminars since its inception.

FUTURE PROJECTS

1. Expansion and Renovation of 7-Eleven Stores

In 2013, the Company has plans to further open approximately 500-550 7-Eleven stores to cover densely-populated areas in Bangkok, vicinities and the provinces nationwide, both as standalone stores and stores in PTT gas stations, depending on location and competition. In addition, the Company plans to open stores in multiple formats ranging from 1-3 shophouses, booth in areas with limited space to standalone stores with parking space in the front. At present, initial investment of new stores requires approximately Baht 3.9 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 between Baht 2,000-2,200 million which the Company looks forward to be able to augment sales and profit in the future.

In 2013, the Company plans to renovate stores which have been opened for 6 years on average, totaling approximately 500-600 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 2013 is approximately Baht 1,200 - 1,300 million.

2. Expansion of Regional Distribution Centers

Presently, the Company has 5 main distribution centers (DC): Bang Bua Thong DC (DC4), Lat Krabang DC (DC5), regional DC in the south at Surat Thani, regional DC in the northeast at Khon Kaen, and regional DC in the north at Lampoon, which commenced operations at the end of 2012.

At the end of 2012, the Company has a total of 6,822 stores with an aim to reach 10,000 stores in Bangkok, vicinities, and provincial areas, in next 5-6 years, increasing from the previous target of 7,000 stores in 2013. In order to support future store expansion, the Company plans to expand another DC in Samut Sakhon province to serve 7-Eleven stores located in western region. Approximately Baht 1,300 million is required for the overall investment during 2013-2014. As one of the key competitive advantages, the expansion of 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"
- Received the Best CEO Award for a SET-listed firm 2010 presented by the Stock Exchange of Thailand and Money and Banking Magazine
- Received the Best CEO Award and 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 Marketing program, Chulalongkorn University's Faculty of Commerce and Accountancy
- Awarded 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 2011 Awards" for the second time consecutively.

2012

- Officially opened the regional distribution center at Lampoon
- Changed the name “Panyapiwat Techno Business School” to “Panyapiwat Technological College” effective from January 4, 2012 onwards.
- Changed the name “Retailink (Thailand) Co., Ltd.”, a subsidiary which operates the business of sale and maintenance of retail equipment, to “CP Retailink Co., Ltd.”
- Approved Employee Joint Investment Program (EJIP) No.2 with a duration of 5 years, starting from July 1, 2012 till June 30, 2017
- Recognized by Forbes Asia Magazine as one of the 50 best biggest listed companies in the Asia Pacific Region in 2012 (Asia’s Fab 50 Companies) for the second time consecutively.
- Awarded the Top Corporate Brands 2012 in the service sector in Thailand by Marketing program, Chulalongkorn University’s Faculty of Commerce and Accountancy, for the second time consecutively.
- Awarded 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 2012 Awards” for the third time consecutively.
- Received the Best CEO Award and the Best CFO Award in the Service Industry at the SAA Award for Listed Companies 2012 presented by the Securities Analysts Association

7-ELEVEN FOR THAI SOCIETY

Because We are Part of Thai Society

Everyday that the Company operates business, we never stop creating new things, with emphasis on building know-how, work, competency and good people. Altogether will definitely lead to sustainable development of Thai society.

Bilateral Vocational Education System

The Company is fully realized that “Education is the essential foundation for sustainable development of society”. We dedicate ourselves to create new alternatives for education as well as the nation’s youths development. The Company has developed an educational system that provides practical work-base learning in addition to traditional learning in classrooms. Consequently, students will be able to better respond to the ever-changing business world, and become valuable assets of Thai society in the future.

For over 19 years, the Company has cooperated with the Office of Vocational Education Commission to initiate and develop the bilateral education system which emphasizes on both theoretical and practical learning. So that graduates can immediately start working without training. In addition, the Company has recently extended the cooperation with colleges under the Office of Vocational Education and private schools/colleges in Bangkok, vicinities and the provinces. In conclusion, there are 130 nationwide vocational and high vocational institutes participating in the program with the experts from Germany, the country which has successfully developed the bilateral education system for over 200 years, providing advice to the program.

The Company’s work-based learning program has received the National Social Innovation Award for “Innovative Learning from Theory to Practice” from the Ministry of Science and Technology. Currently, it has been upgraded to Panyapiwat Technological College and educational institutes established by CP All with more than 10,000 graduated and employed students.

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. “Panyapiwat Techno Business School” was renamed to “Panyapiwat Technological College” since 2012 onwards.

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. At present, over 2,800 students have graduated and all have jobs.

Long-distance Learning, Learning Centers at 11 Provinces

In 2006, the Company expanded educational opportunities to various provinces across the country with the establishment of learning centers where its vocational certificate and bachelor's degree program have been accredited by the Ministry of Education. This program provides opportunities for local youths not only to study close to their home through long-distance learning via satellite but also to earn a living and live life as usual. Moreover, scholarships are provided to students in the program. It is an alternative that helps solve the problem of the Thai educational system. At present, there are 20 Panyapiwat Learning Centers in Bangkok, vicinities and in the provinces. To date, over 3,000 students have graduated and all have jobs.

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 (PIM) 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.

The bachelor's level offers specialization in 5 areas; **the Faculty of Business Management, the Faculty of Engineering and Technology, the Faculty of Liberal Arts, the Faculty of Management Science and the Faculty of Communication Arts**, while the master's level, offers an **M.B.A. program**. The Institute currently has over 5,000 students graduated and studying in this program. The Institute also offers short courses in Advanced Retail Management (ARM) which have been offered 13 classes to date with approximate 650 people attending the course.

Employees are Competent and Good Innovators

"Employees" are important cogwheels who drive organizational success. Therefore, selecting competent and good people is an important process in creating sustainable growth for the organization, employees, and society.

Besides remuneration, “Emotional welfare” is another benefit that the Company has never forgotten. The Company has offered appropriate and fair benefits for its employees as the same level of leading companies. Various programs and activities have been constantly initiated to fulfill happiness at work, improve quality of life, increase knowledge and skills of employees, and create an atmosphere of limitless possibilities. The Company is committed to become an innovative organization with competent and good people.

12 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 twelfth 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 2.3 million people, including the Company’s employees and the general public, participated the project for the year 2011. In 2012, 790 of the Company’s employees tested Dharma Studies Elementary Level, 263 employees tested Dharma Studies Intermediate Level, and 257 employees tested Dharma Studies Advanced Level, a total of 1,310 people. Consequently, a total of 7,684 CP All employees have passed the Dharma test since the program’s inception. This number is composed of 4,008 people in elementary Level, 2,191 people in intermediate Level, and 1,485 people in advanced Level.

Creating Business Opportunities

Business partners are another important cogwheel supporting the Company’s fundamental growth, whether their business size are small, medium, or large. CP All has always treated an individual with fairness, appropriateness, honest, and equally manner. The Company has established a policy to prevent conflict of interest to ensure that every individual business partner will receive fair treatment. Furthermore, various programs have been implemented to develop the potential of business partners to have in-depth knowledge to professionally manage their business.

Developing the Potential of SME Products

Recognizing the importance of small business operators, the Company has established the SMEs “Networking Center” in collaboration with the Department of Industrial Promotion, Office of Small and

Medium Enterprises Promotion, Ministry of Industry and large financial institutions, and regularly organized the “CP All SME Forum” every year. Distinguished speakers from the government sector, private sector and financial institutions are invited to provide useful information to SMEs in each forum, such as economic conditions and legal changes, with the objective to deepen SMEs’ understanding of the retail business and strengthen their competitive potential. This program has been incepted for 3 years and had more than 1,000 people participating with free of charge.

Sharing Knowledge “Creating Sustainable and Wealthy Grocers”, Creating a Sustainable Economy

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 knowledge, techniques, tips and experiences 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 16 times throughout various regions such as Bangkok, Chiang Mai, Phuket, Rayong, Khon Kaen, Pitsanulok, Songkhla, Ratchaburi, Udonthani, Chonburi, Nakhon Ratchasima, Chiangrai, Ubon Ratchathani, and Petchaburi. Over 5,000 grocery operators and interested persons have attended the seminars free of charge.

Responsibility to Consumers

Because “Good quality of life” has a wider and deeper meaning than only “having a healthy body”, the Company’s ultimate goal as a convenience store operator is not merely producing and distributing products and services, but also ensuring quality and safety at all stages, from raw material selection to delivery of products and services to the hands of customers, and quality control during all processes until confident that all products are safe according to international standards.

5 Food Production Methods for Your Health and Safety

1. Select the Best Quality Raw Materials

CP Retailing and Marketing Company Limited or “CPRAM” has constantly selected the best-quality raw materials around the world to create value-added products serving both locally and internationally. Moreover, it has a safety system with a process to detect chemical residue in raw materials and evaluating raw materials receiving every 6 months. In this system, the raw materials’ origin can be traced back and the

suppliers have to pass various evaluation standards such as BRC (British Retail Consortium) standards, GMP (Good Manufacturing Practice), HACCP (Hazard Analysis and Critical Control Point), and GAP (Good Agriculture Practices).

In addition, the Company supports creating jobs and income for communities. It has established a program to grow organic vegetables according to international standards. Employees living near the factory at Sampran District, Nakhon Pathom province have been invited to grow basil, which is used in the Company's basil recipes, one of the best selling product categories.

2. Food Production and Processing with Technology

The Company has constantly created new "ready-to-eat" menus in order to cater to different demands and modern lifestyle. CPRAM is one of the subsidiaries that produces and processes food for serving 7-Eleven stores. It has a quality control system at every production stage, including banned substances control, staff hygiene examination, and raw materials selection. This system have passed HACCP, with Four Critical Control Points (CCP) – 1) filtering ingredients, 2) cooking, 3) freezing or cooling, and 4) checking for foreign objects by using a metal detector and x-ray machine – in line with the Company's objective of delivering safe, high quality and nutritious food to consumers, as well as combining creativity into every menu.

The Company has also continuously engaged in research and development in order to bring the latest technology and equipment in production processes and product research and development. Importance is placed on operating the business according to international standards, including ISO 9001:2000 Quality Management, HACCP (Hazard Analysis and Critical Control Point), ISO 14001 Environmental Management, OHSAS 18001 Occupational Health and Safety Management System, and TQM (Total Quality Management). As a result, the Company's business has experienced strong and steady growth.

3. Careful Monitoring during all Stages

The Company's quality control staff carefully tests the food that is produced, starting from testing the quality using the 5 senses and testing for microorganisms before delivering the products to customers. CP All's Microbiology Laboratories have been certified by ISO/IEC 17025:2005 (General requirements for the competence of testing and calibration laboratories) and the Bureau of Laboratory Quality Standards Ministry of Public Health. The laboratories are able to report accurate results, submit daily reports, and provide advice on quality improvement.

4. Direct Delivery

In every morning, the employees at distribution center, “DC”, transport products with service-minded and effective delivery system which is continuously improved, allowing the Company to maintain product quality from the source of production until reaching the hands of consumers.

At present, the Company has 5 distribution centers located in every region to help shorten delivery time and provide greater delivery frequency. The 2 main distribution centers are Bang Bua Thong Distribution Center and Suvarnabhumi Airport Distribution Center. The 3 regional distribution centers, which are half the size of the main one and situated in various regions, are the Surat Thani Regional Distribution Center in the south, Khon Kaen Regional Distribution Center in the northeast, and Lampoon Regional Distribution Center in the north. As a result, the Company is able to increase the variety of products with short shelf-life and is able to promptly adjust the products offerings to meet the demands of customers.

5. Excellent Service

By building 7-Eleven into a learning organization and providing training on service techniques to store employees so that they are able to cater to customer demands 24 hours, customers leave the store with smiles. As a result, 7-Eleven has become a convenience store that consumers repeatedly return to for products and services.

Building Ties, Building Society

Since 1993, CP All Public Company Limited has implemented and collaborated with the government and private organizations on various projects relating to education, religion, environmental conservation, and social contribution, which has been a major force in making Thai society a better place to live in.

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 436 schools have received the “School that Loves Reading” plaque and a total of 14 schools have received the “Outstanding School that Loves Reading” plaque.

“7 Book Awards” Moving Towards 1 Decade

The 7 Book Awards has been organized for 9 consecutive years, and will reach one decade in 2013, 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).

