



2014 ANNUAL REPORT

CP ALL PUBLIC COMPANY LIMITED
รายงานประจำปี 2557 บริษัท ซีพี ออลล์ จำกัด (มหาชน)

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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 products and services
and to enhance good relations with community
and society.

SUMMARY OF FINANCIAL INFORMATION

For Fiscal Year Ending 31 December 2014

CP ALL Public Company Limited and its Subsidiaries	2012 (Restated)	2013* (Restated)	2014
Consolidated Financial Information	(Million Baht)		
Net Sales and Services Income	188,702	272,286	357,766
Total Revenues	197,816	284,670	371,301
Net Profit	11,049	10,503	10,154
Net Cash Provided by Operating Activities	23,032	21,624	26,371
Total Assets	72,168	304,008	326,410
Total Liabilities	44,813	271,038	291,352
Total Equity	27,355	32,970	35,058
Share Information	(Baht)		
Book Value per Share	3.05	3.67	3.90
Earnings per Share	1.23	1.17	1.13
Dividend per Share	0.90	0.90	0.80
Financial Ratios	(%)		
Gross Margin (Sales and Services)	25.8	22.6	21.3
EBIT Margin	7.1	5.3	5.7
Net Profit Margin	5.6	3.7	2.7
Net Debt to EBITDA (times)	N/A	8.1	6.1
Consolidated Financial Information	(%)		
Return on Total Assets	17.3	3.5	3.2
Return on Total Shareholders' Equity	45.5	37.6	34.1

* The Company acquired the business of Makro during 2013. Therefore, Makro's performance has been recorded from July - December 2013.

REVENUE AND EARNINGS BEFORE TAX BASED ON BUSINESS SEGMENTS*

Revenue Contribution



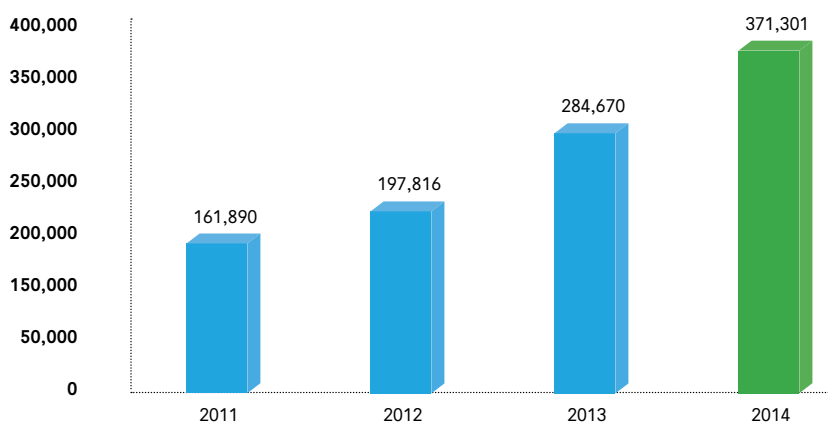
Earnings Before Tax Contribution



* Before Elimination

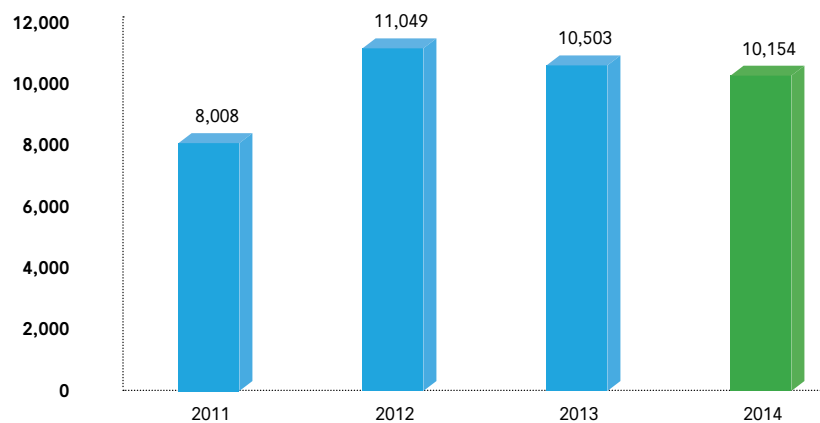
Total Revenues

(Million Baht)



Net Profit

(Million Baht)



7-ELEVEN®

8,000

สาขา
Stores

Serving Convenience, Beside Every Community

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

Through over 8,000 7-Eleven stores nationwide

By offering diverse products and services, catering to all customer groups, everywhere, every time

Also expanding to business operators

Through membership based cash and carry trade centers - over 70 "Makro" branches

Making the lives of Thais easier, more convenient, and happier every visit



7-ELEVEN



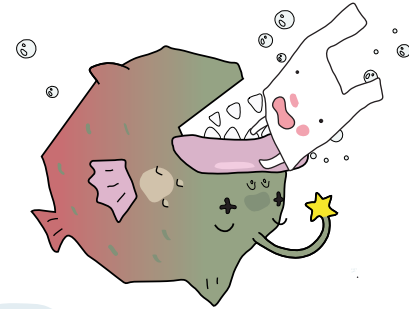


Creating Full, Convenient, Fun Experience Every Time

From early morning to late night, "Drop by 7-Eleven anytime you're hungry"
Ready to serve with an assortment of foods, drinks and bakery
Customers can choose varied delicious menus for heavy and light meals
Creating joyful experience, fulfilling every lifestyle, every time
Every day, a good day for everyone

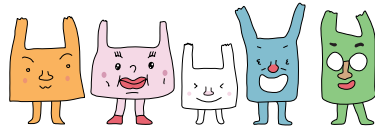




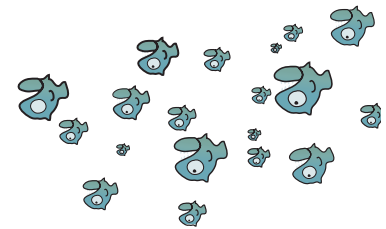


ข้อของชิ้นเล็ก ไม่รับถุงพลาสติก

คิดถึง คิดถึง หนึ่งในโครงการอนุรักษ์สิ่งแวดล้อม ของ เซเว่น อีเลฟเว่น



www.kidtoong.com



Improving Thai Society, Conserving the Environment

CP All initiates and creates a pleasant Thai society

By cultivating art and intellect, enhancing society, nourishing the nation's future

By offering opportunities for youth to have access to education

Promoting and giving importance to "teachers" who raise good and capable people for society

Being a role model in conserving the environment under the 7 Go Green Project

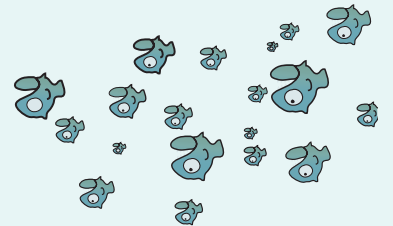
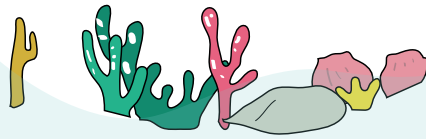
By developing the prototype energy saving store, campaigning for reduction of plastic bag use, promoting eco-friendly products

We... are prepared to bring happiness to all communities forever

ชื่อของชิ้นเล็ก
ไม่รับถุงพลาสติก

ขอบคุณครับ

คิดถึง
คิดถึง





The world's most innovative companies.

CP All... One of the Most Innovative Companies

Innovations... increase intelligence, add value, are possible

CP All opens opportunities for everyone in the organization to think of innovations in managing the business by creating new products and services for customers

"Forbes" has rated CP All as one of the Most Innovative Companies

The only one in Thailand, No. 2 in Asia, and No. 8 out of 100 leading innovative companies in the world

CP All fosters innovative working as part of its corporate culture

Ready to drive forward and grow, leading the company towards sustainable success



MESSAGES FROM THE CHAIRMAN AND CHAIRMAN OF EXECUTIVE COMMITTEE



Mr. Dhanin Chearavanont
Chairman

Mr. Korsak Chairasmisak
Chairman of Executive Committee

CP All Public Company Limited, the operator of 7-Eleven - the convenience food store of Thais with the most stores in the country, is proud to be a part of Thai lives and Thai society for 26 years, under the corporate philosophy “Through happy employees, we desire to see smiles from customers”. In 2014, the Company’s revenues continued to grow from store expansion of the 7-Eleven business and the business of Siam Makro Public Company Limited which continued to grow from store expansion and growth of existing store sales. Even though the Company faced challenges from the economy which has not yet recovered, with GDP growth of only 0.7 percent in 2014 due to political instability at the beginning of the year and reduced purchasing power of consumers, the Company’s nimble and responsive management enabled it to expand and generate profits continuously. In 2014, the Company’s total revenue of consolidated financial statement was Baht 371,301 million, rising 30.4 percent, and net profit was Baht 10,154 million. In addition, the Company continued to lower its interest expense burden and interest rate risk of its debt resulting from Makro acquisition by issuing Thai Baht bond. At the end of 2014, the Company’s debentures amounted to Baht 140,000 million, Baht 90,000 million of which were issued in 2014 and Baht 50,000 million in 2013, which enabled the Company to manage its loans more effectively. The Company believes that the strong performance of both the 7-Eleven and Makro businesses will enable it to post continued sustainable growth and financial stability.

At the end of 2014, the Company had a 7-Eleven network of 8,127 stores, growing 698 stores from 2013 and serving over 9.7 million customers per day. The Company continues to operate following the vision “We serve convenience to all communities” with a sustainable growth strategy. The Company has plans to continuously expand the number of stores and strives to be the convenience food store of Thais by creating new menus such as Japanese rice balls to reinforce its leadership position. Furthermore, the Company has introduced innovative products such as egg menu and vegetarian menu to increase revenue from the larger proportion of ready-to-eat food products. The Company has also opened a premium fresh coffee corner under the name All Café, located in more than 500 7-Eleven stores. The Company continuously organized sales promotion activities to increase the number of customers and the frequency of visits and to stimulate consumption. In 2014, the Company used the “Rilakkuma Bear” cartoon character in its marketing campaign to stimulate sales and expand its membership base. Moreover, the Company expanded the display of health and beauty products on shelves in response to the health care and beauty trend of the urban lifestyle. As consumers today are modern and increasingly use various kinds of technology such as the internet and mobile phones in their everyday life, the Company has to develop and improve channels for consumer to access its products and services more conveniently anywhere, anytime. The Company has established a new e-commerce business under the name “24 Shopping Co., Ltd”, following the success of the 7 Catalog business. With regards to the Company’s business plan in 2015, it will continue to focus on expanding the number of 7-Eleven stores, at least 600 stores, and growing same stores sales of existing stores. To support business expansion, the Company plans to develop its infrastructure and is in the process of constructing a new regional distribution center for dry products and temperature controlled products in Chonburi Province. As for the Makro business, there are plans to continuously open stores in the provinces, with emphasis on being the 1st choice supplier to Registered Food Professional and HoReCa (Hotel, Restaurant and Catering).

In 2014, the Company emphasized operational excellence and supporting employees at all levels to be “innovators” who are observant, recognize opportunities, and have creative ideas to do new things to satisfy consumers’ ever-changing demands. The Company also provided opportunities for business partners to introduce new products to create value-added and drive CP All towards an innovative organization, with the resolution “Innovations build intelligence, add value, are possible”. The Company has joined forces with 11 public and private organizations, namely the Office of the Permanent Secretary of the Ministry of Science and Technology, the Thai Chamber of Commerce and the Board of Trade of Thailand, the Thai Bankers’ Association, the Federation of Thai Industries, the Stock Exchange of Thailand, the National Science Technology and Innovation Policy Office, the National Science and Technology Development Agency, and the National Innovation Agency, to drive innovations for the country. In cooperation with these organizations, the Company has organized the “7 Innovation Awards” to support Thai SMEs to create and market their innovations for the country. In addition, the Company continues to promote innovation through the Process Excellence Awards and the President Awards. Meanwhile, the Company continues to focus on Total Quality Management (TQM) using the Thailand Quality Award (TQA) criteria as a guideline for sustained organizational excellence.

In addition, the Company gives great importance to continuously giving back to society. The Company has continuously engaged in youth learning and development projects through Panyapiwat Technological College, Panyapiwat Learning Centers, and Panyapiwat Institute of Management to offer education opportunities to the nation's youth and to improve the Thai education system by combining the academic and real-life work together based on ethics and professionalism. In 2014, the Company officially opened a new modern and comprehensive academic building, "All Academy", consisting of classrooms, library, convention center, and food center, to support the rapidly growing number of students. The Company has also continuously implemented an environmental conservation policy under the name "7 Go Green". In 2014, the Company was awarded a pin to honor its efforts in the conservation of natural resources and the environment on the occasion of Thai Environment Day from the Ministry of Natural Resources and the Environment. 7-Eleven Tara Square store on Chaengwattana Road, the prototype energy efficient and eco-friendly store, was the first convenience store in Thailand to receive the TREES Platinum Green Building Rating, the highest rating, from the Thai Green Building Institute. This is a major step in becoming an energy efficient store that cares for society, communities and the environment.

The Company signed a Memorandum of Understanding with the Ministry of Commerce's Department of Internal Trade to provide 1,000 scholarships to children of grocery store owners. The Company also signed a Memorandum of Understanding with the Ministry of Labor's Department of Skill Development to organize seminars for local technicians nationwide to offer maintenance and repair jobs at 7-Eleven stores and to improve the skills of local technicians to be in line with labor market demands.