Literature Seeds Project and Discovering Dream Cartoonist Project

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 2012 was the 9th time that both projects were organized under the concept of “Innocent Hearts, Dreamers, Knowing Deceit”. 176 youths, Thai-language teachers and art teachers were selected to join the projects with cooperation from renowned writers, cartoonists and experts, namely Naowarat Pongpaiboon, Khunying Winita Dithiyon (Wo. Winitchaikun), Assoc. Prof. Dr. Varakorn Samakoses, Chamaiporn Saengkrachang, Raj Lersuang, Sear Thai Raj, Salah Nakbumrung, Reungsak Duangpala and Kouad Daily News.

Love Reading Home, Connecting Families and Communities, and Developing Writing

The “Love Reading Home, Connecting Families and Communities” Project was initiated in 2012, in cooperation with the Office of Non-formal and Informal Education in Phichit, Amnat Charoen, Ubon Ratchathani and Chiangrai Provinces. The project aims at making participants aware of the importance of instilling a reading habit, using acquired knowledge to organize other activities which promote reading, creating a reading environment at home, and being example for neighbors in the community. To date, 650 people have participated in the project.

In addition, the project has been further expanded to the “Love Reading Home, Developing Writing” Project, in collaboration with the Writers Association of Thailand. The aim of this project is to develop the writing skills of participants, which include teachers under the Office of Non-formal and Informal Education at the district level, reading promoting volunteers, district and municipality officers, and community leaders, so that they can use the acquired knowledge to organize other activities which promote reading and writing in communities. The project was implemented in Mukdahan, Phichit and Chiangrai Provinces with a total of 270 participants.

“First Book” Forging Family Ties

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.

Integrating Teaching with Buddhist Principles

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 and accurately convey knowledge to their students. To date, a total of 13,370 Buddhism teachers and educational personnel have received training from this project.

17 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 since 1995. 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 17 years that the Company has implemented this project, it has received positive response. Many people are interested in joining practicing dharma because it provides convenience to employees, who are busy performing their duties, to have the opportunity to pray and listen to Buddhist teachings without any expenses. Every Friday from 12.00 pm - 01.30 pm at CP Tower on Silom Road, 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. For those who are unable to join, they can watch the recording from “Phut Panya Pirom” show on Sunday at 07.05 am and the following Saturday at 07.05 am on True Visions Channel 7 (TNN1) and “Tam Wat Chao Kub 7-Eleven” show every day from 05.30 am - 06.00 am on True Visions Channel 7 (TNN1).

Boosting Intellect with 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 1993. 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.

Happy World...Happy Us

The Company has set a policy to continuously care for the environment and use energy efficiently under the "Green Resolution" in order to be a part of community and environmentally friendly. Headquarter employees have been instilled with a green mind to use office equipment efficiently, turn off the computer screen when not in use, and recycle paper. There is also a campaign for employees at the operational level to prevent releasing waste water into communities so that communities have a pleasant environment.

Reduce Plastic Bags, Reduce Global Warming

Biodegradable plastic bags are used in 7-Eleven stores in natural tourist attractions such as Koh Samui, Koh Tao, and Koh Phi Phi. Moreover, the Company has collaborated with the Ministry of Natural Resources and Environment's Department of Environmental Quality Promotion to encourage consumers and employees to reduce the use of plastic bags under the "45 Days Say No to Plastic Bags" Campaign and "Reduce Plastic Bags, Reduce Global Warming" Campaign. During the campaign period, store employees will ask customers before handing over the products, whether they want a plastic bag or not, by saying "If you don't take a plastic bag, you can help reduce global warming".

In addition, the Company cooperated with the Ministry of Natural Resources and Environment's Department of Environmental Quality Promotion and the Thai Webmaster Association to organize the clips competition or "Thinking Plastic Bag" Project, under the concept of "Reduce, Reuse, Recycle", in 2012. The objective of the project is to promote reducing the use of plastic bags, as well as to create conscience and habit of using resources carefully in order to help solve global warming sustainably. 24 out of 300 clips were selected. The winning clip has been shown on the POS screen at the cashier counter of every 7-Eleven store nationwide.

Towards 7 go Green

After the campaign to reduce the use of plastic bags was well-received by employees, customers and related parties, the Company had an idea to establish the "7 go Green" Project in order to support environmental conservation in line with its "Green Resolution". Besides the campaign to reduce the use of plastic bags, other projects were also established.

The "Prototype Energy Saving Store" Project was organized to promote the correct use of energy. Various materials and equipment in the store were changed to be energy saving products, such as sales

lighting system, inverter air conditioning system, LED lighting system, open type and vault refrigerators, and centralized open type refrigeration system. Initially, energy use has reduced by 20-25 percent and the prototype will be expanded to other stores nationwide.

At the same time, the distribution centers have implemented the “Green Logistics” Project to promote the reduction of electricity use. Some electricity equipment was changed i.e. High Pressure Sodium lights to Fluorescent T8, Fluorescent T8 lights to T5, Metal Halide and Fluorescent street lights to LED. Electricity policies, such as turning off electricity when not in use, and reducing the usage time of cooling systems were enforced. As a result, electricity usage has dropped approximately 2 hours/day and approximately 940,000 Kwh/year.

Apart from this, the “Green Product” Project has been established in order to increase the types of environmentally friendly products available only in 7-Eleven stores. Currently, more than 30 new items have been added, with plans to add more.

CP All's Volunteers

The flood disaster in 2011 brought widespread damage and impact to Thailand in every aspect, including economic, living conditions, and especially “emotional” which must receive assistance and rehabilitation in order to create moral support and strength for the people. The Company recognizes the importance of volunteer spirit, being a giver and sacrificing what you have for community at large and the benefit of society. As a result, the “CP All Volunteer Club” was initiated in 2012 with the Company’s employees from various departments volunteering as members responsible for coordinating social contribution activities in order to give back to society and the nation.

In the past year, the Volunteer Club and the Royal Thai Army Television Channel 5 traveled to Kabinburi District in Prachinburi Province to distribute water and bakery products to flood victims. Most recently, the Company coordinated with Ruam Duay Chuay Kan Radio Station and other partners, organizing the “16th Year Helping Cold Victims” activity at Pu Kud Raum Thai Pattana School in Tambon Na Bua, Nakorn Thai District, Pitsanulok Province. Blankets, warm clothes, school equipment and sports equipment were distributed to 250 students, bringing joy to both the givers and recipients.

RELATED TRANSACTIONS

In 2012, the Company and its subsidiaries conducted several transactions with related parties. These inter-company transactions were made and agreed as a normal business transaction at general market prices and commercial terms. (Details are provided in Note 4 of the Company's financial statements for the year ended December 31, 2012.) 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 2012 were as follows:

Trade Accounts Receivable

As at December 31, 2012, the Company and its subsidiaries had a trade accounts receivable balance with related parties in the amount of Baht 139 million or 25.6 percent of the Company and its subsidiaries' total trade accounts receivable.

Other Accounts Receivable

As at December 31, 2012, the Company and its subsidiaries had another accounts receivable balance with related parties in the amount of Baht 212 million or 15.7 percent of the Company and its subsidiaries' total other accounts receivables.

Trade Accounts Payable

As at December 31, 2012, the Company and its subsidiaries had a trade accounts payable balance with related parties in the amount of Baht 4,408 million or 13.5 percent of the Company and its subsidiaries' total trade accounts payable.

Other Accounts Payable

As at December 31, 2012, the Company and its subsidiaries had an other accounts payable balance with related parties in the amount of Baht 37 million or 2.2 percent of the Company and its subsidiaries' total other accounts payable.

Sales of Goods and Services

In 2012, the transactions for sales of goods and services 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, 2012 amounted to Baht 1,581 million or 0.8 percent of the Company and its subsidiaries' total sales and services income.

Purchases of Goods and Services

In 2012, the transactions for purchases of goods and services 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, 2012 amounted to Baht 19,762 million or 14.1 percent of the Company and its subsidiaries' total cost of sales and services.

Other Operating Income

In 2012, the Company and its subsidiaries recognized other income from related parties in the amount of Baht 217 million or 2.6 percent of the Company and its subsidiaries' total other income.

Rental and Service Fees

In 2012, 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, 2012 amounted to Baht 96 million or 0.2 percent of the Company and its subsidiaries' total selling and administrative expenses.

Purchases of Fixed Assets

In 2012, 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, 2012 amounted to Baht 0.2 million or 0.001 percent of the Company and its subsidiaries' total fixed assets.

Other Expenses

In 2012, the Company and its subsidiaries paid other remunerations to related parties in the amount of Baht 406 million or 0.9 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 OPERATING RESULTS

Overview of Operations

CP All Plc. operates the core business of convenience store business in Thailand under trademark “7-Eleven” and is considered as a primary source of income. The Company belongs to its nationwide store network of over 6,822 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. The Company tends to be flexible in opening stores in multiple formats, ranging from booth, 1-3 shophouses, to stand alone stores with parking space in the front in order to support the increasing number of customers traffic and their demands. 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 with delicious, fresh, and clean ready-to-eat products.

Analysis of Operating Results for the Year Ended December 31, 2012 Compared to the Operating Results for the Year Ended December 31, 2011

In 2012, the Company and its subsidiaries’ total revenue was Baht 197,816 million, increasing 22.2 percent from that of 2011 mainly due to an increase in sale of goods and rendering of services to Baht 188,702 million in 2012, or a rise of 21.5 percent.

Net sales and service income before elimination of Baht 201,611 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 546 7-Eleven outlets, exceeding our target of 500 stores. In addition, the average same store sales/store/day of 7-Eleven increased from Baht 82,265 in 2011 to Baht 91,781 in 2012 and other income such as marketing support or interest income followed the same trend, contributing to higher revenues.

Gross Profit

In 2012, the Company and its subsidiaries’ gross profit was Baht 48,611 million, an increase of 26.3 percent from 2011, 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 from 25.1 percent in 2011 to 25.4 percent in 2012. However, gross profit margin including phone card increased from 24.8 percent in 2011 to 25.8 percent in 2012, this was due to change in accounting methods used for phone card, from recording sales and cost of good sold to service income, resulting in a decreased mix of phonecard sales which generally yield lower margin.

Selling and Administrative Expenses

In 2012, the Company and its subsidiaries' selling and administrative expenses were Baht 43,736 million, increasing 28.5 percent year-on-year as detailed below:

- (1) Personnel expenses, which accounted for 27.0 percent of the total SG&A, amounted to Baht 11,809 million.
- (2) Store management expenses, which accounted for 22.9 percent of the total SG&A, increased to Baht 10,004 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. Consequently, selling and administrative expenses to total revenue increased from 21.0 percent in 2011 to 22.1 percent in 2012.

Net Profit

In 2012, the Company and its subsidiaries net profit was Baht 11,023 million, or Baht 1.23 per share, increasing 37.7 percent comparing net profit in 2011 of Baht 8,008 million, or Baht 0.89 per share. Return on shareholders' equity was 45.7 percent in 2012, increasing from 40.8 percent in 2011.

Operating Results of the Convenience Store Business

In 2012, the convenience store business had net sales and service income of Baht 184,799 million, an increase of Baht 32,726 million or 21.5 percent from the previous year. The growth in net sales and services income was mainly due to store expansion and higher same store sales/store/day. In 2012, there were 546 new store openings, or an increase of 8.7 percent, and an average of 13.0 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 1,290 customers/store/day and spending per ticket of approximately Baht 58. 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 74.6 percent of sales in 2012 compared with 74.9 percent in 2011 due to a product mix; whereby, the portion of ready-to-eat products, which generated higher margin, was increasing. As a result, gross profit of convenience store business rose to Baht 46,766 million in 2012, an increase of Baht 9,760 million or a rise of 26.4 percent from the previous year. Operating expenses increased Baht 9,771 million or 28.5 percent from 2011 mainly due to store expansion.

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

The convenience store business had an operating profit of Baht 12,657 million in 2012, up 27.5 percent from 2011 and net profit of Baht 9,982 million in 2012, up 37.2 percent from 2011, partly due to a corporate tax reduction from 30 percent in 2011 to 23 percent in 2012.

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 2012, the operating profit generated from other businesses was Baht 1,837 million, increasing by 22.2 percent from 2011 and net profit was Baht 1,575 million, increasing by 35.3 percent from 2011 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, 2012

Total Assets

As at December 31, 2012, the Company and its subsidiaries reported total assets of Baht 71,798 million, an increase of 29.7 percent compared to the previous year, due to sales growth and 7-Eleven store expansion. Non-current assets increased from Baht 18,937 million in 2011 to Baht 22,944 million in 2012.