The Company would like to express sincere appreciation and thanks to all employees, customers, business partners, shareholders and patrons for their continued support of the Company's business. From dedicated management of business operations and joint efforts from all sectors, the Company and its management received numerous prestigious awards from external organizations in the past year. The Company was recognized by Forbes as one of Asia's Fab 50 Companies 2014, for the fourth consecutive year, as well as awarded Forbes 2014: The World's Most Innovative Companies, ranking No. 2 in Asia and No. 8 in the world. CP All is the only Thai company to receive this ranking. In addition, the Company won Thailand's Top Corporate Brands 2014 in the service sector, for the fourth consecutive year, organized by Chulalongkorn University's Faculty of Commerce and Accountancy. The Company was also awarded the 2014 Aon Hewitt Top Company for Leaders in South East Asia. Furthermore, CPRAM Co., Ltd.,

engaged in the manufacturing and distribution of ready-to-eat food in the CP All Group, received the Prime Minister's Best Industry Award 2014. The Company is proud of its achievements and is determined to operate its business and lead the organization towards continued success with good corporate governance, fair consideration to the interests of all stakeholders, and customer satisfaction in mind. Last but not least, the Company has long-standing commitment to support Thailand's economic and social development for continued advancement and sustainable prosperity.

A handwritten signature in black ink, consisting of several fluid, overlapping strokes.

(Mr. Dhanin Chearavanont)
Chairman

A handwritten signature in black ink, featuring a prominent vertical stroke and several horizontal and diagonal strokes.

(Mr. Korsak Chairasmisak)
Chairman of Executive Committee

BOARD OF DIRECTORS



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

Mr. Pridi Boonyoung
Audit Committee and
Independent Director

Mr. Padoong Techarinr
Audit Committee and
Independent Director

Prof. Suphachai Phisitvanich
Independent Director

**Police General
Phatcharavat Wongsuwan**
Independent Director



Mr. Dhanin Chearavanont
Chairman

Mr. Korsak Chairasmisak
Vice Chairman

Mr. Adirek Sripratak
Director

Mr. Umroong Sanphasitvong
Director

Mr. Soopakij Chearavanont
Director



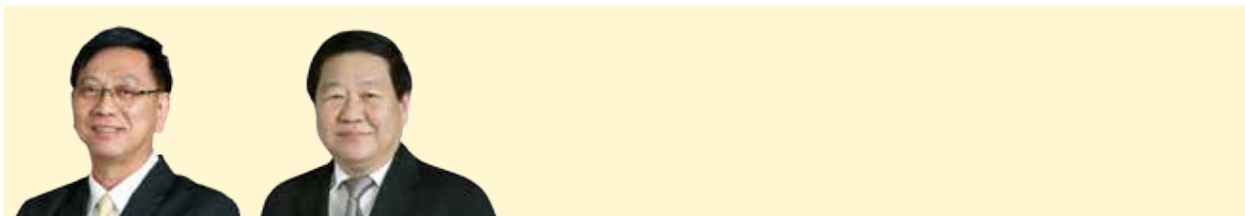
Mr. Narong Chearavanont
Director

Mr. Prasert Jarupanich
Director

Mr. Pittaya Jearavisitkul
Director

Mr. Piyawat Titasattavorakul
Director

Mr. Tanin Buranamanit
Director



Mr. Supot Shitgasompongse
Company Secretary

Mr. Kidsada Euapiyachart
Secretary of Audit Committee

EXECUTIVE COMMITTEE



Mr. Korsak Chairasmisak
Chairman of Executive Committee

Mr. Pittaya Jearavisitkul
Vice Chairman
of Executive Committee

Mr. Piyawat Titasattavorakul
Vice Chairman
of Executive Committee

Mr. Umroong Sanphasitvong
Member of Executive Committee

Mr. Tanin Buranamanit
Member of Executive Committee

EXECUTIVE OFFICERS



Mr. Tanin Buranamanit
Managing Director
and Chief Executive Officer

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

**Mr. Taweesak
Kaewrathnapattama**
Senior Vice President -
Accounting and Finance

Mr. Chuan Nimkittikul
Senior Vice President -
Distribution Center

Mr. Suwit Kingkaew
Senior Vice President -
General Management



Mr. Kosa Pongsupath
Senior Vice President -
Information Technology

Mr. Chairoj Tiwatumcharoen
Senior Vice President -
Operation

Mr. Skol Tejasatoporn
Senior Vice President -
Purchasing

Mr. Vichien Chuengviroj
Senior Vice President -
Corporate Asset and Facilities
Management

DIRECTORS AND MANAGEMENT BIOGRAPHY

Prof. Dr. Komain Bhatrabhirom

82 years old

Position :

Chairman of the Audit Committee and Independent Director

Appointment Date :

December 28, 2005

Experience

Companies Listed on the Stock Exchange of Thailand

1987 - 1993 Director, Thai Airways Public Co., Ltd.

1985 - 1993 Director, Krung Thai Bank Public Co., Ltd.

Non - listed Companies

Present

- 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

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

1984 - 1993 Director, Provincial Electricity Authority

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

Relationship

- None -

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 2014 : 6 times out of 6 meetings

(%) shareholding (as at December 30, 2014) : - None -

Mr. Pridi Boonyoung

76 years old

Position :

Audit committee and Independent director

Appointment Date :

March 11, 1999

Experience

Companies Listed on the Stock Exchange of Thailand

- None -

Non - listed Companies

Present

- Audit committee, Panyapiwat Institute of Management

1997 - 1998 Director - General, Treasury Department

1996 - 1997 Director - General, Customs Department

1993 - 1996 Director - General, The Comptroller General's
Department

Education

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

Relationship

- None -

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 2014 : 5 times out of 6 meetings

(%) shareholding (as at December 30, 2014) : 0.00759

Mr. Padoong Techasarintr

74 years old

Position :

Audit committee and Independent director

Appointment Date :

March 11, 1999

Experience

Companies Listed on the Stock Exchange of Thailand

Present

- 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.

Non - listed Companies

Present

- Audit committee, Panyapiwat Institute of Management
- 1995 - 1998 Executive Director, Siam City Bank Public Co., Ltd.
- 1994 - 1995 Director - Vice President, Siam City Bank Public Co., Ltd.

Education

- Bachelor Degree in Business and Administration, Thammasat University

Relationship

- None -

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 2014 : 6 times out of 6 meetings

(%) shareholding (as at December 30, 2014) : 0.00011

Prof. Suphachai Phisitvanich

74 years old

Position :

Independent director

Appointment Date :

February 26, 2009

Experience

Companies Listed on the Stock Exchange of Thailand

Present

- Chairman, Aira Capital Public Co., Ltd.
- Chairman and Member of the Audit Committee, Samart I-Mobile 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.

2001 - 2003 Chairman, Krungthai Bank Public Co., Ltd.

2001 - 2002 Chairman, TOT Public Co., Ltd.

Non - listed Companies

Present

- Chairman, Aira Securities Public Co., Ltd.
- 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 - 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

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

Relationship

- None -

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 2014 : 5 times out of 6 meetings

(%) shareholding (as at December 30, 2014) : - None -

Police General Phatcharavat Wongsuwan

65 years old

Position :

Independent Director

Appointment Date :

February 19, 2013

Experience

Companies Listed on the Stock Exchange of Thailand

Present

- Director, Energy Absolute Public Co., Ltd.

Non - listed Companies

Present

- Consultant, National Broadcasting and Telecommunication Commission (NBTC)

2008 Commissioner-General, Royal Thai Police

2005 Deputy Commissioner-General

2002 Assistant Commissioner-General

Education

- Diploma, National Defence College, The State, Private Sector and Political Sectors Course Class 2
- Master of Arts (Social Development), Kasetsart University
- Royal Police Cadet Academy Class 25

Relationship

- None -

Training by the Thai Institute of Directors

Association (IOD)

- None -

Attendance at the Board of Directors' Meeting

during 2014 : 4 times out of 6 meetings

(%) shareholding (as at December 30, 2014) : - None -

Mr. Dhanin Chearavanont

75 years old

Position :

Chairman

Appointment Date :

March 11, 1999

Experience

Companies Listed on the Stock Exchange of Thailand

Present

- Chairman, Charoen Pokphand Food Public Co., Ltd.
- Chairman, True Corporation Public Co., Ltd.

Non - listed Companies

Present

- 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

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 2014 : 4 times out of 6 meetings

(%) shareholding (as at December 30, 2014) : 0.01705

Mr. Korsak Chairasmisak

62 years old

Position :

Vice Chairman and Chairman of Executive Committee

Appointment Date :

March 11, 1999

Experience

Companies Listed on the Stock Exchange of Thailand

Present

- Vice Chairman and Executive Director, Siam Makro Public Co., Ltd.

Non - listed Companies

Present

- Vice Chairman, Charoen Pokphand Group Co., Ltd.
- Expert Committee, Member of the Institution Council, Panyapiwat Institute of Management
- President, Go Association of Thailand
- President, World Chinese Wei Qi Federation
- Director, The International Go Federation (IGF)
- Chairman, Panyapiwat Association
- President, Thailand-Korea Friendship Association
- Committee, The Holyland Foundation

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

1979 - 1983 Managing Director, Bangkok Produce
Merchandising Co., Ltd.
Managing Director, Bangkok Fisheries Co., Ltd.
Managing Director, C.P. Agro-Industry Co., Ltd.
Managing Director, C.P. Intertrade Co., Ltd.

Education

- Honorary Doctor of Philosophy in Accounting, Rajamangala University of Technology Srivijaya
- Honorary Doctor of Business Administration, Dhurakij Pundit University
- Honorary Doctor of Business Administration in Management, Suan Dusit Rajabhat University
- Honorary Doctor of Arts, North Chiang Mai University
- Honorary Doctor of Business Administration in Management, Sripatum University
- Bachelor Degree in Economics, Thammasat University

Relationship

- None -

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 2014 : 6 times out of 6 meetings

(%) shareholding (as at December 30, 2014) : 0.09438

- Included Employee Joint Investment Program (EJIP)

Mr. Adirek Sripratak

69 years old

Position :

Director

Appointment Date :

August 11, 2005

Experience

Companies Listed on the Stock Exchange of Thailand

Present

- President and CEO, Charoen Pokphand Foods Public Co., Ltd.
- Director, Siam Makro Public Co., Ltd.

Non - listed Companies

Present

- Honor president, Thai Broiler Processing Exporters Association
- Vice Chairman, Charoen Pokphand Group Co., Ltd.

Education

- Honorary Doctorate of Philosophy in Food Science, Kasetsart University
- Honorary Doctorate in Business Administration, Rajamangala University of Technology Suvarnabhumi
- Honorary Doctorate of Philosophy in Food Technology, Mae Fah Luang University
- Honorary Doctorate of Philosophy in Agriculture, Ubon Ratchathani University
- 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

Relationship

- None -

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 2014 : 5 times out of 6 meetings

(%) shareholding (as at December 30, 2014) : - None -

Mr. Umroong Sanphasitvong

62 years old

Position :

Director and Member of Executive Committee

Appointment Date :

March 11, 1999

Experience

Companies Listed on the Stock Exchange of Thailand

Present

- Director, True Corporation Public Co., Ltd.
- Director, Siam Makro Public Co., Ltd.

Non - listed Companies

Present

- Deputy Group CFO, Charoen Pokphand Group Co., Ltd.
 - Director, CPPC Public Co., Ltd.
 - Director, Vinasiam Bank
 - Director, C.P. Lotus Corporation
- 1980 Deputy Division Manager - Accounting and Finance,
Charoen Pokphand Group Co., Ltd.

Education

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

Relationship

- None -

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 2014 : 6 times out of 6 meetings

(%) shareholding (as at December 30, 2014) : - None -

Mr. Soopakij Chearavanont

51 years old

Position :

Director

Appointment Date :

August 15, 2003

Experience

Companies Listed on the Stock Exchange of Thailand

Present

- Director, True Corporation Public Co., Ltd.
- Director, Siam Makro Public Co., Ltd.

Non - listed Companies

Present

- Chief Executive Officer, UTV Cable Network Plc.
- Executive Vice Chairman, Charoen Pokphand Group
- Executive Chairman, True Visions Group Co., Ltd.
- Executive Chairman, Telecom Holding Co., Ltd.
- Chairman, True Visions Cable Public Co., Ltd.
- Chairman, True Visions Public Co., Ltd.
- Chairman, CT Bright Holdings Ltd.
- Chairman, Chia Tai Land Holding Co., Ltd.
- Chairman, Chia Tai Lotus (Shanghai) Co., Ltd.
- Chairman, Chia Tai Property Management Co., Ltd.
- Chairman, Chia Tai Real Estate Group Co., Ltd.
- Chairman, Fortune Leasing Co., Ltd.
- Chairman, Mass Gain Investment Ltd.
- Chairman, Beijing Lotus Supermarket Chain Store Co., Ltd.
- Chairman, SM True Co., Ltd.
- Co-Chairman, Shanghai Kinghill Limited - Super Brand Mall
- Executive Chairman & Chief Executive Office,
C.P. Lotus Corporation
- Executive Vice Chairman & CEO,
Shanghai Lotus Supermarket Chain Store Co., Ltd.
- Vice Chairman & Chief Executive Officer,
Real Estate & Land Development Business (China),
Charoen Pokphand Group Co., Ltd.
- Vice Chairman & CEO, Marketing and Distribution
Business (China), Charoen Pokphand Group Co., Ltd.
- Vice Chairman, Automotive Industrial Business (China),
Charoen Pokphand Group 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, Chia Tai International Finance Co., Ltd.
- Vice Chairman, Chia Tai Trading (Beijing) Co., Ltd.
- Vice Chairman, Chia Tai Vision Ltd.
- Vice Chairman, Shanghai Fortune World Development Co., Ltd.
- Non-Executive Director, Ping An Insurance (Group)
Company of China Ltd.
- Director, Chia Tai Development Investment Co., Ltd.
- Director, Chia Tai Group Co., Ltd.
- Director, CP Pokphand Co., Ltd.
- Director, Fortune Shanghai Ltd.

- Director, Lotus-CPF (PRC) Investment Co., Ltd.
- Director, True Move Co., Ltd.