Total Liabilities

As at December 31, 2012, the Company and its subsidiaries had total liabilities of Baht 44,812 million, increasing 33.2 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, 2012, consolidated total shareholders' equity was Baht 26,986 million, an increase of 24.4 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, 2012 Compared to the Year Ended December 31, 2011

Liquidity

As at December 31, 2012, the Company's liquidity was healthy with consolidated cash and cash equivalents of Baht 23,085 million, which accounted for 32.2 percent of total assets.

Cash Flow from Operating Activities

In 2012, net cash flow from operating activities totaled Baht 23,032 million, increased 83.0 percent from 2011. The Company still has good working capital management, having negative cash cycle of 50 days in 2012, resulting from inventory period of 23 days and payable period of 74 days.

Cash Flow from Investing Activities

In 2012, net cash flow used in investing activities amounted to Baht 8,502 million, decreasing by 11.8 percent from 2011, because of net investments in high liquid assets and financial instruments with maturities of more than one year increased Baht 7,624 million. However, capital expenditure has increased by Baht 2,615 million, totaling Baht 6,770 million, which included land acquisition, buildings and leasehold improvements, store expansion and renovation, the construction of regional distribution center in Lampoon province, and the increased investment in subsidiary's business to support the Company's growth,

Cash Flow from Financing Activities

In 2012, net cash flow used in financing activities totaled Baht 5,615 million, increasing 25.1 percent from 2011 because the Board of Directors approved the stock dividend payment at a ratio of 1 existing share to 1 new share and cash dividend of baht 1.25 per share, totaling Baht 5,612 million. Meanwhile, in 2011, the Company paid normal dividend at the rate of Baht 1.0 per share, totaling Baht 4,490 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 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 had improved efficiency of the supply chain management by building up another regional distribution center (RDC) in the north at Lampoon province at the end of 2012. In addition, the Company plans to open 1 new distribution center in Samut Sakhon province. The expansion of 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 nationwide minimum wage to Baht 300, effective from January 1, 2013, 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 Bhatrabhirom, 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 Office 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 2012, the Audit Committee had 12 meetings with the presence of all the three committee members throughout the period. These meetings were held with the Internal Auditors and sometimes the External Auditors, staff from the Accounting and 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 2012. The Management of Accounting and the other relevant departments were invited to review the financial statements, the disclosure of information in the notes to financial statements, the accounting policies, the special transactions and the observations reported by the Auditors based on their auditing and reviewing of the financial statements. Additionally there was a meeting with the Management and the External Auditors pertaining to the new Accounting Standard which will become effective in year 2013. This was carried out to ensure the readiness of the Company and its subsidiaries that they will be able to prepare their financial statements in conformity with the accounting standards.

The Audit Committee has the opinion that the mentioned financial statements were essentially correct according to the generally accepted accounting standards and in compliance with the Auditor's opinions 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 was to assess the systems of the Internal Control and the risk management as well as to follow up on the improvements and remedial actions according to the provided suggestions for effective and efficient internal control systems. Moreover there were reviews of

the procedures and the preventive measures for frauds in all business units to check whether they were sufficient and appropriate to their business nature. Furthermore the works of the Internal Audit Office were evaluated every year.

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. The Audit Committee had the same opinion with the External Auditors that there was no weakness of the internal control systems of Accounting and Information Technology that was significance to the financial statements. Moreover they also reviewed and endorsed the Internal Auditing Plan for the year 2013 which was adjusted according to the suggestions corresponding to the plan and the policy of the risk management. Additionally 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, its subsidiaries and the related parties 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 transparent, fair and did not cause any conflicts as well as 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 completely and sufficiently disclosed in accordance with the announcement of the Capital Market Supervisory Board.

4. The Company's Board of Directors and the Management have been giving emphasis on the risk management by setting up policies and procedures. There was a Risk Management Committee to assess risk factors and to review the risks which might occur now or in the future on a regular basis and in accordance with the current situation. 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 Internal Auditors were assigned to monitor the operation whether it worked in accordance with the risk management procedures to ensure that the Company's risks were kept at the acceptable and manageable level.

The Audit Committee 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 relating to non-compliance with 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. The current Auditors from the KPMG Phoomchai Audit Ltd. proposed themselves to be the Company's auditors with the reviewing and auditing fees for 3 years starting from the year 2013 to year 2015. In the Audit Committee meeting to review the past performance of the Auditors and found that they were satisfactory. They provided consultation and good suggestions which could benefit to the Company. Therefore it was proposed to the Company Board of Directors for approval and for further endorsement of the shareholders meeting, the appointment of Mr. Charoen Phosamritlert, or Mr. Veerachai Ratanajaratkul, or Mrs. Munchupa Singsuksawat of KPMG Phoomchai Audit Ltd. as the Company's external auditors for the year 2013.

February 19, 2013

On behalf of the Audit Committee



(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, 2012, 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, 2012.

A handwritten signature in black ink, appearing to be "Dhanin Chearavanont".

(Mr. Dhanin Chearavanont)
Chairman

A handwritten signature in black ink, appearing to be "Korsak Chairasmisak".

(Mr. Korsak Chairasmisak)
Chief Executive Officer

SUMMARY OF THE EMPLOYEE JOINT INVESTMENT PROGRAM (EJIP)

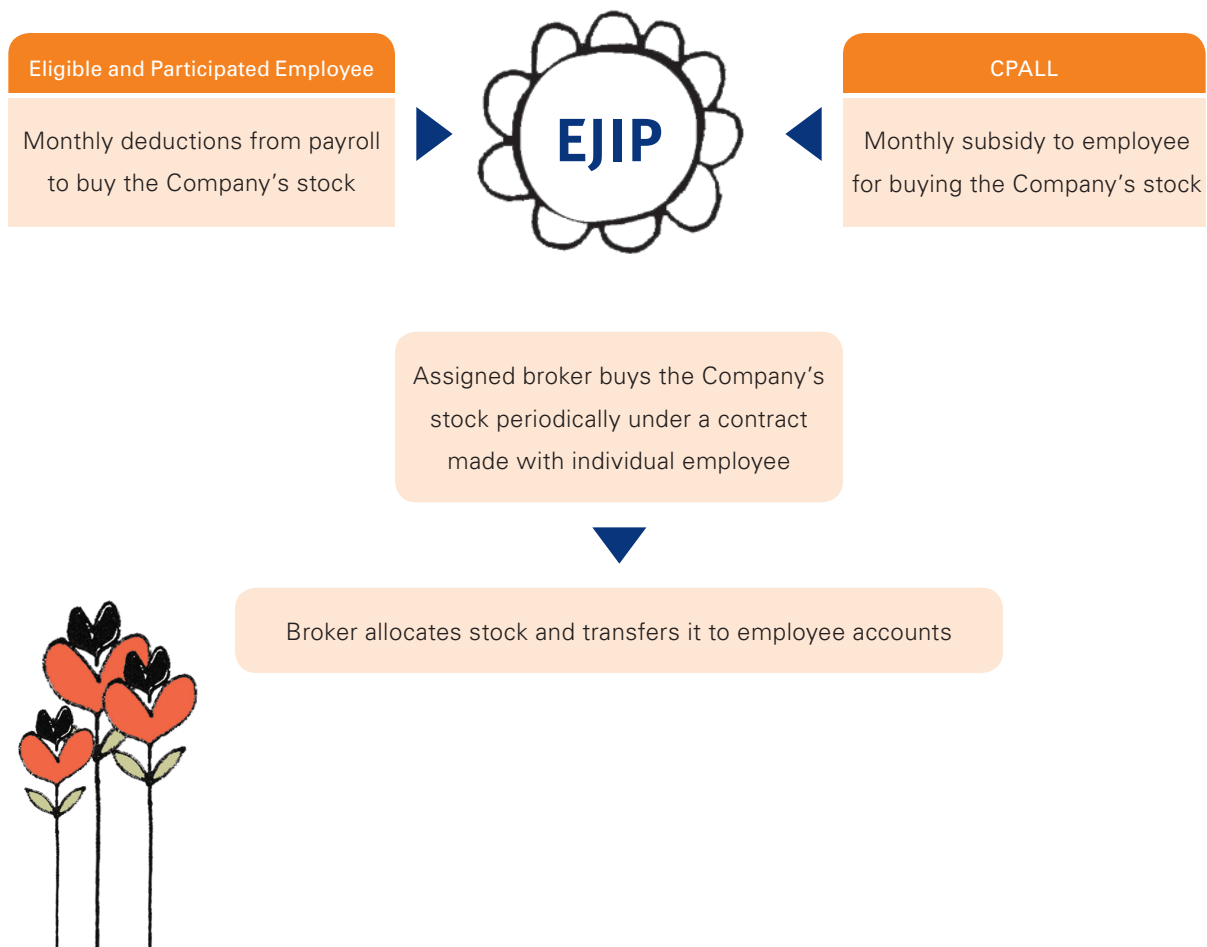
Summary of the Employee Joint Investment Program (EJIP) – No.2

CP All Public Company Limited and its subsidiaries has a policy for creating a sense of ownership, loyalty and the attempt of employees to grow along with the Company. Thus it has launched Employee Joint Investment Program (EJIP) No.2 with the following criteria.

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)	Employee - 5% or 7% of salary (on a voluntarily basis) CPALL - 80% of the deductible amount from employee in each month
Duration	July 2012 – June 2017 (Total 5 years)
Method of Payment	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 EJIP

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

SHAREHOLDINGS OF THE COMPANY BY DIRECTORS AND MANAGEMENT AS AT DECEMBER 28, 2012

Shareholder's name	Designation	Number of shares	
		2011	2012
Prof. Dr. Komain Bhatrabhirom	Chairman of the Audit Committee and Independent Director	0	0
Mr. Pridi Boonyoung	Audit Committee and Independent Director	340,739	681,478
Mr. Padoong Techasarintr	Audit Committee and Independent Director	4,912	9,824
Mr. Suphachai Phisitvanich	Independent Director	0	0
Mr. Apisak Tantivorawong ¹	Independent Director	-	400,000
Mr. Dhanin Chearavanont	Chairman	765,738	1,531,476
Mr. Korsak Chairasmisak	Vice Chairman and Chief Executive Officer	4,689,308 ²	9,568,448 ²
Mr. Adirek Sripratak	Director	0	0
Mr. Umroong Sanphasitvong	Director	0	0
Mr. Soopakij Chearavanont	Director	111,198	222,396
Mr. Narong Chearavanont	Director	152,401	304,802
Mr. Prasert Jarupanich	Director	0	0
Mr. Pittaya Jearavisitkul	Director and Deputy Chief Executive Officer	753,359 ²	1,573,031 ²
Mr. Piyawat Titasattavorakul	Director and Managing Director	133,257 ²	329,001 ²
Mr. Tanin Buranamanit	Director and Executive Vice President - Operation, Marketing, and Human Resource	79,278 ²	195,737 ²
Mr. Suraphan Pussadej	Senior Assistant Chief Executive Officer - Human Resource	112,837 ²	268,518 ²
Mr. Taweesak Kaewrathtanapattama	Senior Vice President - Accounting and Finance	103,333 ²	254,622 ²
Mr. Chuan Nimkittikul	Senior Vice President - Purchasing and Distribution	295,225 ²	628,473 ²
Mr. Suwit Kingkaew	Senior Vice President - General Management	292,425 ²	556,710 ²
Mr. Kosa Pongsupath	Senior Vice President - Information Technology	66,572 ²	194,167 ²

Note : 1. The Board of Directors of the Company approved Mr. Apisak Tantivorawong to be the Company's Independent Director in place of the one who resigned, effective from August 7, 2012 onwards.

2. 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.

- During the year 2012, the Board of Directors approved the stock dividend payment at a ratio of 1 existing share to 1 new share, as a result, the number of shares of directors and managements increased.

SUBSIDIARIES INFORMATION

as at December 31, 2012

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%

CP Retailink 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 20 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 though smart card
 Incorporated : Thailand
 Paid up capital : Baht 1,600 million
 Par value : Baht 10 per share
 Shareholding : 72.64%

Subsidiaries and Affiliates in Overseas

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%

All Training 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%

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 10.0 million
Shareholding : 100%

Successor (China) Investments Limited

Type of business : Investment business
Incorporated : Republic of China
Paid up capital : USD 30 million
Shareholding : 100%

Annual Financial Statements and Audit Report of Certified Public Accountant

For the years ended 31 December 2012



Independent Auditor's Report

To the Shareholders of CP ALL Public Company Limited

I have audited the accompanying consolidated and separate financial statements of CP ALL Public Company Limited and its subsidiaries, and of CP ALL Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2012, the consolidated and separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

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

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

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

Opinion In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position as at 31 December 2012 and the financial performance 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 Thai Financial Reporting Standards.



(Veerachai Ratanajaratkul)

Certified Public Accountant

Registration No. 4323

KPMG Phoomchai Audit Ltd.

Bangkok

13 February 2013

CP ALL Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2012	2011	2012	2011
		<i>(in Baht)</i>			
Current assets					
Cash and cash equivalents	5	23,084,975,812	14,201,712,209	19,367,985,562	10,804,492,327
Current investments	6	11,970,669,339	9,893,328,680	8,326,526,025	5,437,163,051
Trade accounts receivable	4, 7	541,203,760	476,647,510	100,796,688	170,569,581
Other accounts receivable	4, 8	1,347,564,613	499,891,661	1,683,084,868	645,975,606
Inventories	4, 9	9,148,331,073	8,642,208,577	8,286,271,341	7,901,008,700
Other current assets	10	2,761,475,500	2,690,265,324	2,533,245,940	2,525,941,702
Total current assets		48,854,220,097	36,404,053,961	40,297,910,424	27,485,150,967
Non-current assets					
Investments in subsidiaries	11	-	-	6,523,828,965	6,504,828,995
Investment in related company	4	24,000,000	18,000,000	24,000,000	18,000,000
Other long-term investments	6	2,191,111,582	1,741,111,582	2,190,700,000	1,740,700,000
Long-term loans to subsidiaries	4	-	-	360,000,000	290,000,000
Property, plant and equipment	4, 12	18,094,249,109	14,993,990,443	13,710,636,703	11,743,397,149
Intangible assets		1,033,379,833	821,084,172	583,398,416	449,680,849
Leasehold rights		325,356,762	311,132,620	325,356,762	311,132,620
Other non-current assets	4, 13	1,276,147,657	1,051,494,748	1,564,499,253	1,359,275,152
Total non-current assets		22,944,244,943	18,936,813,565	25,282,420,099	22,417,014,765
Total assets		71,798,465,040	55,340,867,526	65,580,330,523	49,902,165,732

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

CP ALL Public Company Limited and its Subsidiaries
Statement of financial position

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2012	2011	2012	2011
		<i>(in Baht)</i>			
Current liabilities					
Overdrafts and short-term borrowings					
from financial institutions		-	2,173,470	-	-
Trade accounts payable	4, 14	32,579,806,957	24,393,114,291	25,739,821,786	20,005,235,776
Other accounts payable	4, 15	1,775,276,526	1,116,258,324	7,990,552,459	4,384,641,990
Income tax payable		1,205,160,283	1,138,285,191	1,123,952,694	975,339,884
Other current liabilities	16	5,464,456,661	3,829,254,805	4,402,338,180	3,101,186,089
Total current liabilities		41,024,700,427	30,479,086,081	39,256,665,119	28,466,403,739
Non-current liabilities					
Employee benefit obligations	17	954,915,953	757,878,420	704,186,364	611,980,000
Accrued guarantee deposits	18	2,832,756,395	2,405,049,204	2,716,031,030	2,282,708,449
Total non-current liabilities		3,787,672,348	3,162,927,624	3,420,217,394	2,894,688,449
Total liabilities		44,812,372,775	33,642,013,705	42,676,882,513	31,361,092,188

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

CP ALL Public Company Limited and its Subsidiaries

Statement of financial position

	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Liabilities and equity		2012	2011	2012	2011
		<i>(in Baht)</i>			
Equity					
Share capital	19				
Authorised share capital		8,986,296,048	4,500,000,000	8,986,296,048	4,500,000,000
Issued and paid-up share capital		8,983,101,348	4,493,148,024	8,983,101,348	4,493,148,024
Additional paid-in capital	19				
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	20	900,000,000	450,000,000	900,000,000	450,000,000
Unappropriated		15,688,196,662	15,224,548,627	11,336,029,783	11,913,608,641
Other components of equity		(511,848,742)	(361,408,747)	-	-
Equity attributable to equity holders of the Company		26,743,766,147	21,490,604,783	22,903,448,010	18,541,073,544
Non-controlling interests		242,326,118	208,249,038	-	-
Total equity		26,986,092,265	21,698,853,821	22,903,448,010	18,541,073,544
Total liabilities and equity		71,798,465,040	55,340,867,526	65,580,330,523	49,902,165,732

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

CP ALL Public Company Limited and its Subsidiaries Statement of income

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2012	2011	2012	2011
		<i>(in Baht)</i>			
Income	4				
Revenue from sale of goods and rendering of services		188,702,047,485	155,359,866,920	184,798,922,176	152,072,584,456
Interest income		728,866,159	450,590,597	569,649,729	372,216,302
Dividend income		3,581,318	46,310	504,018,598	499,992,730
Net foreign exchange gain		38,587,253	216,304,490	22,011,131	5,459,702
Other income	22	8,342,519,995	5,862,973,715	8,800,544,141	6,275,955,177
Total Income		197,815,602,210	161,889,782,032	194,695,145,775	159,226,208,367
Expenses	4				
Cost of sale of goods and rendering of services	9	140,091,167,665	116,862,567,472	138,032,693,960	115,066,016,392
Selling expenses	9, 23	36,260,978,832	27,161,221,874	36,306,489,549	27,238,423,231
Administrative expenses	24	7,112,767,448	6,565,556,560	7,336,379,370	6,690,578,820
Key management benefit expenses	4	362,539,153	305,652,676	362,539,153	305,652,676
Finance costs		25,261	11,868	-	-
Total expenses		183,827,478,359	150,895,010,450	182,038,102,032	149,300,671,119
Profit before income tax expense		13,988,123,851	10,994,771,582	12,657,043,743	9,925,537,248
Income tax expense	27	2,930,812,357	2,981,460,788	2,675,039,547	2,651,530,059
Profit for the year		11,057,311,494	8,013,310,794	9,982,004,196	7,274,007,189
Profit attributable to:					
Equity holders of the Company		11,023,231,089	8,007,568,684	9,982,004,196	7,274,007,189
Non-controlling interests		34,080,405	5,742,110	-	-
Profit for the year		11,057,311,494	8,013,310,794	9,982,004,196	7,274,007,189
Basic earnings per share	29	1.23	0.89	1.11	0.81

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

CP ALL Public Company Limited and its Subsidiaries

Statement of comprehensive income

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2012	2011	2012	2011
	<i>(in Baht)</i>			
Profit for the year	11,057,311,494	8,013,310,794	9,982,004,196	7,274,007,189
Other comprehensive income				
Currency translation differences	(150,439,995)	220,512,666	-	-
Other comprehensive income for the year, net of income tax	(150,439,995)	220,512,666	-	-
Total comprehensive income for the year	10,906,871,499	8,233,823,460	9,982,004,196	7,274,007,189
Total comprehensive income attributable to:				
Equity holders of the Company	10,872,791,094	8,228,081,350	9,982,004,196	7,274,007,189
Non-controlling interests	34,080,405	5,742,110	-	-
Total comprehensive income for the year	10,906,871,499	8,233,823,460	9,982,004,196	7,274,007,189

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

CP ALL Public Company Limited and its Subsidiaries

Statement of changes in equity

	Consolidated financial statements							Total equity
	Retained earnings			Other components of equity				
	Issued and paid-up share capital	Premium on ordinary shares	Unappropriated retained earnings	Currency translation differences	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity	
<i>Note</i>								
Year ended 31 December 2011								
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	-	-	-	(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	-	-	-	-	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

(in Baht)

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

CP ALL Public Company Limited and its Subsidiaries

Statement of changes in equity

		Consolidated financial statements						
		Retained earnings			Other components of equity			
Note	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated retained earnings	Currency translation differences	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
<i>(in Baht)</i>								
Year ended 31 December 2012								
	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
Balance at 1 January 2012								
Transactions with equity holders, recorded directly in equity								
<i>Distributions to equity holders</i>								
19	4,489,953,324	-	-	-	-	4,489,953,324	30	4,489,953,354
30	-	-	-	(10,109,583,054)	-	(10,109,583,054)	(3,355)	(10,109,586,409)
Total transactions with equity holders, recorded directly in equity								
	4,489,953,324	-	-	(10,109,583,054)	-	(5,619,629,730)	(3,325)	(5,619,633,055)
Comprehensive income for the year								
Profit								
	-	-	-	11,023,231,089	-	11,023,231,089	34,080,405	11,057,311,494
Other comprehensive income								
	-	-	-	-	(150,439,995)	(150,439,995)	-	(150,439,995)
Total comprehensive income for the year								
	-	-	-	11,023,231,089	(150,439,995)	10,872,791,094	34,080,405	10,906,871,499
Transfer to legal reserve								
20	-	-	450,000,000	(450,000,000)	-	-	-	-
Balance at 31 December 2012								
	8,983,101,348	1,684,316,879	900,000,000	15,688,196,662	(511,848,742)	26,743,766,147	242,326,118	26,986,092,265

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

CP ALL Public Company Limited and its Subsidiaries

Statement of changes in equity

Year ended 31 December 2011	Separate financial statements					Total equity
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Total equity	
<i>Note</i>	4,493,148,024	1,684,316,879	450,000,000 <i>(in Baht)</i>	9,132,749,476	15,760,214,379	
Balance at 1 January 2011	-	-	-	(4,493,148,024)	(4,493,148,024)	
Transactions with equity holders, recorded directly in equity	-	-	-	-	-	
<i>Distributions to equity holders</i>	-	-	-	-	-	
Dividends	-	-	-	-	-	
Total transactions with equity holders, recorded directly in equity	-	-	-	-	-	
Comprehensive income for the year	-	-	-	7,274,007,189	7,274,007,189	
Profit	-	-	-	-	-	
Other comprehensive income	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	7,274,007,189	7,274,007,189	
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.

CP ALL Public Company Limited and its Subsidiaries

Statement of changes in equity

Year ended 31 December 2012	Separate financial statements					Total equity
	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve <i>(in Baht)</i>	Unappropriated retained earnings	Total equity	
Balance at 1 January 2012	4,493,148,024	1,684,316,879	450,000,000	11,913,608,641	18,541,073,544	
Transactions with equity holders, recorded directly in equity						
<i>Distributions to equity holders</i>						
Issue of ordinary shares	4,489,953,324	-	-	-	4,489,953,324	
Cash dividends and stock dividends	-	-	-	(10,109,583,054)	(10,109,583,054)	
Total transactions with equity holders, recorded directly in equity	4,489,953,324	-	-	(10,109,583,054)	(5,619,629,730)	
Comprehensive income for the year						
Profit	-	-	-	9,982,004,196	9,982,004,196	
Other comprehensive income	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	9,982,004,196	9,982,004,196	
Transfer to legal reserve	-	-	450,000,000	(450,000,000)	-	
Balance at 31 December 2012	8,983,101,348	1,684,316,879	900,000,000	11,336,029,783	22,903,448,010	

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

CP ALL Public Company Limited and its Subsidiaries

Statement of cash flows

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
		2012	2011	2012	2011
<i>(in Baht)</i>					
<i>Cash flows from operating activities</i>					
Profit for the year		11,057,311,494	8,013,310,794	9,982,004,196	7,274,007,189
<i>Adjustments for</i>					
Depreciation	12, 26	3,173,281,359	3,122,658,881	2,805,882,946	2,761,135,624
Amortisation - intangible assets	26	108,069,242	98,574,661	71,487,746	58,244,009
Amortisation - leasehold rights	26	87,091,422	80,768,333	87,091,422	80,768,333
Interest income		(728,866,159)	(450,590,597)	(569,649,729)	(372,216,302)
Dividend income		(3,581,318)	(46,310)	(504,018,598)	(499,992,730)
Finance costs		25,261	11,868	-	-
Income tax expense	27	2,930,812,357	2,981,460,788	2,675,039,547	2,651,530,059
Provision for employees' severance pay	17	231,856,433	265,775,421	124,440,424	175,748,500
Allowance and losses on slow-moving inventories (reversal of allowance for losses on slow-moving inventories)		46,710,755	(35,630,449)	62,232,604	(39,783,376)
Bad and doubtful debts expense (reversal of allowance for doubtful accounts)		11,386,018	(2,437,331)	10,936,183	186,634
Unrealised gain on exchange		(37,327,199)	(201,989,542)	(6,425,028)	(5,615,451)
Loss on disposal and write-off of property, plant and equipment		150,672,896	35,981,474	154,136,178	36,245,862
Gain on disposal of leasehold rights		(7,421,043)	(4,030,400)	(7,421,043)	(4,030,400)
		<u>17,020,021,518</u>	<u>13,903,817,591</u>	<u>14,885,736,848</u>	<u>12,116,227,951</u>
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable		(64,976,950)	(1,851,692)	69,772,893	(19,586,553)
Other accounts receivable		(858,638,270)	252,903,383	(1,048,227,660)	317,399,500
Inventories		(552,833,251)	(2,089,019,258)	(447,495,245)	(1,841,895,269)
Other current assets		61,493,133	211,520,980	76,882,579	252,768,580
Other non-current assets		(221,087,417)	(158,904,234)	(205,224,101)	(128,864,693)
Trade accounts payable		8,186,692,666	2,780,415,943	5,734,586,010	2,523,457,903
Other accounts payable		274,643,975	147,289,760	3,314,247,817	777,577,716