Education

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

Relationship

- Mr. Dhanin Chearavanont's son and Mr. Narong Chearavanont's brother

Training by the Thai Institute of Directors

Association (IOD)

- None -

Attendance at the Board of Directors' Meeting

during 2014 : 3 times out of 6 meetings

(%) shareholding (as at December 30, 2014) : 0.00248

Mr. Narong Chearavanont

50 years old

Position :

Director

Appointment Date :

March 11, 1999

Experience

Companies Listed on the Stock Exchange of Thailand

Present

- Director, Siam Makro Public Co., Ltd.
- Director, True Corporation Public Co., Ltd.

Non - listed Companies

Present

Director

- Director, Shanghai Lotus Supermarket Chain Store Co., Ltd.
- Director, Business Development Bank
- Director, Tai'an Lotus Supermarket Chain Store Co., Ltd.
- Director, Beijing Lotus Supermarket Chain Store Co., Ltd.
- Director, Xi'an Lotus Supermarket Chain Store Co., Ltd.
- Director, Shantou Lotus Supermarket Chain Store Co., Ltd.
- Director, Qingdao Lotus Supermarket Chain Store Co., Ltd.
- Director, CPPC Co., Ltd.
- Director, Beston Action Utility Wear (Lianyungang) Co., Ltd.
- Director, Jiangsu CP Lotus Supermarket Chain Store Co., Ltd.
- Director, Beijing CP Lotus Supermarket Chain Store Co., Ltd.
- Director, Zhejiang CP Trading Co., Ltd.
- Director, Cineplex Co., Ltd.
- Director, Satellite Services Co., Ltd.
- Director, Wuxi Ailian Supermarket Chain Store Co., Ltd.
- Director, Wuxi Yilian Supermarket Co., Ltd.

- Director, Taizhou Yilian Supermarket Co., Ltd.
- Director, Hefei Ailian Supermarket Co., Ltd.
- Director, Changsha Chulian Supermarket Co., Ltd.
- Director, Wuhan Yichu Ailian Supermarket Co., Ltd.
- Director, Guangzhou Lotus Supermarket Chain Store Co., Ltd.
- Director, Shanghai Yilian Supermarket Co., Ltd.
- Director, Shanghai Ailian Supermarket Co., Ltd.
- Director, Shanghai Songlian Supermarket Co., Ltd.
- Director, Wenzhou Yichu Ailian Supermarket Co., Ltd.
- Director, Shanghai Cailian Supermarket Co., Ltd.
- Director, Nantong Tonglian Supermarket Co., Ltd.
- Director, Kunshan Tailian Supermarket Co., Ltd.
- Director, C.P. Zonglian (Shanghai) Management Co., Ltd.
- Director, Guangzhou Lotus Supermarket Chain Store Co., Ltd.
- Director, Beijing Lotus Supermarket Chain Store Co., Ltd.
- Director, Shanghai Changfa Shopping Center Co., Ltd.
- Director, Shanghai Yalian Supermarket Co., Ltd.
- Director, Shanghai Jialian Supermarket Co., Ltd.
- Director, Kunshan Tailian Supermarket Co., Ltd.
- Director, Nantong Tonglian Supermarket Co., Ltd.
- Director, C.P. Lotus Corporate Management Co., Ltd.
- Director, Zhengzhou Lotus Supermarket Chain Store Co., Ltd.
- Director, Foshan Nanhai Huanantong Trading Development Co., Ltd.
- Director, Guangdong Huanantong Trading Development Co., Ltd.
- Director, Foshan C.P. Lotus Management Consulting Co., Ltd.
- Director, Zhanjiang C.P. Lotus Supermarket Co., Ltd.
- Director, Wuhan Lotus Supermarket Chain Store Co., Ltd.
- Director, Shanghai Xinlian Supermarket Co., Ltd.
- Chairman, Yangtze Supermarket Investment Co., Ltd.
- Executive Vice Chairman, CP Lotus Corporation Co., Ltd.
- Executive Vice Chairman, Chia Tai (China) Investment Co., Ltd.
- Director, True Visions Cable Public Co., Ltd.
- Director, Chia Tai Qingdao Holdings (Hong Kong) Co., Ltd.
- Director, Chia Tai Xiangyang Holdings (Hong Kong) Co., Ltd.
- Director, Chia Tai Qingdao Holdings Co., Ltd.
- Director, Chia Tai Xiangyang Holdings Co., Ltd.
- Director, The ICONSIAM Superlux Residences Corporation Limited (formerly Grand River Park Corporation Co., Ltd.)
- Director, The ICONSIAM Residences Corporation Co., Ltd. (formerly Grand River Place Corporation Co., Ltd.)

- Director, The ICONSIAM Co., Ltd.
(formerly Grand River Front Corporation Co., Ltd.)
 - President, CP Corporate University
 - Vice Chairman, Panther Entertainment Co., Ltd.
 - Vice Chairman, Marketing and Distribution Business (Thailand)
 - Vice Chairman, Marketing and Distribution Business (China)
 - Vice Chairman, Real Estate & Land Development Business (China)
 - Vice Chairman, Shanghai Kinghill Co., Ltd.
 - Vice Chairman, SM True Co., Ltd.
 - Senior Executive Assistant to Chairman, Charoen Pokphand Group “Global Talent Recruitment”
 - Chief Executive Officer, Shanghai Litai Logistics Co., Ltd.
 - Governance Committee, Leadership Development Institute
- 1995 - 1997 President, Ex-Chor Distribution (Thailand) Co., Ltd.
1997 - 2002 President, Ex-Chor Trading (Shanghai) Co., Ltd.
2007 - 2010 Director, CP Pokphand Co., Ltd.
2008 - 2010 Director, True Visions Public 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

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 2014 : 5 times out of 6 meetings

(%) shareholding (as at December 30, 2014) : 0.00339

Mr. Prasert Jarupanich

66 years old

Position :

Director

Appointment Date :

March 11, 1999

Experience

Companies Listed on the Stock Exchange of Thailand

Present

- Director, Siam Makro Public Co., Ltd.

Non - listed Companies

Present

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

Education

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

Experiences

- None -

Relationship

- None -

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 2014 : 6 times out of 6 meetings

(%) shareholding (as at December 30, 2014) : - None -

Mr. Pittaya Jearavisitkul

59 years old

Position :

Director and Vice Chairman of Executive Committee

Appointment Date :

March 11, 1999

Experience

Companies Listed on the Stock Exchange of Thailand

Present

- Director, Siam Makro Public Co., Ltd.

Non - listed Companies

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

Education

- Master Degree in Business Administration, Thammasat University
- Bachelor Degree in Economics (1st class Honor), Thammasat University

Relationship

- None -

Training by the Thai Institute of Directors

Association (IOD)

2000 Director Certification Program (DCP)

Attendance at the Board of Directors' Meeting

during 2014 : 6 times out of 6 meetings

(%) shareholding (as at December 30, 2014) : 0.01889

- Included Employee Joint Investment Program (EJIP)

Mr. Piyawat Titasattavorakul

61 years old

Position :

Director and Vice Chairman of Executive Committee

Appointment Date :

March 11, 1999

Experience

Companies Listed on the Stock Exchange of Thailand

Present

- Director, Siam Makro Public Co., Ltd.

1996 - 1998 Vice President - Operation :

C.P. Seven Eleven Public Co., Ltd.

Non - listed Companies

Present

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

Education

- Bachelor Degree in Marketing, Ramkhamhaeng University

Relationship

- None -

Training by the Thai Institute of Directors

Association (IOD)

2001 Director Certification Program (DCP)

Attendance at the Board of Directors' Meeting

during 2014 : 6 times out of 6 meetings

(%) shareholding (as at December 30, 2014) : 0.00157

- Included Employee Joint Investment Program (EJIP)

Mr. Tanin Buranamanit

51 years old

Position :

Director, Member of Executive Committee, Managing Director and Chief Executive Officer

Appointment Date :

April 28, 2010

Experience

Companies Listed on the Stock Exchange of Thailand

2012 Executive Vice President - Marketing, Operation and Human Resource, CP ALL Public Co., Ltd.

2007 Executive Vice President - Marketing and Operation, C.P. Seven Eleven Public Co., Ltd

1999 Vice President - Marketing and Operation, C.P. Seven Eleven Public Co., Ltd

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

Non - listed Companies

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

Education

- Bachelor Degree in Marketing, Thammasat University

Relationship

- None -

Training by the Thai Institute of Directors

Association (IOD)

2010 Director Certification Program (DCP)

Attendance at the Board of Directors' Meeting

during 2014 : 6 times out of 6 meetings

(%) shareholding (as at December 30, 2014) : 0.00309

- Included Employee Joint Investment Program (EJIP)

Mr. Supot Shitgasornpongse

61 years old

Position :

Company Secretary and Vice President - Accounting and Finance

Appointment Date :

August 13, 2008

Experience

Companies Listed on the Stock Exchange of Thailand

1990 - 1997 General Manager, Thailand Fishery Cold Storage Public Co., Ltd. and its subsidiaries

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

Non - listed Companies

Present

- Subcommittee on Tax Revenue, Thai Chamber of Commerce
 - Banknote management Committee, Banknote Management Group, Bank of Thailand
- 2008 - 2011 Member, Accounting Standards Technical Assistance Subcommittee and Member, Accounting Systems Formulation Committee, Federation of Accounting Professions
- 1978 - 1990 Administrative Manager, Hoechst Thai Co., Ltd. and its subsidiaries

Education

- Master of Science in Accounting, Thammasat University
- Bachelor of Accounting (1st Class Honor), Chulalongkorn University

Relationship

- None -

Training by the Thai Institute of Directors

Association (IOD)

- 2003 Company Secretary Program
- 2004 Director Certification Program (DCP)
- 2014 Anti-Corruption: The Practical Guide

(%) shareholding (as at December 30, 2014) : 0.00214

- Included Employee Joint Investment Program (EJIP)

Mr. Kidsada Euapiyachart

62 years old

Position :

Secretary of Audit Committee and Vice President - Internal Audit

Experience

Companies Listed on the Stock Exchange of Thailand

- None -

Non - listed Companies

1988 - 2000 Deputy Manager, Internal Audit, Charoen Pokphand Group Co., Ltd.

Education

- Master Degree in Business Administration, Southeastern University, USA
- Graduate Diploma in Auditing, Chulalongkorn University
- Bachelor Degree in Law, Thammasat University
- Bachelor Degree in Accounting, The University of the Thai Chamber Commerce

Relationship

- None -

Training by the Thai Institute of Directors

Association (IOD)

- 2009 Company Secretary Program
- 2010 Audit Committee Program
- 2014 Anti-Corruption: The Practical Guide

(%) shareholding (as at December 30, 2014) : 0.00043

- Included Employee Joint Investment Program (EJIP)

Mr. Suraphan Pussadej

66 years old

Position :

Senior Assistant Chief Executive Officer - Human Resource

Experience

Companies Listed on the Stock Exchange of Thailand

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)

Non - listed Companies

Present

- Chairman, Kanittapanitt Co., Ltd.
- 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

Relationship

- None -

Training by the Thai Institute of Directors

Association (IOD)

- None -

(%) shareholding (as at December 30, 2014) : 0.00382

- Included Employee Joint Investment Program (EJIP)

Mr. Suwit Kingkaew

65 years old

Position :

Senior Vice President - General Management

Experience

Companies Listed on the Stock Exchange of Thailand

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

Non - listed Companies

- None -

Education

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

Relationship

- None -

Training by the Thai Institute of Directors

Association (IOD)

2005 Director Certification Program (DCP)

(%) shareholding (as at December 30, 2014) : 0.00661

- Included Employee Joint Investment Program (EJIP)

Mr. Chuan Nimkittikul

63 years old

Position :

Senior Vice President - Distribution Center Function

Experience

Companies Listed on the Stock Exchange of Thailand

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

Non - listed Companies

- None -

Education

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

Relationship

- None -

Training by the Thai Institute of Directors

Association (IOD)

2006 Finance for non-finance director
Director Certification Program (DCP)

(%) shareholding (as at December 30, 2014) : 0.00761

- Included Employee Joint Investment Program (EJIP)

Mr. Kosa Pongsupath

63 years old

Position :

Senior Vice President - Information Technology

Experience

Companies Listed on the Stock Exchange of Thailand

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

Non - listed Companies

- None -

Education

- Bachelor Degree in Statistics, Kasetsart University

Relationship

- None -

Training by the Thai Institute of Directors

Association (IOD)

- None -

(%) shareholding (as at December 30, 2014) : 0.00252

- Included Employee Joint Investment Program (EJIP)

Mr. Taweesak Kaewrathtanapattama

58 years old

Position :

Senior Vice President - Accounting and Finance

Experience

Companies Listed on the Stock Exchange of Thailand

- None -

Non - listed Companies

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

Education

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

Relationship

- None -

Training by the Thai Institute of Directors

Association (IOD)

2007 Director Certification Program (DCP)

(%) shareholding (as at December 30, 2014) : 0.00389

- Included Employee Joint Investment Program (EJIP)

Mr. Chairoj Tiwatumcharoen

60 years old

Position :

Senior Vice President - Operation

Experience

Companies Listed on the Stock Exchange of Thailand

2007 - 2013 Vice President, CP ALL Public Co., Ltd.

Non - listed Companies

- None -

Education

- Master of Business Administration (MBA), Sribatum University
- Bachelor of Engineering, Prince of Songkla University

Relationship

- None -

Training by the Thai Institute of Directors

Association (IOD)

- None -

(%) shareholding (as at December 30, 2014) : 0.00476

- Included Employee Joint Investment Program (EJIP)

Mr. Skol Tejasataporn

61 years old

Position :

Senior Vice President - Purchasing

Experience

Companies Listed on the Stock Exchange of Thailand

2007 - 2013 Vice President, CP ALL Public Co., Ltd.