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

CP ALL Public Company Limited and its Subsidiaries

Statement of cash flows

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
		2012	2011	2012	2011
<i>(in Baht)</i>					
Other current liabilities		1,659,817,503	155,046,800	1,325,540,429	65,825,634
Employee benefit obligations paid	17	(34,818,900)	(1,297,580)	(32,234,060)	(668,500)
Accrued guarantee deposits		427,707,191	321,844,935	433,322,581	338,866,990
Cash generated from operating activities		25,898,021,198	15,521,766,628	24,106,908,091	14,401,109,259
Income tax paid		(2,866,433,803)	(2,935,029,504)	(2,526,426,737)	(2,650,682,922)
Net cash provided by operating activities		23,031,587,395	12,586,737,124	21,580,481,354	11,750,426,337
<i>Cash flows from investing activities</i>					
Interest received		630,750,899	394,536,688	516,658,116	327,632,298
Dividends received		3,581,318	46,310	504,018,598	499,992,730
Purchase of current investments	6	(13,165,527,349)	(8,368,058,774)	(12,345,527,348)	(6,600,000,000)
Sale of current investments	6	10,939,699,409	3,315,557,258	9,400,000,000	1,598,417,012
Cash outflow on investment					
in subsidiaries	11	-	-	(18,999,970)	-
Cash inflow from non-controlling interests		30	-	-	-
Cash outflow on investment					
in related company	4	(6,000,000)	(18,000,000)	(6,000,000)	(18,000,000)
Cash outflow on other long-term investments	6	(800,000,000)	(1,100,000,000)	(800,000,000)	(1,100,000,000)
Cash inflow on other long-term investments	6	350,000,000	50,183,156	350,000,000	50,183,156
Cash inflow on long-term loans to subsidiaries	4	-	-	540,000,000	123,920,000
Cash outflow on long-term loans to subsidiaries	4	-	-	(610,000,000)	(150,920,000)
Purchase of property, plant and equipment	32	(6,346,566,476)	(3,921,465,786)	(5,030,657,130)	(3,365,849,043)
Sale of property, plant and equipment		306,627,802	233,822,750	293,610,839	229,083,906
Purchase of intangible assets		(320,998,321)	(136,977,700)	(103,755,050)	(142,288,219)
Sale of intangible assets		90,679	447,933	2	-
Purchase of leasehold rights		(102,735,950)	(97,311,107)	(102,735,950)	(97,311,107)
Sale of leasehold rights		8,841,429	9,404,941	8,841,429	9,404,941
Net cash used in investing activities		(8,502,236,530)	(9,637,814,331)	(7,404,546,464)	(8,635,734,326)

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

CP ALL Public Company Limited and its Subsidiaries

Statement of cash flows

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended		For the year ended	
	31 December		31 December	
Note	2012	2011	2012	2011
	<i>(in Baht)</i>			
<i>Cash flows from financing activities</i>				
Interest paid	(25,261)	-	-	-
Dividends paid to equity holders of the Company	(5,612,441,655)	(4,489,762,124)	(5,612,441,655)	(4,489,762,124)
Dividends paid to non-controlling interests	(3,355)	(7,270)	-	-
Increase (decrease) in overdrafts and short-term borrowings from financial institutions	(2,173,470)	2,173,470	-	-
Net cash used in financing activities	(5,614,643,741)	(4,487,595,924)	(5,612,441,655)	(4,489,762,124)
Net increase (decrease) in cash and cash equivalents				
	8,914,707,124	(1,538,673,131)	8,563,493,235	(1,375,070,113)
Cash and cash equivalents at 1 January	14,201,712,209	15,715,769,103	10,804,492,327	12,179,562,440
Effect of exchange rate changes on balances held in foreign currencies	(31,443,521)	24,616,237	-	-
Cash and cash equivalents at 31 December	5 23,084,975,812	14,201,712,209	19,367,985,562	10,804,492,327

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

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

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 Board of Directors on 13 February 2013.

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 2012 was 6,822 stores (2011: 6,276 stores).

	2012	2011
	<i>(number of stores)</i>	
The Company owns and manages convenience stores	2,984	2,926
The Company franchises the license to other retailers under management agreements	3,320	2,884
The Company franchises the license to other retailers under sub-license agreements	518	466
Total	<u>6,822</u>	<u>6,276</u>

Details of the Company’s subsidiaries as at 31 December 2012 and 2011 are given in note 11.

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

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”); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

As at 31 December 2012, the FAP had issued a number of 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 35.

(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.

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

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

- Note 3(s) Current taxation
- Note 17 Measurement of defined benefit obligations
- Note 31 Valuation of financial instruments

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(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 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.

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

Goodwill is measured as the fair value of the consideration transferred including the recognised 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.

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

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 currency translation differences 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 currency translation differences in equity until disposal of the investment.

CP ALL Public Company Limited and its Subsidiaries Note to the financial statements

(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.

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

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.

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

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.

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

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	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
Others	
- Electricity and water systems	5, 10 and 20 years
- Vehicles	5 years
- Library book	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.

CP ALL Public Company Limited and its Subsidiaries Note to the financial statements

(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 noted 3(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 copyright	5,10 years and over the lease period
---	--------------------------------------

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 accumulated impairment losses.

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

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

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

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

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

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 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.

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

(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

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

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

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

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 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.

4 **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.

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

Relationships with subsidiaries are described in notes 11. Relationship with key management and other related parties were as follows:

Name of parties	Country of incorporation/ nationality	Nature of relationships
Charoen Pokphand Group Company Limited	Thailand	Ultimate parent company of the group and 1 common directors
CPF Trading 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
True GS Co., Ltd.	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 Money Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
Thai News Network (TNN) Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
BFKT (Thailand) Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
CPF (Thailand) Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
C.P.-Meiji Co., Ltd.	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
C.P. Merchandising Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
C.P. Land Public Company Limited	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
Allianz C.P. General Insurance Public Company Limited	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. Food Store Co., Ltd.	Thailand	Chearavanont family is a major shareholder
C.P. Intertrade Co., Ltd.	Thailand	Chearavanont family is a major shareholder

CP ALL Public Company Limited and its Subsidiaries Note to the financial statements

Name of parties	Country of incorporation/ nationality	Nature of relationships
Dees Supreme Co., Ltd.	Thailand	Family's member of 1 director is a major shareholder
Key management personnel	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

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 and services	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

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

Significant transactions for the years ended 31 December 2012 and 2011 with related parties were as follows:

<i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<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	-	-	402	344
Interest income	-	-	7	8
Dividend income	-	-	500	500
Other income	-	-	594	501
Selling expenses	-	-	996	705
Administrative expenses	-	-	1,328	1,144
Purchases of goods and services	-	-	8,597	6,456
Purchases of property, plant and Equipment	-	-	1,289	979
<i>Related companies</i>				
Revenue from sale of goods and rendering of services	1,581	1,156	605	329
Other income	217	226	211	223
Selling expenses	13	15	-	-
Administrative expenses	489	287	463	260
Purchases of goods and services	19,762	16,230	18,271	14,951
Purchases of property, plant and Equipment	-	64	-	-
<i>Key management personnel</i>				
Key management benefit expenses				
Short-term employee benefit	354	286	354	286
Severance pay for employees	9	20	9	20
Total key management benefit Expenses	<u>363</u>	<u>306</u>	<u>363</u>	<u>306</u>

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

Balances as at 31 December 2012 and 2011 with related parties were as follows:

Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Related companies				
C.P. Merchandising Co., Ltd.	45	29	-	-
Siam Makro Public Company Limited	25	23	-	-
True Move Co., Ltd.	14	6	-	-
CPF Trading Co., Ltd.	12	10	-	-
BFKT (Thailand) Co., Ltd	8	1	-	-
True Corporation Public Company Limited	6	8	-	-
CPF (Thailand) Public Company Limited	5	-	-	-
True Distribution and Sales Co., Ltd.	3	-	-	-
True GS Co., Ltd	2	4	-	-
True Universal Convergence Co., Ltd.	2	-	-	-
C.P. Land Public Company Limited	2	-	-	-
Others	17	11	-	-
Total	141	92	-	-
Less allowance for doubtful accounts	(2)	(2)	-	-
Net	139	90	-	-
Bad debts and doubtful debts expenses for the year	-	1	-	-

Other accounts receivable

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Subsidiaries				
Thai Smart Card Co., Ltd.	-	-	215	67
Counter Service Co., Ltd.	-	-	104	73
C.P. Retailing and Marketing Co., Ltd.	-	-	21	9
Others	-	-	4	4
Total	-	-	344	153

CP ALL Public Company Limited and its Subsidiaries
Note to the financial statements

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Related companies				
True Money Co., Ltd.	113	49	113	49
Allianz C.P. General Insurance Public Company Limited	53	78	53	78
CPF Trading Co., Ltd.	20	14	19	10
True Distribution and Sales Co., Ltd.	11	12	11	12
C.P.-Meiji Co., Ltd	9	-	9	-
Others	6	12	7	12
Total	212	165	212	161
Grand total	212	165	556	314
Bad debts and doubtful debts expenses for the year	-	-	-	-

Investment in related company

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
True GS Co., Ltd.	24	18	24	18
Total	24	18	24	18

Movements during the years ended 31 December 2012 and 2011 were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
At 1 January	18	-	18	-
Acquisitions	6	18	6	18
At 31 December	24	18	24	18

CP ALL Public Company Limited and its Subsidiaries
Note to the financial statements

Long-term loans to subsidiaries

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
C.P. Retailing and Marketing Co., Ltd.	-	-	350	280
Dynamic Management Co., Ltd.	-	-	10	10
Total	-	-	360	290

All long-term loans of the Company as at 31 December 2012 and 2011 were dominated entirely in Thai Baht.

Movements during the years ended 31 December 2012 and 2011 were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
At 1 January	-	-	290	263
Increases	-	-	610	151
Decreases	-	-	(540)	(124)
At 31 December	-	-	360	290

Interest rate as at 31 December 2012 and 2011 was as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(interest rate per annum)</i>			
C.P. Retailing and Marketing Co., Ltd.	-	-	3.50%	3.50%
Dynamic Management Co., Ltd.	-	-	3.50%	3.50%

As at 31 December 2012 and 2011 the balances of long-term loans to subsidiaries were unsecured and without a fixed repayment term.

CP ALL Public Company Limited and its Subsidiaries
Note to the financial statements

Prepaid rental and service fees

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Subsidiary				
Panyapiwat Institute of Management	-	-	314	344
Total	-	-	314	344

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 2012 and 2011 the Company's prepaid rental and service fees, net was Baht 314 million and Baht 344 million respectively.

Trade accounts payable

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Subsidiary				
C.P. Retailing and Marketing Co., Ltd.	-	-	271	170
Total	-	-	271	170
Related companies				
True Money Co., Ltd.	1,546	698	1,536	687
CPF Trading Co., Ltd.	1,353	1,038	1,061	838
CPF (Thailand) Public company Limited	439	-	-	-
True Distribution and Sales Co., Ltd.	291	193	291	193
CP-Meiji Co., Ltd.	278	230	278	230
Dees Supreme Co., Ltd.	130	2	130	2
C.P. Packaging Industry Co., Ltd.	97	85	97	85

CP ALL Public Company Limited and its Subsidiaries
Note to the financial statements

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
C.P. Consumer Product Co., Ltd.	86	80	84	78
C.P. Food Store Co., Ltd.	59	59	41	51
True Move Co., Ltd.	4	652	-	644
Others	125	342	41	29
Total	4,408	3,379	3,559	2,837
Grand total	4,408	3,379	3,830	3,007

Other accounts payable

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Subsidiaries				
Counter Service Co., Ltd.	-	-	6,146	3,242
Thai Smart Card Co., Ltd.	-	-	247	83
Gosoft (Thailand) Co., Ltd.	-	-	239	66
Retailink (Thailand) Co., Ltd.	-	-	147	176
MAM Heart Co., Ltd	-	-	40	38
Panyapiwat Technological College (Formerly “Panyapiwat Techno Business School”)	-	-	32	-
Panyatara Co., Ltd	-	-	12	15
Others	-	-	10	-
Total	-	-	6,873	3,620
Related companies				
True Universal Convergence Co., Ltd.	14	13	14	13
Thai News Network (TNN) Co., Ltd.	6	-	6	-
C.P. Intertrade Co., Ltd.	2	5	-	-
True Move Co., Ltd.	2	3	2	3
Others	13	20	-	1
Total	37	41	22	17
Grand total	37	41	6,895	3,637

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

Significant agreements with related parties

As at 31 December 2012 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 7.7 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 its local subsidiaries have information system service agreements with Gosoft (Thailand) Co., Ltd., a local subsidiary. Under the terms of the agreement, the Subsidiary agrees to provide the service over the consulting, advisory, development, design, installation, maintenance and supporting of the information system to the Company. In consideration thereof, the Company and its subsidiaries agrees to pay a service fee 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 90 days before the expiry date of the agreement.
- (c) 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.
- (d) 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.
- (e) 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.

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

- (f) 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.
- (g) 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.
- (h) 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.
- (i) 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.

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Cash on hand	8,752	4,540	8,751	4,538
Cash at financial institutions				
- current accounts	489	359	301	165
Cash at financial institutions				
- savings accounts	7,449	7,432	5,224	5,501
Highly liquid short-term investments	6,395	1,871	5,092	600
Total	23,085	14,202	19,368	10,804

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

The currency denomination of cash and cash equivalents as at 31 December 2012 and 2011 were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Thai Baht	21,759	13,582	19,368	10,804
China Renminbi	792	484	-	-
United States Dollars	533	135	-	-
Hong Kong Dollars	1	1	-	-
Total	23,085	14,202	19,368	10,804

6 Other investments

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
<i>Current investments</i>				
Cash at financial institutions				
- time deposits	10,391	6,273	7,327	2,337
Promissory notes	1,380	3,520	800	3,000
Fund managed by financial institution	200	-	200	-
Government bonds	-	100	-	100
Total	11,971	9,893	8,327	5,437
<i>Other long-term investments</i>				
Promissory notes	1,300	1,100	1,300	1,100
Government bonds	501	501	501	501
Unsecured debentures	390	140	390	140
Total	2,191	1,741	2,191	1,741
Grand total	14,162	11,634	10,518	7,178

Held-to-maturity investments have interest at the rates of 1.51% to 5.90% (2011: 0.6% to 5.9%) and mature within 10 years. (2011: mature within 3 years)

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

The currency denomination of other investments as at 31 December 2012 and 2011 were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Thai Baht	10,071	6,661	9,491	6,141
China Renminbi	3,064	3,936	-	-
United States Dollars	1,027	1,037	1,027	1,037
Total	14,162	11,634	10,518	7,178

Movements during the years ended 31 December 2012 and 2011 of other investments were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
<i>Current investments</i>				
At 1 January	9,893	4,436	5,437	398
Purchases during the year	13,166	8,368	12,346	6,600
Sales during the year	(10,940)	(3,316)	(9,400)	(1,598)
Effect of exchange rate	(148)	405	(56)	37
At 31 December	11,971	9,893	8,327	5,437
<i>Other long-term investments</i>				
At 1 January	1,741	691	1,741	691
Purchases during the year	800	1,100	800	1,100
Sales during the year	(350)	(50)	(350)	(50)
At 31 December	2,191	1,741	2,191	1,741

CP ALL Public Company Limited and its Subsidiaries
Note to the financial statements

7 Trade accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		<i>(in million Baht)</i>			
Related parties	4	141	92	-	-
Other parties		418	403	101	171
Total		559	495	101	171
Less allowance for doubtful accounts		(18)	(18)	-	-
Net		541	477	101	171
Reversal of allowance for doubtful accounts for the year		-	(2)	-	-

Aging analyses for trade accounts receivable were as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		<i>(in million Baht)</i>			
Related parties					
Within credit terms		109	68	-	-
Overdue:					
Less than 3 months		31	24	-	-
3 - 6 months		1	-	-	-
Total		141	92	-	-
Less allowance for doubtful accounts		(2)	(2)	-	-
Net	4	139	90	-	-
Other parties					
Within credit terms		360	375	101	171
Overdue:					
Less than 3 months		53	23	-	-
3 - 6 months		2	1	-	-
Over 12 months		3	4	-	-
Total		418	403	101	171
Less allowance for doubtful accounts		(16)	(16)	-	-
Net		402	387	101	171
Grand total		541	477	101	171

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

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 2012 and 2011 were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Thai Baht	537	471	101	171
United State Dollars	3	-	-	-
Hong Kong Dollars	1	-	-	-
Others	-	6	-	-
Total	541	477	101	171

8 Other accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		<i>(in million Baht)</i>			
Related parties	4	212	165	556	314
Other parties		1,143	345	1,134	342
Total		1,355	510	1,690	656
Less allowance for doubtful accounts		(7)	(10)	(7)	(10)
Net		1,348	500	1,683	646
Bad debts and doubtful debts expenses for the year		11	-	11	-

Aging analyses for other accounts receivable were as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		<i>(in million Baht)</i>			
Related parties					
Within credit terms		102	123	446	272
Overdue:					
Less than 3 months		64	35	64	36
3 - 6 months		2	7	2	6
6 - 12		44	-	44	-
Total	4	212	165	556	314

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

Note	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Other parties				
Within credit terms	943	260	941	259
Overdue:				
Less than 3 months	187	60	185	60
3 - 6 months	4	4	-	3
6 - 12 months	1	12	-	11
Over 12 months	8	9	8	9
Total	1,143	345	1,134	342
Less allowance for doubtful accounts	(7)	(10)	(7)	(10)
Net	1,136	335	1,127	332
Grand total	1,348	500	1,683	646

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 2012 and 2011 were denominated entirely in Thai Baht.

9 Inventories

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Finished goods	9,322	8,785	8,784	8,337
Work in progress	52	49	-	-
Raw materials	303	290	-	-
Total	9,677	9,124	8,784	8,337
Less allowance for losses on slow-moving inventories	(529)	(482)	(498)	(436)
Net	9,148	8,642	8,286	7,901

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 2012 amounted to Baht 138,205 million (2011: Baht 115,529 million) and Baht 1,256 million (2011: Baht 858 million), respectively for the consolidated financial statements, and Baht 138,033 million (2011: Baht 115,066 million) and Baht 1,254 million (2011: Baht 855 million), respectively for the separate financial statements.

CP ALL Public Company Limited and its Subsidiaries
Note to the financial statements

10 Other current assets

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Cash card	1,281	1,969	1,281	1,969
Accrued income	781	206	744	161
Prepaid expenses	327	197	243	156
Receivable from Revenue Department	198	140	168	130
Loans to employee	31	40	23	38
Others	143	138	74	72
Total	2,761	2,690	2,533	2,526

The currency denomination of other current assets as at 31 December 2012 and 2011 were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Thai Baht	2,702	2,670	2,533	2,526
China Renminbi	59	20	-	-
Total	2,761	2,690	2,533	2,526

11 Investments in subsidiaries

Movements during the years ended 31 December 2012 and 2011 were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
At 1 January	-	-	6,505	6,505
Acquisitions	-	-	19	-
At 31 December	-	-	6,524	6,505

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

Details of the additional investments as at 31 December 2012 and 2011 were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Gosoft (Thailand) Co., Ltd.	-	-	18	-
All Training Co., Ltd.	-	-	1	-
Total	-	-	19	-

CP ALL Public Company Limited and its Subsidiaries Note to the financial statements

Investments in subsidiaries as at 31 December 2012 and 2011, and dividend income for the years then ended were as follows:

Name of parties	Type of business	Country of incorporation	Ownership interest (%)		Paid-up capital (in million US\$)		Cost method (in million Baht)		Dividend income	
			2012	2011	2012	2011	2012	2011	2012	2011
Foreign direct subsidiary										
Lotus Distribution Investment Limited	Holding company	British Virgin Islands	100.00	100.00	116	116	3,857	3,857	-	-
Total							3,857	3,857	-	-

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

	Type of business	Country of incorporation	Ownership interest (%)		Paid-up capital		Cost method		Dividend income	
			2012	2011	2012	2011	2012	2011	2012	2011
Local direct subsidiaries										
Suksapiwat Co., Ltd.	Educational institution	Thailand	99.99	99.99	810	810	810	810	-	-
C.P. Retailing and Marketing Co., Ltd.	Frozen food plant and bakery	Thailand	99.99	99.99	600	600	600	600	-	-
Counter Service Co., Ltd.	Bill payment services and distributor of all types of commercial cards and tickets	Thailand	99.99	99.99	70	70	61	61	402	350
Retailink (Thailand) Co., Ltd.	Distributor of equipment for retailing and software development	Thailand	99.99	99.99	20	20	20	20	20	20
Gosoft (Thailand) Co., Ltd.	Information system design and development services	Thailand	99.99	99.99	20	2	20	2	58	30

CP ALL Public Company Limited and its Subsidiaries Note to the financial statements

Name of parties	Type of business	Country of incorporation	Ownership interest (%)		Paid-up capital		Cost method		Dividend income	
			2012	2011	2012	2011	2012	2011	2012	2011
Dynamic Management Co., Ltd.	Logistics and distribution of merchandises services	Thailand	99.99	99.99	2	2	2	2	-	-
MAM Heart Co., Ltd.	Marketing activities planning services	Thailand	99.99	99.99	1	1	1	1	20	-
Panyatara Co., Ltd.	Training center	Thailand	99.99	99.99	1	1	1	1	-	100
All Training Co., Ltd.	Training center	Thailand	99.99	-	1	1	-	-	-	-
Thai Smart Card Co., Ltd.	Smart purse card services	Thailand	72.64	72.64	1,600	1,600	1,151	1,151	-	-
Total						<u>1,151</u>	<u>1,151</u>	<u>1,151</u>	<u>500</u>	<u>500</u>
Grand Total						<u>2,667</u>	<u>2,648</u>	<u>6,505</u>	<u>500</u>	<u>500</u>

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

Details of the Company's indirect subsidiaries as at 31 December 2012 and 2011 were as follows:

Name of parties	Type of business	Country of incorporation	Ownership interest	
			2012	2011
			(%)	
<i>Foreign indirect subsidiaries</i>				
Successor Investments Limited	Holding company	Hong Kong Special Administrative Region of the People's Republic of China	100.00	100.00
Nanjing Zheng Yi Xin Trading Co., Ltd.	Commercial trading	The People's Republic of China	100.00	100.00
Successor (China) Investments Limited	Holding company	The People's Republic of China	100.00	-
<i>Local indirect subsidiaries</i>				
Panyapiwat Institute of Management	Educational institution	Thailand	99.99	99.99
Panyapiwat Technological College (formerly "Panyapiwat Techno Business School")	Educational institution	Thailand	99.99	99.99

CP ALL Public Company Limited and its Subsidiaries
Note to the financial statements

12 Property, plant and equipment

	Consolidated financial statements						Total
	Land	Buildings, building and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Assets under construction and installation	Others	
<i>Cost</i>							
At 1 January 2011	1,702	9,597	7,428	7,225	91	2,686	28,729
Additions/transfers	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 and							
1 January 2012	1,909	10,336	8,270	7,625	210	2,959	31,309
Additions/transfers	547	1,855	1,567	1,344	3,364	481	9,158
Disposals/transfers	-	(703)	(465)	(841)	(2,427)	(186)	(4,622)
At 31 December 2012	2,456	11,488	9,372	8,128	1,147	3,254	35,845

(in million Baht)

CP ALL Public Company Limited and its Subsidiaries
Note to the financial statements

	Consolidated financial statements						Total
	Land	Buildings, building and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Assets under construction and installation	Others	
<i>(in million Baht)</i>							
Accumulated depreciation and impairment losses							
At 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 and 1 January 2012	-	(4,056)	(5,469)	(4,922)	(2)	(1,866)	(16,315)
Depreciation charge for the year	-	(850)	(1,033)	(970)	-	(320)	(3,173)
Disposals/transfers	-	443	418	728	-	148	1,737
At 31 December 2012	-	(4,463)	(6,084)	(5,164)	(2)	(2,038)	(17,751)
Net book value							
At 1 January 2011	1,702	6,060	2,720	2,857	89	1,097	14,525
At 31 December 2011 and 1 January 2012	1,909	6,280	2,801	2,703	208	1,093	14,994
At 31 December 2012	2,456	7,025	3,288	2,964	1,145	1,216	18,094

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 December 2012 amounted to Baht 8,732 million (2011: Baht 7,488 million).