Non - listed Companies

- None -

Education

- Bachelor of Arts in Economics, Thammasat University

Relationship

- None -

Training by the Thai Institute of Directors

Association (IOD)

- None -

(%) shareholding (as at December 30, 2014) : 0.00166

- Included Employee Joint Investment Program (EJIP)

Mr. Vichien Chuengviroj

59 years old

Position :

Senior Vice President - Corporate Asset and Facilities Management

Experience

Companies Listed on the Stock Exchange of Thailand

- None -

Non - listed Companies

- None -

Education

- Master of Business Administration (MBA) - Marketing, National Institute of Development Administration (NIDA)

Relationship

- None -

Training by the Thai Institute of Directors

Association (IOD)

- None -

(%) shareholding (as at December 30, 2014) : 0.00054

- Included Employee Joint Investment Program (EJIP)

BUSINESS OVERVIEW

Policy and Overview of Business Operations

CP ALL Plc. (“the Company”) was established in 1988 by the Charoen Pokphan Group to operate the convenience store business in Thailand under “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. Furthermore, the Company operates other related businesses such as bill payment collection service (“Counter Service Co., Ltd.”), manufacturing and sale of convenience food and bakery products (“CPRAM 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. and in 2013, CPALL acquired Siam Makro Public Company Limited (“Makro”) operating membership based Cash and Carry trade centers in Thailand.

Policy and Company Direction

The Company has strategies to build sustainable growth and profits, to create value-added products and services for customers and society through quality and effective work processes, and to support a learning culture and development of employees through the corporate philosophy, vision and mission as follows:

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.

With regards to 7-Eleven store expansion, the Company has plans to further open approximately 600 new stores annually, with the milestone of 10,000 stores in 2018. With the strategy of being the convenience food store of Thais, emphasis will be placed on ready-to-eat foods that are fresh, clean and safe and developing new products with business partners to offer a variety of new products that are available only in 7-Eleven stores. At the end of the year 2014, the Company had a total of 8,127 stores nationwide. Of the total, 3,648 stores are in Bangkok and its vicinities (45 percent) and 4,479 stores are in provincial areas (55 percent). According to type of store, there are 3,570 corporate stores (44 percent), 3,916 franchise stores (48 percent), and 641 sub-area license stores (8 percent). Presently, an average of 9.7 million customers visits 7-Eleven stores each day.

In 2014, the Company expanded another 698 new stores both as stand-alone stores and stores located in PTT gas stations to reach more target customers both in Bangkok and its vicinities and provincial areas. At the end of 2014, the Company had 6,986 stand-alone stores (86 percent) and 1,141 stores in PTT gas stations (14 percent).

Significant Changes and Developments

In 2013, CPALL acquired the business of Makro with shareholding of 97.88 percent. Sources of fund to acquire Makro came from internal cash flow from operation and borrowings of financial institutions. Regarding of the loans, the Company effectively managed financial obligations to reduce financing charges and risks of interest rate change. In 2014, to repay loans from banks, CPALL continued to issue Baht bond following the first issuance of Baht 50,000 million in 2013 as follows:

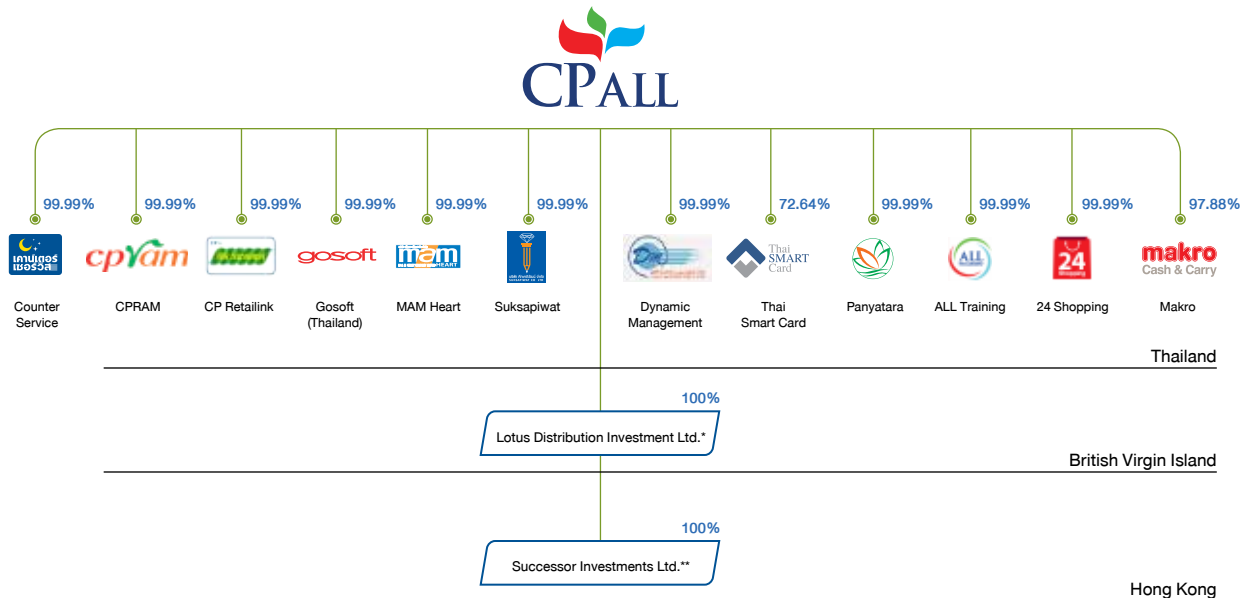
- No. 1/2014 in the amount of Baht 40,000 million,
 - No. 2/2014 in the amount of Baht 40,000 million and
 - No. 3/2014 in the amount of Baht 10,000 million
- and they were successfully subscribed by both retail and institution investors.

Group Structure of CP ALL Public Company Limited

As at December 31, 2014

The Company became a public company limited registration number 0107542000011 on March 12, 1999. As at December 30, 2014, the Charoen Pokphand Group held 41.65 percent of the Company's paid-up capital.

As at December 31, 2014, the group structure of the Company was 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

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 convenience food and bakery products

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
- 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

2010

- 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 Lamphoon
- Changed the name “Panyapiwat Techno Business School” to “Panyapiwat Technological College” effective from January 4, 2012 onwards.
- 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

2013

- Celebrated the 7,000th 7-Eleven store in Thailand
- Acquired Siam Makro Public Company Limited, membership based Cash & Carry trade centers
- Achieved an inaugural bond issuance of Baht 50,000 million, the biggest issuing size of Thailand corporate bond
- Recognized by Forbes Asia Magazine as one of the 50 best biggest listed companies in the Asia Pacific Region in 2013 (Asia's Fab 50 Companies) for the third time consecutively
- Awarded the Top Corporate Brands 2013 in the service sector in Thailand by Marketing program, Chulalongkorn University's Faculty of Commerce and Accountancy, for the third time consecutively
- Awarded Best-of-the-Best Retailers 2013, Asia Pacific, presented by Retail Asia Magazine in partnership with Euromonitor International and KPMG
- Received the CEO Econmass Award 2013 organized by The Economic Reporters Association

2014

- Reached 8,000 stores of 7-Eleven
- Successfully issued Baht bond no. 1, 2 and 3/2014 totaling Baht 90,000 million to retail and institutional investors
- Established Twenty Four Shopping Co., Ltd, operating on-line business
- Recognized by Forbes Asia Magazine as one of the 50 best biggest listed companies in the Asia Pacific Region in 2014 (Asia's Fab 50 Companies) for the fourth time consecutively
- Recognized by Forbes Magazine as the only company in Thailand to be ranked no. 8 out of 100 on the Forbes World's Most Innovative Companies 2014 and ranked no. 2 in Asia
- Awarded the Top Corporate Brands 2014 in the service sector in Thailand by Marketing program, Chulalongkorn University's Faculty of Commerce and Accountancy, for the fourth time consecutively
- Inaugurated the 16-storey building "CPALL Academy", Tara Park, Chaengwattana

NATURE OF BUSINESS

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 "Key Financial Information" section.)

Groups of Business	2012*		2013*		2014*	
	Million Baht	%	Million Baht	%	Million Baht	%
Convenience Store (7-Eleven)	184,799	92	217,495	71	228,996	58
Cash and Carry (Makro) ¹	-	-	66,726	22	142,537	36
Other Businesses ²	16,812	8	20,077	7	24,593	6
Total net Sales and Service Income	201,611	100	304,298	100	396,126	100

* Data before elimination

¹ The Company acquired the business of Makro during 2013. Therefore, Makro's performance has been recorded from July - December 2013.

In 2014, the Company recorded Makro's performance for the period of 12 months.

² Consists of CPRAM convenience food 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.

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 2014, there were 7-Eleven stores with a total of 8,127 outlets.

Types of 7-Eleven Stores

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

(Unit : stores)	2011	2012	2013	2014	No. of new store openings in 2014
Corporate Stores	2,926	2,984	3,248	3,570	322
Franchise Stores	2,884	3,320	3,593	3,916	323
Sub-Area License Stores	466	518	588	641	53
Total	6,276	6,822	7,429	8,127	698

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

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

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

Product Mix of 7-Eleven

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

Products of the Company are categorized into the following 2 major groups: Foods & Beverage accounting for 72 percent and non-food products excluding phone card accounting for 28 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 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 9.7 million customers nationwide per day purchased products and services from 7-Eleven stores in 2014 increasing from 9.2 million customers nationwide per day in 2013.

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 2014, many factors had an impact on economic growth, consumer income and purchasing power. These included political problems which affected purchasing power and consumer confidence; expenses and debt obligations especially in the property and automobile sector; the slowdown in the manufacturing and export sectors following the economic conditions of trading partners; low prices of agricultural products in line with world market prices; and the slowdown in tourism. All of the abovementioned factors caused consumers to slow down and be more cautious with spending.

Despite the economic slowdown, the retail business continued to expand in all formats even though the growth rate was lower compared to that of the previous year. The overall retail sector grew 3-4 percent, while the convenience store business posted better growth than other retail formats. This expansion is due to ability to assort products and services in line with economic conditions and the changing demands and lifestyle of consumers. Another supporting factor for convenience store expansion is the stores' ability to reach communities and customers easily, such as having ready-to-eat food products that are varied, clean, convenient, and in size appropriate with smaller households, childless couples and people living alone. Ready-to-eat food products have high growth opportunity and increased purchasing frequency since consumers do not want to stock lots of products at home due to lower purchasing power, limited size of living quarters such as commercial buildings and condominiums, urban lifestyle, and worsening traffic problems. Consumer behavior and demands have given greater importance to convenience and speed. As a result, small modern retail stores located close to home have become an important alternative. It was found that food products continued to experience good growth as they are a basic necessity whereas luxury products experienced a slowdown.

In 2015, it is expected that the retail industry will expand around 7-10 percent, more than in 2014. Supporting factors for overall retail industry growth include the political situation which has returned to normal; approval of large investment projects such as the sky train project, Pattaya – Map Ta Phut Highway Project, and Cross-Border Economic Development Zone Project which has resulted in retail expansion in the provinces, secondary cities and border towns; and reduced fuel prices which have lowered consumer expenses and business costs especially those related to transportation costs.

The challenge and competitiveness of retail operators in 2015 lies on their ability to understand consumers, ability to adapt to be able to reach consumers, and ability to satisfy consumer demands perfectly and swiftly. Retailers have invested to improve existing stores to be more modern as well as developed store format to offer one-stop service. In addition, they have developed new channels for customers to have easy access to products and services and convenience in payment such as e-Commerce, Drive Thru, and e-Payment. Retail operators have also developed differentiated communication and marketing strategies through the use of technology and social network which currently have a greater influence on consumers.

7-Eleven continues to focus on being a convenience food store, emphasizing ready-to-eat food products and consumer products necessary for daily life. At the same time, it continues to give importance to various sales promotion strategies in order to attract customers. These strategies include creating loyalty and continuous purchasing through membership cards, increasing purchasing channels through the internet, and developing communication channels through social network and mobile application to provide convenience to consumers in accessing information, products and services via modern devices which answer to their modern lifestyle in performing various activities through technology.

In 2014, the number of retail stores in the form of chain convenience stores increased 846 stores. Out of this total, 698 stores came from the expansion of 7-Eleven stores.

Number of Convenience Stores, both in Communities and in Gas Stations

(Unit : stores)	2011	2012	2013	2014
Stand Alone Convenience Stores	9,773	9,526	10,404	11,153
• 7-Eleven Stores	5,350	5,842	6,373	6,986
• Others	4,423	3,684	4,031	4,167
Convenience Stores in Gas Stations	2,135	1,988	2,062	2,159
• 7-Eleven Stores	926	980	1,056	1,141
• Others	1,209	1,008	1,006	1,018
Total Convenience Stores	11,908	11,514	12,466	13,312

Remark : Convenience outlets in chain store format
 Source : Compilation by CP All Plc.

Business Strategy and Direction

Under the theme “Together” We “Grow” “Forever” of the overall strategy that the Company has set in 2014, the Company has focused on improving and developing internal management to be more effective in terms of cost management and easy, fast, and quality work procedures. Furthermore, the Company has adopted a customer-centric approach and emphasizes systematic thinking, teamwork, decision-making based on information and facts, and giving value to stakeholders in every business aspect.

The Company has continuously developed various strategies for appropriate deployment as follows:

1. “Together” through Creating Networks and Business Alliances for Cooperation and Further Business Advancement

The major challenges in operating businesses nowadays are competition and the ever-changing demands of consumers. As a result, the way of working has to change to forming alliances, cooperation and working as a team. The Company has partnered with manufacturers and the government, private and education sectors in search of know-how and best practices from around the world, especially from 7-Eleven networks, as guide in advancing its business and developing innovations. Customer demands are taken into consideration, analyzed,

and used to find market opportunities. The Company also develops work plans with its business partners in order to continuously develop new products and services.