CP ALL Public Company Limited and its Subsidiaries
Note to the financial statements

	Separate financial statements						Total
	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	
Cost							
At 1 January 2011	1,126	7,898	5,371	7,383	15	2,378	24,171
Additions/transfers	48	1,088	888	949	1,457	332	4,762
Disposals/transfers	-	(409)	(251)	(488)	(1,421)	(72)	(2,641)
At 31 December 2011 and 1 January 2012	1,174	8,577	6,008	7,844	51	2,638	26,292
Additions/transfers	282	1,752	1,169	1,381	2,297	462	7,343
Disposals/transfers	-	(697)	(399)	(750)	(2,122)	(181)	(4,149)
At 31 December 2012	1,456	9,632	6,778	8,475	226	2,919	29,486

CP ALL Public Company Limited and its Subsidiaries Note to the financial statements

	Separate financial statements (in million Baht)						Total
	Land	Buildings, building and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Assets under construction and installation	Others	
<i>Accumulated depreciation and impairment losses</i>							
At 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 and 1 January 2012	-	(3,477)	(4,117)	(5,269)	-	(1,686)	(14,549)
Depreciation charge for the year	-	(728)	(745)	(1,046)	-	(287)	(2,806)
Disposals/transfers	-	437	355	643	-	145	1,580
At 31 December 2012	-	(3,768)	(4,507)	(5,672)	-	(1,828)	(15,775)
<i>Net book value</i>							
At 1 January 2011	1,126	4,827	1,751	2,776	15	933	11,428
At 31 December 2011 and 1 January 2012	1,174	5,100	1,891	2,575	51	952	11,743
At 31 December 2012	1,456	5,864	2,271	2,803	226	1,091	13,711

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2012 amounted to Baht 7,549 million (2011: Baht 6,623 million).

CP ALL Public Company Limited and its Subsidiaries
Note to the financial statements

13 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Prepaid rental and service fees	687	531	983	846
Guarantee deposit	584	516	579	511
Others	5	4	2	2
Total	1,276	1,051	1,564	1,359

14 Trade accounts payable

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		<i>(in million Baht)</i>			
Related parties	4	4,408	3,379	3,830	3,007
Other parties		28,172	21,014	21,910	16,998
Total		32,580	24,393	25,740	20,005

The currency denomination of trade accounts payable as at 31 December 2012 and 2011 were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Thai Baht	32,531	24,367	25,740	20,005
United States Dollars	21	11	-	-
Euro	20	11	-	-
Yen	8	3	-	-
Others	-	1	-	-
Total	32,580	24,393	25,740	20,005

CP ALL Public Company Limited and its Subsidiaries
Note to the financial statements

15 Other accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		<i>(in million Baht)</i>			
Related parties	4	37	41	6,895	3,637
Other parties		1,738	1,075	1,096	748
Total		1,775	1,116	7,991	4,385

The currency denomination of other accounts payable as at 31 December 2012 and 2011 were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Thai Baht	1,730	1,116	7,991	4,385
Yen	42	-	-	-
Euro	3	-	-	-
Total	1,775	1,116	7,991	4,385

16 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Accrued personnel expenses	1,849	1,558	1,600	1,375
Deferred royalties income	895	651	895	651
Accrued royalties and other expenses	725	346	725	346
Accrued advertising and sale promotion expenses	439	71	405	60
Accrued utilities expenses	386	299	360	282
Advance receipts from customers	253	179	-	-
Accrued rental expense	138	150	137	148
Others	779	575	280	239
Total	5,464	3,829	4,402	3,101

CP ALL Public Company Limited and its Subsidiaries
Note to the financial statements

17 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	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Statement of financial position obligations for:				
Severance pay for employees	955	758	704	612
Total	955	758	704	612
Year ended 31 December				
Statement of income:				
Recognised in profit or loss:				
Severance pay for employees	232	266	124	176
Total	232	266	124	176

The Group adopted TAS 19 - Employee Benefits with effect from 1 January 2011. The Group 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	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Unrecognised transitional obligation as at 1 January	152	190	54	67
Recognised through profit or loss for the year	(38)	(38)	(13)	(13)
Unrecognised transitional obligation as at 31 December	114	152	41	54

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

Movement in the present value of the defined benefit obligations

<i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Defined benefit obligations at 1 January	758	493	612	437
Benefits paid by the plan	(35)	(1)	(32)	(1)
Transitional obligation recognised	38	38	13	13
Current service costs and interest	194	228	111	163
Defined benefit obligations at 31 December	955	758	704	612

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

	Consolidated/Separate financial statements	
	2012	2011
Discount rate (%)	4.16	4.19
Future pension increases (<i>year</i>)	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.

18 Accrued guarantee deposits

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Guarantee deposits payable to franchisees	2,369	2,101	2,263	1,986
Other accrued guarantee deposits	464	304	453	297
Total	2,833	2,405	2,716	2,283

CP ALL Public Company Limited and its Subsidiaries
Note to the financial statements

19 Share capital

	<i>Par value per share (in Baht)</i>	Number of shares	Consolidated financial statements/ Separate financial statements		
			2012 Baht (in million)	2011 Number of shares Baht	
Authorised					
At 1 January					
- ordinary shares	<i>1</i>	4,500	4,500	4,500	4,500
Reduction of shares	<i>1</i>	(7)	(7)	-	-
Issue of shares	<i>1</i>	4,493	4,493	-	-
At 31 December					
- ordinary shares	<i>1</i>	8,986	8,986	4,500	4,500
Issued and paid-up					
At 1 January					
- ordinary shares	<i>1</i>	4,493	4,493	4,493	4,493
Issue of shares	<i>1</i>	4,490	4,490	-	-
At 31 December					
- ordinary shares	<i>1</i>	8,983	8,983	4,493	4,493

At the annual general meeting of the shareholders of the Company held on 26 April 2012, the Company's shareholders approved:

- To decrease the Company's authorised share capital from Baht 4,500 million (4,500,000,000 shares at Baht 1 par value) to Baht 4,493 million (4,493,148,024 shares at Baht 1 par value) by cancellation the remaining registered ordinary shares from the stock dividend allocation and from the stock issued to support the exercising of the rights under ESOP totaling 6,851,976 shares with a par value of Baht 1 per share. The Company registered the reduction of the authorised share capital with the Ministry of Commerce on 3 May 2012.
- To increase the Company's authorised share capital from Baht 4,493 million (4,493,148,024 shares at Baht 1 par value) (after reduction the above registered capital) to Baht 8,986 million (8,986,296,048 shares at Baht 1 par value) by the issuance of 4,493,148,024 new common shares at a ratio of 1 existing share to 1 stock dividend with a par value of Baht 1 per share to support the stock dividend payment. However, some shareholders did not have right to receive this allocation of new shares totally 3,194,700 shares which was equal to Baht 3,194,700. Thus, the Company had the issued and paid-up share capital of Baht 8,983 million (8,983,101,348 shares). The Company registered the increase of share capital and registered the issued and paid-up share capital with the Ministry of Commerce on 4 and 15 May 2012, respectively.

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

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.

20 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.

At the annual general meeting of the shareholders of the Company held on 26 April 2012, the Company’s shareholders approved to appropriate from retained earnings for additional legal reserve an amount of Baht 450 million, thereby increasing the legal reserve from Baht 450 million to legal reserve of Baht 900 million which is 10% of the Company’s authorised share capital.

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.

CP ALL Public Company Limited and its Subsidiaries Note to the financial statements

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

CP ALL Public Company Limited and its Subsidiaries Note to the financial statements

The segment financial information of the Group for the years ended 31 December 2012 and 2011 were summarized as follows:

Business segment results

	Convenience stores		Others		Eliminations		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	<i>(in million Baht)</i>							
Revenue from sale of goods and rendering of services	184,799	152,073	16,812	13,106	(12,909)	(9,819)	188,702	155,360
Interest income	569	372	165	87	(6)	(8)	728	451
Dividend income	504	500	-	-	(500)	(500)	4	-
Net foreign exchange gain	22	5	17	211	-	-	39	216
Other income	8,801	6,276	251	178	(709)	(591)	8,343	5,863
Total revenues	194,695	159,226	17,245	13,582	(14,124)	(10,918)	197,816	161,890
Cost of sale of goods and rendering of services	138,033	115,066	12,750	9,941	(10,692)	(8,145)	140,091	116,862
Selling expenses	36,306	27,238	1,366	952	(1,411)	(1,029)	36,261	27,161
Administrative expenses	7,336	6,691	1,292	1,186	(1,515)	(1,311)	7,113	6,566
Key management benefit expenses	363	306	-	-	-	-	363	306
Finance costs	-	-	6	8	(6)	(8)	-	-
Total expenses	182,038	149,301	15,414	12,087	(13,624)	(10,493)	183,828	150,895
Profit before income tax expense	12,657	9,925	1,831	1,495	(500)	(425)	13,988	10,995
Income tax expense	(2,675)	(2,651)	(256)	(331)	-	-	(2,931)	(2,982)
Profit for the year	9,982	7,274	1,575	1,164	(500)	(425)	11,057	8,013

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

Business segment financial position

	Convenience stores		Others		Eliminations		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	<i>(in million Baht)</i>							
Cash and cash equivalents	19,368	10,804	3,717	3,398	-	-	23,085	14,202
Current investments	8,327	5,437	3,644	4,456	-	-	11,971	9,893
Trade accounts receivable	101	171	5,904	2,749	(5,464)	(2,443)	541	477
Other receivable	1,683	646	1,707	1,372	(2,042)	(1,518)	1,348	500
Inventories	8,286	7,901	881	756	(19)	(15)	9,148	8,642
Other long-term investments	2,191	1,741	-	-	-	-	2,191	1,741
Property, plant and equipment	13,711	11,743	4,407	3,297	(24)	(46)	18,094	14,994
Intangible assets	583	450	396	299	54	72	1,033	821
Leasehold rights	325	311	-	-	-	-	325	311
Other assets	11,005	10,698	1,160	1,027	(8,103)	(7,965)	4,062	3,760
Total assets	65,580	49,902	21,816	17,354	(15,598)	(11,915)	71,798	55,341
Trade accounts payable	25,740	20,005	7,419	4,705	(579)	(317)	32,580	24,393
Other accounts payable	7,991	4,385	747	387	(6,963)	(3,656)	1,775	1,116
Accrued guarantee deposits	2,716	2,283	430	454	(313)	(332)	2,833	2,405
Other liabilities	6,230	4,688	1,942	1,474	(548)	(434)	7,624	5,728
Total liabilities	42,677	31,361	10,538	7,020	(8,403)	(4,739)	44,812	33,642

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

	Convenience stores		Others		Eliminations		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Capital expenditure	5,426	3,484	1,806	672	(180)	(158)	7,052	3,998
Depreciation	2,806	2,761	539	521	(172)	(159)	3,173	3,123
Amortisation - intangible assets	71	58	50	49	(13)	(9)	108	98
Amortisation - leasehold rights	87	81	-	-	-	-	87	81
(Gain) loss on disposal and write-off of property, plant and equipment	154	36	(3)	-	-	-	151	36

Geographic and business segment results

	Thailand		Others		Total	
	2012	2011	2012	2011	2012	2011
Revenue from sale of goods and rendering of services from external customers	188,702	155,360	-	-	188,702	155,360
Segment assets	67,255	50,761	4,543	4,580	71,798	55,341
Property, plant and equipment	18,085	14,991	9	3	18,094	14,994

CP ALL Public Company Limited and its Subsidiaries
Note to the financial statements

22 Other income

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Sale promotion income	4,526	2,399	4,526	2,399
Income on royalties and other fees relating to licenses income	1,049	898	1,049	898
Others	2,768	2,566	3,226	2,979
Total	8,343	5,863	8,801	6,276

23 Selling expenses

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Convenience store management fees	10,004	7,395	10,004	7,395
Employee benefit expenses	7,173	5,292	6,851	5,069
Advertising and sale promotion expenses	4,706	2,666	4,781	2,659
Utilities expenses	3,821	3,061	3,801	3,048
Rental fees	3,359	3,003	3,350	2,996
Depreciation and amortisation	2,273	2,192	2,417	2,328
Others	4,925	3,552	5,102	3,743
Total	36,261	27,161	36,306	27,238

CP ALL Public Company Limited and its Subsidiaries
Note to the financial statements

24 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Employee benefit expenses	4,274	4,131	4,120	3,939
Rental fees	746	492	738	484
Depreciation and amortisation	385	441	310	357
Utilities expenses	189	169	152	136
Others	1,519	1,333	2,016	1,775
Total	7,113	6,566	7,336	6,691

25 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Salaries, wages and bonus	14,167	11,173	11,294	8,943
Staff welfares	529	580	306	381
Contribution to social security fund	246	276	201	225
Contribution to provident fund	106	87	87	70
Training expenses	35	29	614	523
Others	123	119	29	23
Total	15,206	12,264	12,531	10,165

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.

CP ALL Public Company Limited and its Subsidiaries
Note to the financial statements

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	
		2012	2011	2012	2011
<i>(in million Baht)</i>					
Changes in inventories of finished goods and work in progress		(538)	(1,984)	(447)	(1,842)
Purchase of finished goods		127,854	108,745	134,954	114,038
Raw materials and consumables used		4,635	3,836	-	-
Employee benefit expenses	25	15,206	12,264	12,531	10,165
Depreciation	12	3,173	3,123	2,806	2,761
Amortisation - intangible assets		108	98	71	58
Amortisation - leasehold rights		87	81	87	81
Rental fees		4,227	3,681	4,170	3,540
Utilities expenses		4,320	3,482	4,021	3,246
Advertising and sale promotion expenses		4,713	2,698	4,781	2,659
Convenience store management fees		10,004	7,395	10,004	7,395
Others		10,038	7,476	9,060	7,200
Total cost of sales of goods and rendering of services, selling expenses, administrative expenses, and key management benefit expenses		183,827	150,895	182,038	149,301

27 Income tax expense

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<i>(in million Baht)</i>				
<i>Current tax expense</i>				
Current year	2,931	2,981	2,675	2,652

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

The current tax expense in the consolidated and separate statements of income for the years ended 31 December 2012 and 2011 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.

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's competitiveness.

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;

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- (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 2012 and 2011 were as follows:

	Consolidated	
	financial statements	
	2012	2011
	<i>(in million Baht)</i>	
Export sales	60	31
Domestic sales	4,400	3,517
Total	<u>4,460</u>	<u>3,548</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

During the year of 2012, the Company issued the stock dividend (see note 30). The Company has restated the number of weighted average ordinary shares used in the computation of basic earnings per share for the years ended 31 December 2011 from 4,493,148,024 shares to 8,983,101,348 shares by adjusting to give effect to the stock dividends granted to the existing shareholders at a ratio of 1 existing share to 1 stock dividend assuming the stock dividends occurred on 1 January 2011. As a result, the basic earnings per share of the consolidated financial statements for the year ended 31 December 2011 was changed from Baht 1.78 per share to Baht 0.89 per share and the basic earnings per share of the separate financial statements for the year ended 31 December 2011 was changed from Baht 1.62 per share to Baht 0.81 per share. This was made in order to reflect the change in numbers of all issued common shares.

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

The calculations of basic earnings per share for the years ended 31 December 2012 and 2011 were based on the profit for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht/million shares)</i>			
Profit for the year attributable to equity holders of the Company	11,023	8,008	9,982	7,274
Weighted average number of ordinary shares outstanding during the year	8,983	8,983	8,983	8,983
Basic earnings per share (in Baht)	1.23	0.89	1.11	0.81

30 Dividends

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.

At the annual general meeting of the shareholders of the Company held on 26 April 2012, the Company's shareholders approved the appropriation of 2011 annual cash dividend payment of Baht 1.25 per share for 4,493,148,024 ordinary shares, totaling Baht 5,617 million and stock dividend payment at a ratio of 1 existing share to 1 stock dividend for 4,493,148,024 ordinary shares, totaling stock dividend 4,493,148,024 shares with a par value of Baht 1 per share, amounting to Baht 4,493 million (dividend payment rate at 1 Baht per 1 share), from the profit attributable to equity holders of the Company for the year 2011. The said stock and cash dividend have been paid to the Company's shareholders on 18 and 21 May 2012, respectively.

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.

CP ALL Public Company Limited and its Subsidiaries Note to the financial statements

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 managed the interest rate risk of financial assets and financial liabilities by considering fixed and floating rate depend on the market situation.

The effective interest rates of financial assets as at 31 December 2012 and 2011 and the periods in which the financial assets 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	
2012					
Current					
- Cash at financial institutions					
- time deposits	1.51 - 3.80	10,391	-	-	10,391
- Debt securities	3.00 - 3.30	1,380	-	-	1,380
- Fund managed by financial institution	3.50	200	-	-	200
Total		11,971	-	-	11,971

CP ALL Public Company Limited and its Subsidiaries
Note to the financial statements

Consolidated financial statements					
	Effective interest rate (%)	Within 1 year	After 1 year but within 5 years <i>(in million Baht)</i>	After 5 years	Total
Non-current					
- Debt securities	2.60 - 5.90	-	2,091	100	2,191
Total		-	2,091	100	2,191
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
Separate financial statements					
	Effective interest rate (%)	Within 1 year	After 1 year but within 5 years <i>(in million Baht)</i>	After 5 years	Total
2012					
Current					
- Cash at financial institutions					
- time deposits	1.51 - 3.80	7,327	-	-	7,327
- Debt securities	3.30	800	-	-	800
- Fund managed by financial institution	3.50	200	-	-	200
Total		8,327	-	-	8,327
Non-current					
- Debt securities	2.60 - 5.90	-	2,091	100	2,191
- Long-term loans to subsidiaries	3.50	-	360	-	360
Total		-	2,451	100	2,551

CP ALL Public Company Limited and its Subsidiaries
Note to the financial statements

	Effective interest rate (%)	Within 1 year	Separate financial statements		Total
			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 subsidiaries	3.50	-	290	-	290
Total		-	2,031	-	2,031

The effective interest rates of guarantee deposits payable to franchisees as at 31 December 2012 and 2011 and the periods in which the guarantee deposits payable to franchisees mature were as follows:

	Effective interest rate (%)	Within 1 year	Consolidated financial statements		Total
			After 1 year but within 5 years (in million Baht)	After 5 years	
2012					
Non-current					
- Guarantee deposits payable to franchisees	2.5 - 2.75	-	106	2,263	2,369
Total		-	106	2,263	2,369
2011					
Non-current					
- Guarantee deposits payable to franchisees	1.37 - 2.50	-	115	1,986	2,101
Total		-	115	1,986	2,101

CP ALL Public Company Limited and its Subsidiaries
Note to the financial statements

	Effective interest rate (%)	Separate financial statements			Total
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	
2012					
Non-current					
- Guarantee deposits payable to franchisees	2.50 - 2.75	-	-	2,263	2,263
Total		-	-	2,263	2,263
2011					
Non-current					
- Guarantee deposits payable to franchisees	1.37 - 2.50	-	-	1,986	1,986
Total		-	-	1,986	1,986

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 2012 and 2011 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		
	2012	2011	2012	2011	
<i>(in million Baht)</i>					
Cash and cash equivalents					
Foreign currency	China Renminbi	792	484	-	-
	United States Dollars	533	135	-	-
	Hong Kong Dollars	1	1	-	-

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Note to the financial statements

	Foreign currency	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
<i>(in million Baht)</i>					
Other investments					
Foreign currency	China Renminbi	3,064	3,936	-	-
	United States Dollars	1,027	1,037	1,027	1,037
Forward currency contracts	United States Dollars	1,027	1,037	1,027	1,037
Trade accounts receivables and other accounts receivables					
Foreign currency	United States Dollars	3	-	-	-
	Hong Kong Dollars	1	-	-	-
	Swiss Franc	-	2	-	-
	Australian Dollars	-	2	-	-
	Euro	-	1	-	-
	China Renminbi	-	1	-	-
Forward currency contracts	Swiss Franc	-	2	-	-
	Australian Dollars	-	2	-	-
	Euro	-	1	-	-
Other current assets					
Foreign currency	China Renminbi	59	20	-	-
Forward currency contracts - to buy	Yen	-	53	-	-
	United States Dollars	-	23	-	-
	Euro	-	12	-	-
Forward currency contracts - to sell	Pound Sterling	-	40	-	-
	Australian Dollars	-	6	-	-
	United States Dollars	-	4	-	-
	Euro	-	4	-	-
Trade accounts payable and other accounts payable					
Foreign currency	Yen	50	3	-	-
	Euro	23	11	-	-
	United States Dollars	21	11	-	-
	Others	-	1	-	-

CP ALL Public Company Limited and its Subsidiaries
Note to the financial statements

	Foreign currency	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		<i>(in million Baht)</i>			
Forward currency contracts	Euro	19	30	-	-
	United States Dollars	9	12	-	-
	Yen	8	14	-	-
Other current liabilities					
Forward currency contracts - to buy	China Renminbi	2	1	-	-
	Yen	252	-	-	-
	United States Dollars	60	-	-	-
	Euro	32	-	-	-
contracts - to sell	Pound Sterling	10	-	-	-
	United States Dollars	4	-	-	-
	Swiss Franc	4	-	-	-
	Euro	2	-	-	-

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.

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

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 2012 and 2011 were detailed as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		<i>(in million Baht)</i>			
Increase during the year	12	9,158	5,459	7,343	4,762
Less - payables		(384)	60	(190)	25
- transfer from assets under construction and installation		(2,427)	(1,598)	(2,122)	(1,421)
Purchase and paid by cash		<u>6,347</u>	<u>3,921</u>	<u>5,031</u>	<u>3,366</u>

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33 Commitments with non-related parties

Capital commitments

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<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)	778	31	-	-

Non-cancellable operating lease commitments

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Within one year	4,248	3,424	4,194	3,399
After one year but within five years	7,151	5,436	7,084	5,391
After five years	2	2	-	-
Total	11,401	8,862	11,278	8,790

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 2013 and 2020.

Other commitments

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Unused letters of credit for purchase of goods and supplies	80	61	-	-

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Letter of guarantee

As at 31 December 2012 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 (2011: U.S.Dollars 0.3 million).

Significant agreements

As at 31 December 2012 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.

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

- (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 5 years, and will expire on various dates up to June 2016. 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 61 days to 12 months, and will expire on various dates until October 2013.
- (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.

CP ALL Public Company Limited and its Subsidiaries Note to the financial statements

34 Events after the reporting period

Retailink (Thailand) Co., Ltd., a local subsidiary changed the Company name from “Retailink (Thailand) Co., Ltd.,” to “CP Retailink Co., Ltd.”. The subsidiary registered the change of the Company name with the Ministry of Commerce on 2 January 2013.

35 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/TFRS	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
TFRS 8	Operating Segments	2013

Management expects to adopt and apply these new TAS and TFRS 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 assets and deferred tax liabilities in the financial statements. Deferred tax assets and liabilities are the amounts of income taxes recoverable and payable, 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.

CP ALL Public Company Limited and its Subsidiaries

Note to 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 2012 and 2011 will be adjusted accordingly. Management estimates that the impact on the statement of financial position as at 31 December 2012 and 2011 will be as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Statement of financial position				
Estimated changes as a result of the adoption retrospectively of TAS 12 - Income taxes:				
Increase in deferred tax assets	369	295	269	236
Increase in retained earnings	(357)	(290)	(269)	(236)
Increase in non-controlling interests	(12)	(5)	-	-

No impact on the statements of comprehensive income for 2013 and subsequent periods.

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.

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.

CP ALL Public Company Limited and its Subsidiaries

Note to the financial statements

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.

TFRS 8 - Operating segments

The principal change introduced by TFRS 8 is the introduction of the concept of presenting operating segments based on the information that internally is provided to the Group/Company's chief operating decision maker. Since the change in accounting policy only impacts disclosure aspects, there is no impact on the Group/Company's financial statements.

36 Reclassification of accounts

Certain accounts in financial statements for the year ended 31 December 2011 have been reclassified to conform to the presentation in the 2012 financial statements as follows:

	2011					
	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>					
Statements of financial position						
Other accounts payable	-	1,116	1,116	-	4,385	4,385
Other current liabilities	4,945	<u>(1,116)</u>	3,829	7,486	<u>(4,385)</u>	3,101
		<u>-</u>			<u>-</u>	
Statement of Income						
Selling expenses	27,134	27	27,161	-	-	-
Administrative Expenses	6,593	<u>(27)</u>	6,566	-	<u>-</u>	-
		<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.



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