The Company recognizes the importance of innovation to sustainable growth, both at the Company and country level, and has partnered with 11 government and private organizations to support development of innovation. The National Science Technology and Innovation Policy Office (STI), the National Science and Technology Development Agency (NSTDA), the National Innovation Agency (NIA), the Federation of Thai Industries (FTI), the Stock Exchange of Thailand (SET), the Office of the Permanent Secretary of the Ministry of Science and Technology, the Thai Chamber of Commerce and the Board of Trade of Thailand (TCC & BoT), the Thai Bankers' Association (TBA), the Office of Small and Medium Enterprises Promotion, the Thai Business Incubators and Science Parks Association (Thai-BISPA), and CP All Public Company Limited have joined to propel the "Collaboration to Drive Innovations for the Country Project", both at the policy and implementation level. The innovations and researches can be tested with actual consumers in the real market through the 7 Innovation Awards 2015, which has been organized for the second consecutive year. The 7 Innovation Awards offers an opportunity for SME operators to have a channel and market to test their new ideas with customers in a correct, widespread and appropriate manner through the Company's various distribution channels.

The Company places importance on building networks and business alliances in order to create understanding, cooperation and business advancement. The Advanced Retail Management Program has an aim to share knowledge, way of thinking, and retail management strategies from the real experiences of the Company's executives to other interested operators or executives in various businesses so that they may adapt the concepts to their business. In addition, the program provides opportunities to create partnerships among different businesses which will be beneficial to future business. The program was first initiated in 2008 and the number of seminars has increased each year. At the end of 2014, the seminars have been organized a total of 19 times.

2. "Grow" through New Developments; Increasing Revenue from Existing and New Stores; and Development of More Effective Work Processes Reducing Losses

2.1 Store Expansion and Product Assortment 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 400-550 stores per year. In 2014, the Company opened 698 new stores in order to cover and cater to the greatest number of consumers. There has been increasing store expansion in the secondary cities in the provinces and border towns in support of the establishment of the ASEAN Economic Community (AEC).

Even though competition in expansion of small retail stores has intensified, the Company has found that the Thai retail industry still has opportunity for growth and continued store expansion in communities. In addition, the government policy to support investment in infrastructure in Bangkok, its vicinities and

rural areas is another factor supporting store rollout to cover secondary cities in the provinces to better reach target customers. Currently, the proportion of stores in the provinces is 55 percent, covering 85 percent of districts countrywide.

Presently, the Company's stores cover all provinces nationwide with a target to reach 10,000 stores in 2018. Not only does the Company give importance to increasing the number of stores, but also on the quality, growth and sustainability of the new stores. Thus, information on changes in demographics is crucial to planning store expansion, assortment and development of products and services to be in line with changing lifestyles. The Company has given increasing priority to develop stores in gas stations and stand-alone stores in response to expanding city boundaries. These stores must cater to the behavior of consumers who are increasingly using personal vehicles and must have appropriate parking space. Meanwhile, smaller families with approximately 3 members per household translate into greater purchase of ready-to-eat foods and smaller buying volume. Consequently, the Company has developed products with size suitable for smaller families and offering greater convenience, including ready-to-eat foods and consumer products.

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

Today, customers have many spending choices and give greater consideration before purchasing products. The Company has given importance to studying the behavior and lifestyle of each consumer group in order to monitor demographic changes of target customers. This is used for planning and adapting strategies in the assortment and development of products and services that have potential to respond to the changes in a timely manner, in line with the changing lifestyle of customers in each area.

The Company believes that price competition strategy cannot attract customers sustainably. Consumers still require convenience and speed; new and differentiated products and services; enjoyment in selecting and buying products; as well as connectivity with technology and mobile phones which now play a greater role in daily life.

Thus, the Company has emphasized creating differentiation through product development with Team Merchandising. Information from research and advice from experts are used to ensure that the new products and services meet customers' demands, are of high quality, and are different from those offered by competitors. The FBO (First Best Only) approach is utilized in product assortment and development, meaning First launched in 7-Eleven stores, Best quality selected, and Only available at 7-Eleven stores including products developed under the 7-Eleven brand, namely 7-fresh and 7-select and 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.

In addition, the Company has jointly developed products with manufacturers to ensure quality products with size and price suited for the economic conditions and the purchasing power of target customers. The Company has also created newness, differentiation, and spending atmosphere through sales promotion activities with manufacturers to help ease the burden of consumers and increase enjoyment in shopping. This has continuously stimulated sales and the number of customers entering the stores. Examples of sales promotion activities include stamp collection and discount coupons via mobile applications.

2.3 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 differentiate itself from competitors and increase purchasing frequency and value. The Company strives to develop and increase the proportion of food and beverage products to be able to satisfy the demands of daily life, both main meals and snacks. Emphasis is placed on developing menus that are varied and delicious, with appropriate prices, especially ready-to-eat food products which currently account for more than 20 percent. New menus are constantly launched to increase product variety. At the same time, consumer convenience has been increased through growing the number of stores selling ready-to-eat meals. At the end of 2014, over 4,000 stores sold chilled ready-to-eat meals.

With regards to middle-income consumers who now pay more attention to their health and beauty, the Company sees an opportunity to generate increased revenue and has assorted and developed products which cater to their demands, especially those in the food and beverage category such as vegetarian menus and ready-to-eat vegetables and fruits. Moreover, in response to convenience and speed in consumers' current lifestyle, a wide array of food and dessert menus have been developed. The group that has gained popularity include Japanese rice balls, egg menus, desserts, and All Café fresh coffee.

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 gives great importance to food safety. The Company selects and monitors manufacturers with acceptable standards and provides knowledge on improving manufacturing quality standards. Store employees are trained on good management of products, especially those in the food category. In addition, random inspection of foods and beverages guarantees quality and makes employees more aware of food safety.

2.4 Increasing Access to the Company's Products and Services through Existing and New Businesses

Fierce competition has led to development of products and services and 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 business networks. These include 7-Catalog (ordering products from catalog magazines), Counter Service (a bill payment service), and enlarging 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), eXta (health and beauty products), and All Café (fresh coffee corner).

The Company has never ceased to search for new innovations 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 to provide greater convenience to customers in line with their lifestyles. In 2014, the Company joined with e-commerce businesses such as Thai Groupon and ZALORA to collect their products at 7-Eleven stores.

In addition, to satisfy new-age consumers who increasingly use technology for convenience, speed, information and decision-making in purchasing products, the Company has studied and developed new channels to offer greater convenience to customers in accessing the Company's products and services. The Company has established 24 Shopping Company Limited to engage in e-commerce. It has also developed 7-Eleven Thailand facebook and 7-Eleven TH application to communicate information and receive feedback from consumers.

2.5 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, including reduce overlap of work processes through the Process Excellence Award Project, create greater effectiveness and reduce time and cost, which will enable focus on new developments to cater to the needs of customers.

3. “Forever” through Preparedness in terms of Employees; Increasing Acceptance from Customers, Society and Communities; and Organizational Development for Sustainability through Innovation

3.1 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. Committed to creating innovation, 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 further innovation within the organization.

The Company promotes education and human resource development through the bilateral education system or work-based learning, which was developed in cooperation with the Office of Vocational Education. This eventually led to the establishment of Panyapiwat Technological College to provide vocational education. The education level and accessibility was further expanded through the establishment of learning centers in Bangkok and its vicinities and in the provinces. 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 Doctor’s degree programs. The Company recognizes the importance of cooperation with the education sector in developing retail management programs to be abreast of consumer changes and new businesses in order to build retail personnel who are able to effectively respond to changes.

3.2 Increasing Acceptance and Trust from Customers, Partners and Society

The Company gives importance to the opinions, satisfaction and feedback of different stakeholders which is beneficial in analyzing opportunities for operational improvements according to the expectations of stakeholders, leading to strong business ties and long-term growth. Thus, the Company has commissioned projects to study the opinions and satisfaction of stakeholders annually. These include the Customer Satisfaction and Engagement Study; Franchisee Engagement Index; CP All and Franchisee Employee Engagement Survey; and Survey of Stakeholders towards the Corporate Social Responsibility of CP All.

In addition, the Company recognizes the importance of the joint existence and growth of modern and traditional retail operators as well as promoting SME growth alongside the Thai economy and retail business. In this connection, the Company has provided various kinds of support including providing knowledge; helping improve quality and standards; organizing seminars under the topic “Strategies for

Sustainable Retail Businesses” in cooperation with the Department of Internal Trade both in Bangkok and the provinces for 7 consecutive years totaling 24 times; opening opportunities for quality SME products that are popular among the public to be distributed in 7-Eleven stores; and continuously increasing the ratio of SME products in 7-Eleven stores.

3.3 Organizational Development for Sustainability through Innovation

Creating innovation is the heart of developing new businesses, products and services to achieve competitive advantage and sustainable business growth. As a result, the Company has a project to promote an innovation culture in the organization to stimulate thinking out of the box and creative ideas in terms of product innovation, process innovation, service innovation and business model innovation. Besides building an innovation culture, 7-Eleven provides importance on building networks and business alliances, cooperation and teamwork with the manufacturing sector, education sector, government sector, business operators both in the same and different industries, and communities in order to create innovation and value added.

Delivery of Products and Services

The Company strives to continuously develop its value chain to deliver the best to customers. Apart from proper product selection to serve customers’ demand under store assortment and store development as a direct contact with customers, the area of product distribution is an important part of the value chain. With continuous developments, the Company has expanded the number of distribution centers in strategic areas in order to accommodate new store expansion and distribute products efficiently and effectively. In 2014, the Company had 6 main distribution centers for dry products and chilled-temperature controlled products. In 2015, the Company plans to build another regional distribution center in Chonburi Province.

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.

Cash and Carry Business

Types of Products or Services

Siam Makro Public Company Limited is the operator of membership based Cash and Carry Trade Centres, registered under the name of “Makro”, throughout Thailand. Makro is committed to be 1st choice supplier to professional food business operators and to enhance satisfaction for core customers through various projects and activities for customer development. As a result, Makro currently has more than 2.6 million memberships. In addition,

Makro continually develops products and services to truly meet the demands of retailers and professional food business operators. Furthermore, Makro has organized activities to help small retailers to be able to grow and be competitive in the current challenging environment under the campaign “Makro Retailer Alliance (MRA)”, “Food Retailer Day”, “Retail Expo” and “Makro Horeca”. In addition, Makro has implemented other development projects for strengthening and sustainability of its business.

Makro Stores

At the end of 2014, Makro had a total of 77 stores, an increase of 13 stores. All Makro stores have been designed to serve customers who are business operators, with average selling space of 1,000 - 12,000 square meters per store depending on business potential and core customers of each store. The majority area is allocated for varied food products and is appropriately positioned according to the demands of core customers. A new store format called “Makro Food Service” has been introduced to especially cater to HoReCa (Hotel, Restaurant and Catering) operators and foodservice operators in tourist areas.

Nature of Customers

Currently, Makro’s core customer groups consist of:

Retailers : Retail operators selling consumer products that are scattered across the country, including grocery stores, minimarts and stationery stores

HoReCa : Operators of Hotels, Restaurants and Catering, including small restaurants, food stalls, and food carts. Most are small and medium sized operators that sell a variety of foods

Service businesses : Government agencies and various professional businesses including companies, government organizations, schools, beauty parlors, printing houses, laundry shops, and operators in the service sector

Future Business Plan

Makro conducts a strategic plan for both short and long term with the main objectives to enhance business potentials in Thailand to grow sustainably including look for business opportunity in ASEAN region towards being the 1st choice supplier in ASEAN to professional food business operators.

Please see additional details in Form 56-1 of Siam Makro Public Company Limited under Nature of Business.

RISK FACTORS

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 26 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.

Risk from Distribution Center Error or Problem

Most of the products sold in more than 8,000 7-Eleven stores nationwide are delivered via the Company’s distribution centers, with more than two thousand manufacturers and suppliers delivering their products to the distribution centers according to the given delivery date. Therefore, the distribution centers play a vital role in 7-Eleven’s business in distributing products to stores across the country in a correct, complete and timely manner. Errors or problems at the distribution center due to floods, fire, communication system and information technology failure, severe accidents, or any force majeure from the supply chain system from the manufacturer to delivery at the stores, will have an adverse impact on the sales of all 7-Eleven stores and business opportunity, and may negatively affect the Company’s operating performance.

The Company's Risk Management

The Company has set a strategy to increase the construction of distribution centers in safe areas, scattered in the vicinities and provinces throughout the country, in order to reduce risk and support store expansion in the future.

From the above mentioned strategy, all of the Company's distribution centers are able to effectively support one another across the country in case any distribution center experiences disruptions to serve the stores and provide products to customers unceasingly

The Company has prepared and practiced the Incident Action Plan to deal with various crises such as flooding, riots, fire, and blackouts. 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. Business Continuity Management (BCM) includes 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. In the case of the worst crisis, the Company has appropriately bought insurance to compensate for loss, covering 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. Delivery errors of both manufacturers and suppliers may also negatively affect the Company's sales volume.

Risk from Information Technology Error or Problem

The Company has invested in important information technology systems, comparable to the brain of the business, for ordering and communicating to all units in the supply chain to effectively deliver excellent services and create smiles for more than 9.7 million people per day. These systems include the store point of sale system, Call Center, and ordering and delivery system. Therefore, an error or problem in the information technology systems will affect the business operations and ability to serve customers at 7-Eleven stores 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 in one of the centers and ensure that in case of the worst unexpected situation happening to one of the IT centers, the IT system will be able to work as normal within an hour. In addition, the Company has a team of experts to prevent against fire and flood in line with international standards. The Company also regularly reviews its Business Continuity Management with regards to information technology for continued development in this area. Furthermore, apart from regular check up by the internal audit team, an external audit company tests on the IT system annually for the highest assurance of the Company's information technology system.

Risk from Controlling Influence of the Charoen Pokphand Group

The Charoen Pokphand Group has direct and indirect control over the Company. In the Consent Agreement with 7-Eleven, Inc., CPG agrees to maintain its minimum shareholding ratio as well as its power to appoint and control the majority of the Company's directors. As at December 30, 2014, companies in the Charoen Pokphand Group continue to hold an aggregate 41.65 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.

Risks from Laws and Government Policies

The Company manages the convenience store business and various supporting businesses under the CP All Group in Thailand. Its management is transparent and has always strictly complied with the government laws and policies such as the Consumer Protection Act, Price Control Act, Food and Drug Act, labor laws, and other by-laws of each locality. The government or government agencies may change laws, rules and regulations to benefit competitors and stakeholders more. This may materially affect the Company's strategy, goals, and business plan and the Company's performance may not achieve the set goals.

The Company's Risk Management

The Company has conducted business with all stakeholder groups according to the principles of good corporate governance. The Social Acceptance Committee is responsible for monitoring that the Company operates its business with all stakeholder groups honestly and transparently in line with the principles of good corporate governance. Therefore, if there is any change in the laws relating to the business, the Company will be able to promptly adjust to the situation and control the impact to be at acceptable levels according to the organization's risk management.

In addition, the Company has established working groups and units to look after different stakeholder groups. These include the Product Liability Committee to look after the benefits of consumers and franchisees, social activities, nearby community and the Call Center to provide advice and assistance regarding the Company's activities in a systemic and timely manner, 24 hours.

Financial Risk from High Leverage Ratio

As at 31 December 2014, the Company had total liabilities of Baht 291,352 million with net interest bearing debts of Baht 166,276 million and net debt to equity ratio of 4.7 times.

The Company's Risk Management

The Company plans to continuously reduce leverage ratio from using internal cash flow from operation to repay loans; thus, such ratio tends to be lower. In addition, debt covenants of CPALL bonds are stipulated as follows:

- as at December 31, 2015, net debt to equity not more than 5:1,
- as at December 31, 2016, net debt to equity not more than 3.5:1,
- as at December 31, 2017, net debt to equity not more than 2.5:1,
- as at December 31, 2018 and onwards, net debt to equity not more than 2:1.

GENERAL INFORMATION AND OTHER INFORMATION

General Information

(1) General Information of CP All Public Company Limited:

CP All Public Company Limited (“the Company”) is operating convenience stores under the “7-Eleven” trademark as a main business. The symbol of the Company’s stock that trading in the Stock Exchange of Thailand is “CPALL”. The Company has registered as a Public Limited Company since March 12, 1998 and its registration number is 0107542000011.

As at December 31, 2014, the Company has registered capital 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.

Company Head Office is located at

283 Silom Road, Silom Sub-district, Bangrak District,
Bangkok, Thailand 10500

Telephone : 0 2677 9000
Fax : 0 2679 0050
Homepage : www.cpall.co.th

(2) Information of Subsidiaries that held by the Company more than 10% of total issued shares

1. Counter Service Co., Ltd.

Type of business : Bill payment collection and life insurance and non-life insurance broker
Registration number : 0105537086432
Head office : 119 Tara Sathorn Tower Floor 4-6th Soi Sathorn 5, South Sathorn Road, Thungmahamek, Sathorn, Bangkok 10120, Thailand
Homepage : www.counterservice.co.th
Shareholding : 99.99%
Paid up capital : Baht 70 million
Par value : Baht 10 per share

2. CPRAM Co., Ltd. (formerly “C.P. Retailing and Marketing Co., Ltd.”)

Type of business : Manufacturing and sale of convenience foods and bakery
Registration number : 0105531097556
Head office : 177 Moo 4, Pathum Thane-Lat Lumkaew Road, Raheang, Lat-Lumkaew, Pathum Thane
Homepage : www.cpram.co.th
Shareholding : 99.99%
Paid up capital : Baht 600 million
Par value : Baht 10 per share

3. CP Retailink Co., Ltd. (formerly “Retailink (Thailand) Co., Ltd.”)

Type of business : Sale and maintenance of retail equipment
Registration number : 0105538139521
Head office : 159/30 Moo 3, Vibhavadee-Rangsit Road, Kwang Tarad- BangKhen, Khet Laksi, Bangkok
Homepage : www.cpretailink.co.th
Shareholding : 99.99%
Paid up capital : Baht 20 million
Par value : Baht 10 per share

4. Gosoft (Thailand) Co., Ltd.

Type of business : Information technology services
Registration number : 0105546003978
Head office : 1 Siwadol Building 7th Floor, Convent Road, Silom, Bangrak, Bangkok
Homepage : www.gosoft.co.th
Shareholding : 99.99%
Paid up capital : Baht 20 million
Par value : Baht 10 per share

5. MAM Heart Co., Ltd.

Type of business : Marketing and advertising services
Registration number : 0105546015593
Head office : 313 C.P. Tower 26th Floor, Silom Road, Silom, Bangrak, Bangkok
Homepage : None
Shareholding : 99.99%
Paid up capital : Baht 1 million
Par value : Baht 10 per share

6. Dynamic Management Co., Ltd.

Type of business : Logistics services and distribution of merchandise services
Registration number : 0105546069812
Head office : 119 Tara Sathorn Tower 8th Floor, South Sathorn Road, Thungmahamek, Sathorn, Bangkok
Homepage : None
Shareholding : 99.99%
Paid up capital : Baht 2 million
Par value : Baht 10 per share

7. Suksapiwat Co., Ltd.

Type of business	: Educational institution
Registration number	: 0105547012156
Head office	: 20/29 Moo 2, Ngamwongwan Road, Bangkhen, Muang Nonthaburi, Nonthaburi
Homepage	: None
Shareholding	: 99.99%
Paid up capital	: Baht 810 million
Par value	: Baht 10 per share

8. Panyatara Co., Ltd.

Type of business	: Training services
Registration number	: 0125549008181
Head office	: 58/5 Moo 2, Changwattana Road, Bang Talad, Pakkret, Nonthaburi
Homepage	: www.panyatara.co.th
Shareholding	: 99.99%
Paid up capital	: Baht 1 million
Par value	: Baht 10 per share

9. Thai Smart Card Co., Ltd.

Type of business	: Payment of products and services through smart card
Registration number	: 0105544095999
Head office	: 191 Silom Complex 27 th Floor Suite 2, Silom Road, Silom, Bangrak, Bangkok
Homepage	: www.thaismartcard.co.th
Shareholding	: 72.64%
Paid up capital	: Baht 1,600 million
Par value	: Baht 10 per share

10. Panyapiwat Institute of Management

Type of business	: Educational institution
License number	: 4/2550
Head office	: 85/1 Moo 2, Changwattana Road, Bang Talad, Pakkret, Nonthaburi
Homepage	: www.pim.ac.th
Shareholding	: 99.99%
Capital	: Baht 500 million

11. Panyapiwat Technological College

Type of business	: Educational institution
Registration number	: 326
Head office	: 20/29 Moo 2, Ngamwongwan Road, Bangkhen, Muang Nonthaburi, Nonthaburi
Homepage	: www.panyapiwat.ac.th
Shareholding	: 99.99%
Capital	: Baht 273 million

12. True GS Co., Ltd.

Type of business	: Online business
Registration number	: 0105554069842
Head office	: 18 True Tower, Ratchadapisek Road, Huay Kwang, Bangkok
Homepage	: None
Shareholding	: 10.0%
Paid up capital	: Baht 240 million
Par value	: Baht 100 per share

13. All Training Co., Ltd.

Type of business	: Training & seminar services
Registration number	: 0125555006666
Head office	: 58/5 Moo 2, Changwattana Road, Bang Talad, Pakkret, Nonthaburi
Homepage	: None
Shareholding	: 99.99%
Paid up capital	: Baht 1 million
Par value	: Baht 10 per share

14. All Corporation Co., Ltd.

Type of business	: Investment business
Registration number	: 0105556063400
Head office	: 119 Tara Sathorn Tower 8 th Floor, South Sathorn Road, Thungmahamek, Sathorn, Bangkok
Homepage	: None
Shareholding	: 99.99%
Paid up capital	: Baht 12.5 million
Par value	: Baht 10 per share

15. OHT Co., Ltd

Type of business	: Investment business
Registration number	: 0105542017311
Head office	: 119 Tara Sathorn Tower 8 th Floor, South Sathorn Road, Thungmahamek, Sathorn, Bangkok
Homepage	: None
Shareholding	: 99.99%
Paid up capital	: Baht 12.5 million
Par value	: Baht 100 per share

16. Siam Makro Holding (Thailand) Ltd.

Type of business	: Investment business
Registration number	: 0105544077206
Head office	: 119 Tara Sathorn Tower 8 th Floor, South Sathorn Road, Thungmahamek, Sathorn, Bangkok
Homepage	: None
Shareholding	: 99.99%
Paid up capital	: Baht 1,066 million
Par value	: Baht 100 per share

17. Siam Makro Public Company Limited

Type of business	: Cash and Carry business
Registration number	: 0107537000521
Head office	: 3498 2 nd Floor, Lardprao Road, Klongchan, Bangkok, Bangkok
Homepage	: www.siammakro.co.th
Shareholding	: 97.88%
Paid up capital	: Baht 2,400 million
Par value	: Baht 0.50 per share

18. Lotus Distribution Investment Limited

Type of business	: Investment business
Registration number	: 297897
Head office	: P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands
Homepage	: None
Shareholding	: 100%
Paid up capital	: USD 116.2 million

19. Successor Investments Limited

Type of business : Investment business
Registration number : 1452125
Head office : 21/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Homepage : None
Shareholding : 100%
Paid up capital : HKD 1

20. Nanjing Zheng Yi Xin Trading Co., Ltd.

Type of business : Commercial Trading
Registration number : 320100400049729
Head office : 44 Shui Zuo Gang, Gulou District, Nanjing City, PRC
Homepage : None
Shareholding : 100%
Paid up capital : USD 10 million

21. Successor (China) Investments Limited

Type of business : Investment business
Registration number : 320100400051263
Head office : Movie&TV City, Shiqiu Town, Lishui County, Nanjing City, PRC
Homepage : None
Shareholding : 100%
Paid up capital : USD 50 million

22. Albuera International Limited

Type of business : Investment business
Registration number : 1719885
Head office : P.O.Box 957, Offshore Incorporations Centre, Road Town, Tortola,
British Virgin Islands
Homepage : None
Shareholding : 100%
Paid up capital : USD 1

23. Siam Food Services Limited

Type of business : Commercial Trading
Registration number : 0105527032739
Head office : 2439 Old Paknam Railway Road, Prakhong, Klongtoey, Bangkok
Homepage : www.siamfoodservices.com
Shareholding : 97.88%
Paid up capital : Baht 45 million
Par value : Baht 100 per share

24. Vina Siam Food Co., Ltd.

Type of business : Commercial Trading
Registration number : 411043002045
Head office : 56 Pham Ngoc Thach Street, Ward 6, District 3, Ho Chi Minh City, Vietnam
Homepage : www.vinasiamfood.com.vn
Shareholding : 97.88%
Paid up capital : USD 1.5 million

25. Twenty Four Shopping Co., Ltd.

Type of business : Catalog and e-Commerce Business
Registration number : 0105557000380
Head office : 119 Tara Sathorn Building, 9-10th Floor, South Sathorn Road, Tungmahamek, Sathorn, Bangkok
Homepage : <http://24shopping.co.th>
Shareholding : 99.99%
Paid up capital : Baht 30 million

26. Nanjing Tianqu Investment Management Co., Ltd.

Type of business : Investment Business
Registration number : 310115001767940
Head office : Movie & TV City, Shiqiu Town, Lishui County, Nanjing City, PRC
Homepage : None
Shareholding : 100%
Paid up capital : Renminbi 250 million

27. Nanjing Tech University Pujiang Institute

Type of business : Education Business
Registration number : Su Min Zheng Zi No. 010192
Head office : No. 96 Tangfeng Road, Shangfeng Town, Jiangning District, Nanjing City, PRC
Homepage : <http://en.njpji.cn>
Shareholding : 100%
Paid up capital : Renminbi 50 million

28. Makro ROH Co., Ltd.

Type of business : Technical Advice and Supporting Service of the Group
Registration number : 0105557153364
Head office : 3498 2nd Floor, Ladprao Road, Hua Mak, Bangkapi, Bangkok
Homepage : None
Shareholding : 97.88%
Paid up capital : Baht 31.25 million

(3) Other references**Registrar**

Thailand Securities Depository Co., Ltd.
The Stock Exchange of Thailand Building
62 Rachadapisek Road, Klongtoey, Bangkok 10110
Telephone : 0 2229 2888 (Call Center)
Website : www.tsd.co.th

Auditor

Charoen Phosamritlert
Certified Public Accountant Registration No. 4068
KPMG Poomchai Audit Ltd.
1 Empire Tower, Floor 50th-51st
Sathorn Road, Sathorn District, Bangkok
Telephone : 0 2677 2060

Debenture holders' Representative No. 1/2013

Bangkok Bank Public Company Limited
Head Office, Trithip 1st Floor
333 Silom Road, Bangrak, Bangkok 10500
Telephone : 0 2626 4531

Debenture Holders' Representative No. 1 2 and 3/2014

Krungthai Bank Public Company Limited
 977/3 SM Tower 4th Floor,
 Paholyothin Road, Sam Sen Nai, Payathai, Bangkok 10400
 Telephone : 0 2298 0821 Ext. 108

Other Information

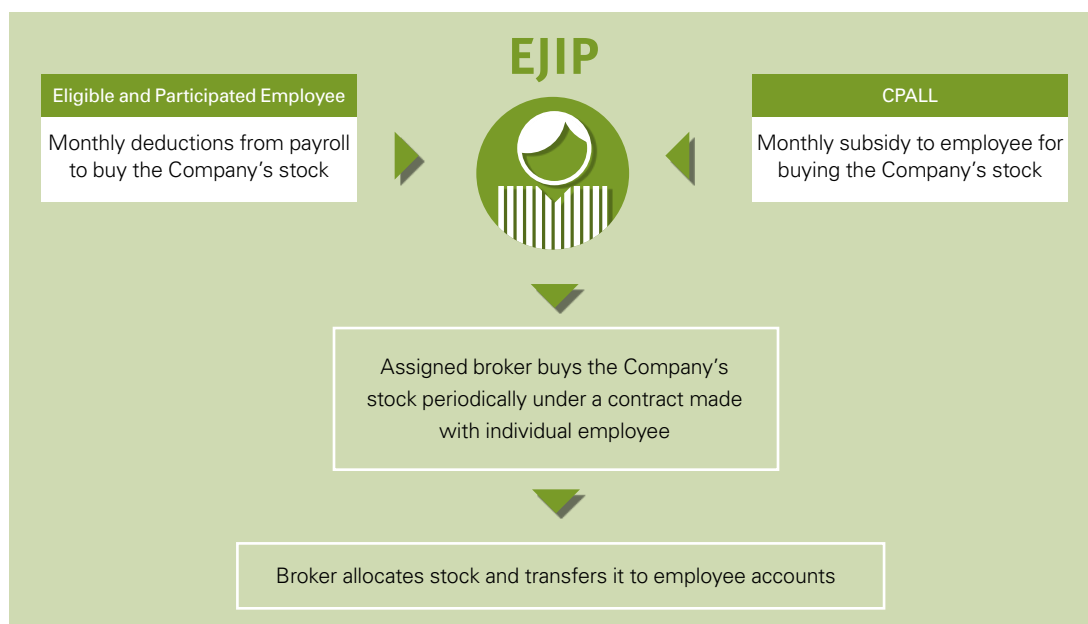
Summary of the Employee Joint Investment Program (EJIP) No. 2

CP All Public Company Limited and its subsidiaries have 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
Frequency of Investment	Specified date on a monthly basis
Investment Amount (Per Employee)	Employee - 5% or 7% of salary (on a voluntarily basis) CP ALL - 80% of 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	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	Employee must pay personal income tax on the contribution amount received from the Company. Company can claim tax deductible on the contribution amount.

3. Eligible Employee Under EJP

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

SECURITIES DETAILS AND SHAREHOLDING STRUCTURE

Securities of the Company

As at December 31, 2014, the Company registered capital with Ministry of Commerce was Baht 8,986,296,048, of which Baht 8,983,101,348 had been paid up. The paid up capital comprises of 8,983,101,348 ordinary shares with a par value of Baht 1 per share, entitling of 1 share / 1 vote.

Name List of Shareholders

Major Shareholders	As at 30 December, 2014	
	No. of shares	%
1. C.P. Merchandising Co., Ltd.*	2,827,100,500	31.47
2. Charoen Pokphand Group Co., Ltd.*	914,577,400	10.18
3. Thai NVDR Co., Ltd.	367,641,217	4.09
4. State Street Bank Europe Limited	275,183,778	3.06
5. J.P. Morgan Ireland (Nominees) Limited 655	271,112,300	3.02
6. AIA Company Limited-DI-LIFE	238,450,000	2.65
7. UNS Agro Chemical Co., Ltd.	180,000,000	2.00
8. HSBC (Singapore) Nominees Pte Ltd	178,745,839	1.99
9. The Bank of New York (Nominees) Limited	173,559,681	1.93
10. J.P. Morgan Ireland (Nominees) Limited 578	172,378,600	1.92
11. State Street Bank and Trust Company	155,102,562	1.73
12. Others	3,229,249,471	35.95
Total	8,983,101,348	100.00

* Denotes companies in the Charoen Pokphand Group which hold a combined shareholding of 41.65 percent of the total paid-up capital

Other Securities

The Extraordinary General Shareholders' Meeting No. 2/2013 on September 19, 2013 and Annual General Meeting of Shareholders No. 1/2014 dated April 24, 2014 approved the offering and issuance of the bonds up to Baht 180,000 million in order to repay loans and/or to be used as working capital.

As at December 31, 2014, the Company offered and issued bonds of 4 times in the total amount of Baht 140,000 million as details below:

No. 1/2013

Offering	Public Offering, High net worth, and Institutional investors
Bond Type	Name registered, Secured Unsubordinated bonds
Issue Date	October 31, 2013
Issue Size	Baht 50,000 million
Tenors	3 years from original issue date 5 years from original issue date 7 years from original issue date 10 years from original issue date
Interest Rate	3-year bond with interest rate of 4.10 percent per annum 5-year bond with interest rate of 4.70 percent per annum 7-year bond with interest rate of 5.10 percent per annum 10-year bond with interest rate of 5.35 percent per annum
Maturity Date	3-year bond matures on October 31, 2016 5-year bond matures on October 31, 2018 7-year bond matures on October 31, 2020 10-year bond matures on October 31, 2023
Issue Rating	"A+ (tha)" by Fitch Ratings (Thailand) Limited

No. 1/2014

Offering	Public Offering, High net worth, and Institutional investors
Bond Type	Name registered, Secured Unsubordinated bonds
Issue Date	March 27, 2014
Issue Size	Baht 40,000 million
Tenors	3 years from original issue date 5 years from original issue date 7 years from original issue date 10 years from original issue date
Interest Rate	3-year bond with interest rate of 3.70 percent per annum 5-year bond with interest rate of 4.30 percent per annum 7-year bond with interest rate of 4.85 percent per annum 10-year bond with interest rate of 5.14 percent per annum
Maturity Date	3-year bond matures on March 27, 2017 5-year bond matures on March 27, 2019 7-year bond matures on March 27, 2021 10-year bond matures on March 27, 2024
Issue Rating	“A+ (tha)” by Fitch Ratings (Thailand) Limited

No. 2/2014

Offering	Public Offering, High net worth, and Institutional investors
Bond Type	Name registered, Secured Unsubordinated bonds
Issue Date	August 22, 2014
Issue Size	Baht 40,000 million
Tenors	3 years from original issue date 5 years from original issue date 7 years from original issue date 10 years from original issue date
Interest Rate	3-year bond with interest rate of 3.71 percent per annum 5-year bond with interest rate of 4.25 percent per annum 7-year bond with interest rate of 4.75 percent per annum 10-year bond with interest rate of 5.05 percent per annum

Maturity Date	3-year bond matures on August 22, 2017 5-year bond matures on August 22, 2019 7-year bond matures on August 22, 2021 10-year bond matures on August 22, 2024
Issue Rating	“A+ (tha)” by Fitch Ratings (Thailand) Limited

No. 3/2014

Offering	High net worth, and Institutional investors
Bond Type	Name registered, Secured Unsubordinated bonds
Issue Date	December 26, 2014
Issue Size	Baht 10,000 million
Tenors	3 years from original issue date 12 years from original issue date
Interest Rate	3-year bond with interest rate of 3.45 percent per annum 12-year bond with interest rate of 4.80 percent per annum
Maturity Date	3-year bond matures on December 26, 2017 12-year bond matures on December 26, 2026
Issue Rating	“A+ (tha)” by Fitch Ratings (Thailand) Limited

Shareholdings of the Company by Directors and Management

As at December 31, 2014

Shareholders' Name	2014		2013		Increase/ Decrease
	No. of shares (shares)	% to paid-up 8,983,101,348	No. of shares (shares)	% to paid-up 8,983,101,348	
Prof. Dr. Komain Bhatrabhirom Chairman of the Audit Committee and Independent Director	-	0.00000%	0.00000%	0.00000%	-
Mr. Pridi Boonyoung Audit Committee and Independent Director	681,478	0.00759%	681,478	0.00759%	0.000%
Mr. Padoong Techasarintr Audit Committee and Independent Director	9,824	0.00011%	9,824	0.00011%	0.000%
Mr. Suphachai Phisitvanich Independent Director	-	0.00000%	-	0.00000%	-
Pol. Gen Phatcharavat Wongsuwan Independent Director	-	0.00000%	-	0.00000%	-
Mr. Dhanin Chearavanont Chairman	1,531,476	0.01705%	1,531,476	0.01705%	0.000%
Mr. Korsak Chairasmisak Vice Chairman and Chairman of Executive Committee	8,478,661	0.09438%	8,429,447	0.09384%	0.584%
Mr. Adirek Sripratak Director	-	0.00000%	-	0.00000%	-
Mr. Umroong Sanphasitvong Director and Member of Executive Committee	-	0.00000%	-	0.00000%	-
Mr. Soopakij Chearavanont Director	222,396	0.00248%	222,396	0.00248%	0.000%
Mr. Narong Chearavanont Director	304,802	0.00339%	304,802	0.00339%	0.000%
Mr. Prasert Jarupanich Director	-	0.00000%	-	0.00000%	-
Mr. Pittaya Jearavisitkul Director and Vice Chairman of Executive Committee	1,696,885	0.01889%	1,634,518	0.01820%	3.816%

Shareholders' Name	2014		2013		Increase/ Decrease
	No. of shares (shares)	% to paid-up 8,983,101,348	No. of shares (shares)	% to paid-up 8,983,101,348	
Mr. Piyawat Titasattavorakul Director and Vice Chairman of Executive Committee	141,153	0.00157%	82,770	0.00092%	70.536%
Mr. Tanin Buranamanit Director, Member of Executive Committee, Managing Director and Chief Executive Officer	277,453	0.00309%	233,244	0.00260%	18.954%
Mr. Suraphan Pussadej Senior Assistant Chief Executive Officer - Human Resource	342,793	0.00382%	328,181	0.00365%	4.452%
Mr. Chuan Nimkittikul Senior Vice President - Distribution Center	683,641	0.00761%	661,914	0.00737%	3.282%
Mr. Suwit Kingkaew Senior Vice President - General Management	593,396	0.00661%	575,748	0.00641%	3.065%
Mr. Taweesak Kaewratthanapattama Senior Vice President - Accounting and Finance	349,448	0.00389%	301,438	0.00336%	15.927%
Mr. Kosa Pongsupath Senior Vice President - Information Technology	226,335	0.00252%	217,608	0.00242%	4.010%
Mr. Skol Tejasataporn Senior Vice President - Purchasing	149,213	0.00166%	131,748	0.00147%	13.256%
Mr. Chairoj Tiwatmuncharoen Senior Vice President - Operation	427,912	0.00476%	410,435	0.00457%	4.258%
Mr. Vichien Chuengviroj Senior Vice President - Corporate Asset and Facilities Management	48,078	0.00054%	28,288	0.00031%	69.959%
Mr. Supot Shitgasornpongse Company Secretary	192,684	0.00214%	168,446	0.00188%	14.389%
Mr. Kidsada Euapiyachart Head of Internal Audit	38,611	0.00043%	23,655	0.00026%	63.226%

DIVIDEND POLICY

The Company's Dividend Policy

In the consideration of dividend payment, the Company will consider operating performance and shareholder returns in the long-run. Payment of dividends will be according to the Company's regulations No. 36 and No. 37. The dividend payment will be distributed according to the number of shares, each share equally. The dividend payment must be approved by the Shareholders' Meeting. The Board may pay interim dividends to shareholders occasionally, if they find that the Company has sufficient profits to do so, and reports to the subsequent Shareholders' Meeting.

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, economics situation, operating performance, ability to pay financing charges and principal repayment and comply with debt covenants and future projects and find that it is appropriate to propose the shareholders otherwise.

Subsidiaries' Dividend Policy

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.

Dividend Distribution

Dividend Payment	2009	2010	2011	2012	2013
1. Earnings per share - Company only (Baht/share)	1.02	1.37	1.62	1.11	1.14
2. Annual Dividend					
• Interim dividend (Baht/share)	-	0.40	-	-	-
• Annual dividend (Baht/share)	0.80	1.00	1.25	0.90	0.90
• Total cash dividend (Baht/share)	0.80	1.40	1.25	0.90	0.90
• Stock dividend (Baht/share)	-	-	1.00	-	-
3. Dividend payout - Company only	78%	102%	139%	81%	79%

Note: In 2011, CPALL increased share capital in regard to stock dividend at the ratio of 1 existing share : 1 stock dividend

MANAGEMENT STRUCTURE

1. Board of Directors

As of December 31, 2014, the Company's Board of Directors consists of 15 members including:

1. Executive Directors 5 persons
2. Non - Executive Directors 10 persons, which are as follows:
 - Independent Directors 5 persons (account for one-third of board members)
 - Non - Managing Directors 5 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 2 million baht per year from the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than 2 years;
7. Not being a director appointed as representative of directors of the Company, major shareholder or shareholder who is related to a major shareholder;
8. Not undertaking any business in the same nature and in competition to the business of the Company or its subsidiary company or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares exceeding 0.5% of the total number of shares with voting rights of other company which undertakes business in the same nature and in competition to the business of the Company or its subsidiary company;
9. Not having any other characteristics which cause the inability to express independent opinions with regard to the Company's business operations.

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

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

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

Scope of Authority and Responsibilities of the Board of Directors

1. Perform duties with responsibility, prudence and honesty as any person with ordinary prudence would under the same circumstances for the greatest benefits of the Company, and in compliance with the laws, the objectives, the Company's Articles of Association, and the resolutions of the Board of Directors and shareholders' meeting
2. Decide on important policies and strategies, financial objectives, work plans, and budgets and monitor that the work plans are executed
3. Continuously follow and monitor the performance of management, determine management's remuneration, and review the succession plan
4. Ensure that the financial reporting system and audit system are reliable and that the risk management system and internal control system are appropriate

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

Appointment and Removal of Members of the Board

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

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

Term of Office of Directors

Number of Years per Term

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

Number of Consecutive Terms of Directors

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

The Name of the Board of Directors and Board Members Attendance for the Year 2014 (Number of times) (as of December 31, 2014)

The Name of the Board of Directors	Positions	Number of Meetings (6 Times)	Shareholders' Meetings (1 Times)
1. Prof. Dr. Komain Bhatrabhirom	Director and Independent Director	6/6	1/1
2. Mr. Pridi Boonyoung	Director and Independent Director	5/6	1/1
3. Mr. Padoong Techasarintr	Director and Independent Director	6/6	1/1
4. Prof. Suphachai Phisitvanich	Director and Independent Director	5/6	1/1
5. Pol. Gen Phatcharavat Wongsuwan	Director and Independent Director	4/6	1/1
6. Mr. Dhanin Chearavanont	Chairman	4/6	0/1
7. Mr. Korsak Chairasmisak ¹	Vice Chairman	6/6	1/1
8. Mr. Adirek Sripratak ²	Director	5/6	1/1
9. Mr. Umroong Sanphasitvong ²	Director	6/6	1/1
10. Mr. Soopakij Chearavanont ²	Director	3/6	0/1
11. Mr. Narong Chearavanont ²	Director	5/6	0/1
12. Mr. Prasert Jarupanich ²	Director	6/6	0/1
13. Mr. Pittaya Jearavisitkul ¹	Director	6/6	1/1
14. Mr. Piyawat Titasattavorakul ¹	Director	6/6	1/1
15. Mr. Tanin Buranamanit ¹	Director	6/6	1/1

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.

2. Management

As at 31 December 2014, the Company had a total of 13 executives consisting of

1. Executive Committee 5 persons
2. Executive Officer 9 persons (1 person is also in the Executive Committee)

(1) Chairman of the Executive Committee

The Chairman of the Executive Committee, Mr. Korsak Chairasmisak, was appointed by the Board of Directors on 7 August 2013 and is authorized to perform duties in relation to the Company's policies, strategies, operational plans, budgets and investment projects with honesty and prudence to protect the benefits of the Company, and in compliance with the laws, the objectives, the Company's Articles of Association, and the policies set by the Board of Directors. To assist in effective and efficient management of the Company, the Chairman of the Executive Committee is authorized to propose the appointment and removal of persons in the following positions:

1. Nominate persons on the Executive Committee for the consideration and approval by the Board of Directors
2. Nominate persons for the position of Managing Director and Chief Executive Officer for the consideration and approval by the Board of Directors
3. Approve the appointment of Executive Officers according to the proposal from the Managing Director and Chief Executive Officer

Important matters that the Chairman of the Executive Committee must present to the Board of Directors' Meeting for consideration and approval include:

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. Approval of remuneration for directors
9. Appointment of auditor and determination of auditor's remuneration
10. 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 500 million per time
11. The lending of money to other companies in the amount exceeding Baht 500 million per time
12. The investment, joint-venture, increment of capital in subsidiaries, affiliates or other companies in the amount exceeding Baht 500 million per time in a year
13. 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 500 million per time in a year
14. The sale or disposal of fixed assets of the Company at a sale or disposal price exceeding Baht 500 million per time
15. The operation plan and annual budget of the Company

Chairman of the Executive Committee may sub-delegate Executive Committee, Managing Director and Chief Executive Officer, Executive Officer and/or Employee of the Company to approve one or several matters as the Chairman of the Executive Committee 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 Chairman of the Executive Committee

The Board of Directors appoints and removes the Chairman of the Executive Committee with majority vote of the Board of Directors' Meeting.

(2) Executive Committee

The Executive Committee consists of at least 3 persons who are the Company's directors and/or the executives of the Company as approved by the Chairman of the Executive Committee. At each Executive Committee Meeting, the Executive Committee may invite other persons such as the representative from management and/or external advisors to join the meeting as deemed necessary.

The Board of Directors Meeting on April 7, 2013 has appointed 5 members of Executive Committee as follows:

1.	Mr. Korsak	Chairasmisak	Chairman of the Executive Committee
2.	Mr. Pittaya	Jearavisitkul	Vice Chairman of the Executive Committee
3.	Mr. Piyawat	Titasattavorakul	Vice Chairman of the Executive Committee
4.	Mr. Umroong	Sanphasitvong	Executive Committee
5.	Mr. Tanin	Buranamanit	Executive Committee

Scope of Authority and Responsibilities of the Executive Committee

1. Consider the Company's objectives, business strategies, budget, and investment projects. In case the situation changes, the Executive Committee will review the use of the budget and investment projects that were previously approved to be appropriate for the changing situation.
2. Monitor the performance and progress of investment projects and report the overall results including the problems or obstacles encountered and the guidelines for improvement
3. Monitor the results of the Company's risk management
4. Monitor the results of human resource development, appointment and relocation of executives according to human resource plan, remuneration guidelines, and evaluation criteria of high-level executives
5. Consider financing options when there is a need to find funding sources for various investment projects

6. Monitor the use of funds, money management and the Company's financial status
7. Perform any other tasks as considered appropriate and assigned by the Chairman of the Executive Committee

Appointment and Removal of the Executive Committee

The Company's Board of Directors appoints and removes the Executive Committee according to the proposal of the Chairman of the Executive Committee by a majority of votes at the Board of Directors' Meeting.

(3) Managing Director and Chief Executive Officer

The Managing Director and Chief Executive Officer, Mr. Tanin Buranamanit, was appointed by the Board of Directors on 7 August 2013 and is authorized to perform duties in relation to the Company's operations and in compliance with the Company's objectives and the resolutions of the Board of Directors and Executive Committee, with authority as determined by the Chairman of the Executive Committee.

In addition, to assist with managing the Company to achieve the set objectives, the Managing Director and Chief Executive Officer is authorized to nominate persons as Executive Officers for consideration and approval by the Chairman of the Executive Committee.

Appointment and Removal of the Managing Director and Chief Executive Officer

The Company's Board of Directors appoints and removes the Managing Director and Chief Executive Officer according to the proposal of the Chairman of the Executive Committee by a majority of votes at the Board of Directors' Meeting.

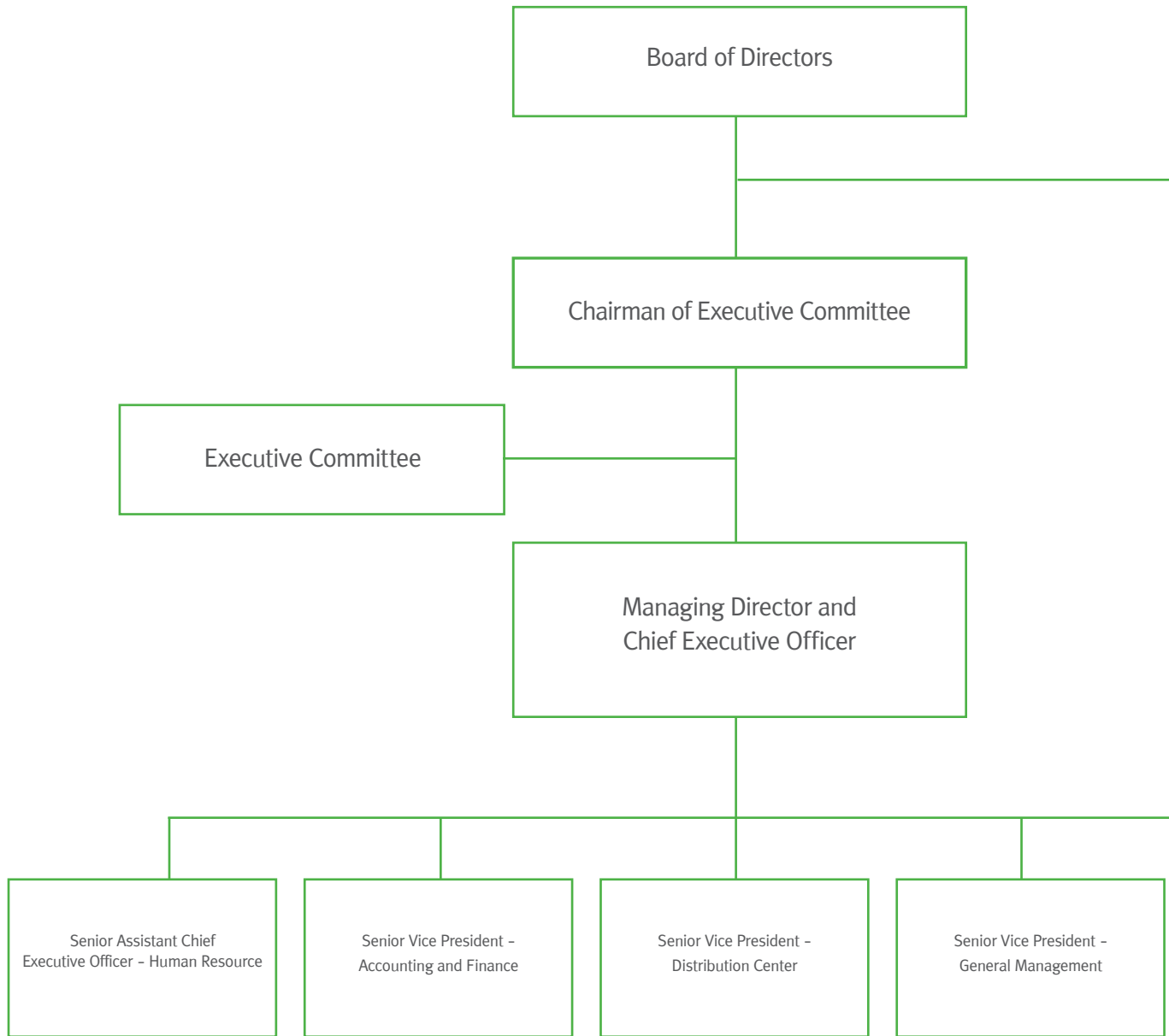
(4) Executive Officer

As at 30 December 2014, the Company had a total of 9 executive officers consisting of

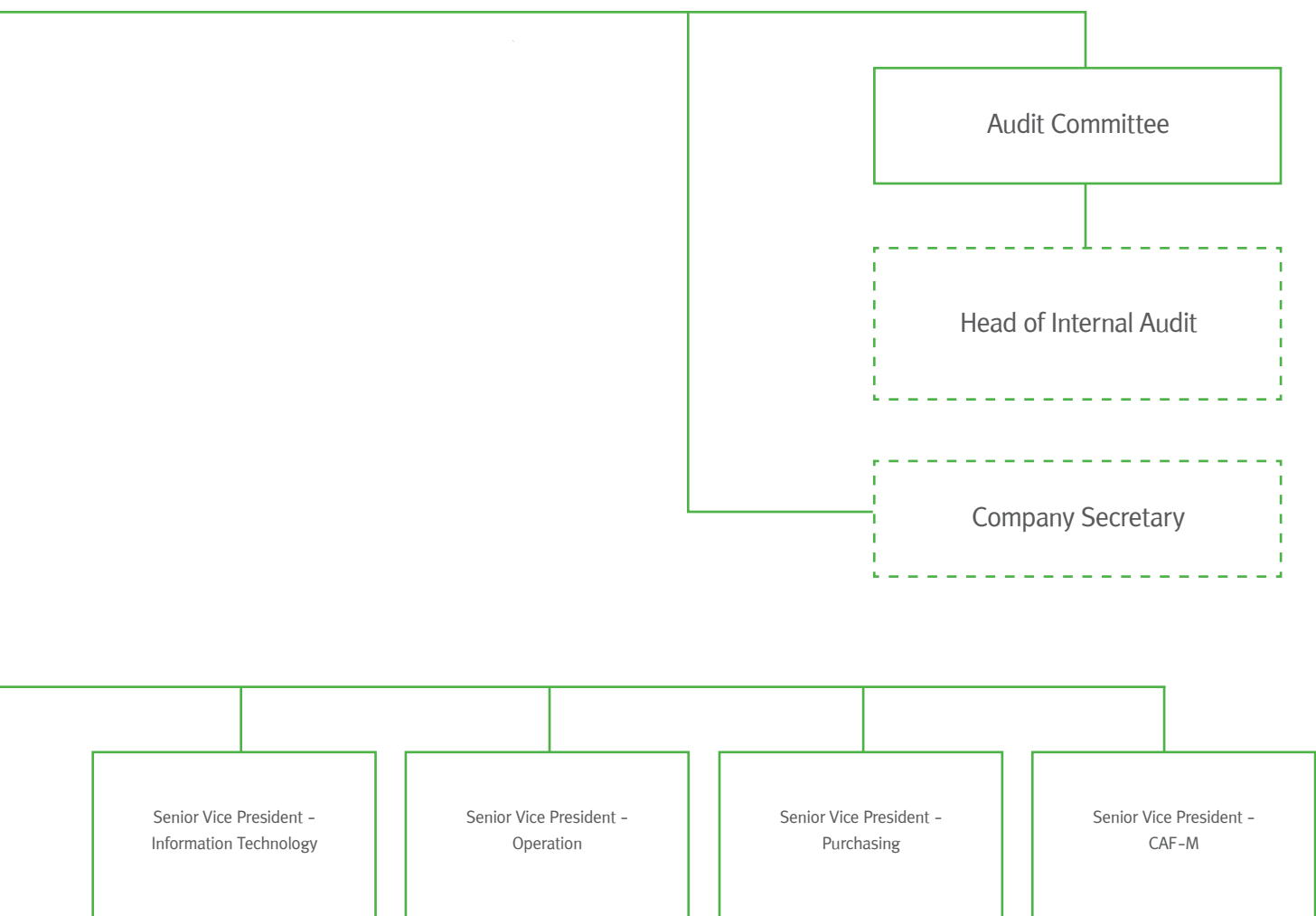
1.	Mr. Tanin	Buranamanit	Managing Director and Chief Executive Officer
2.	Mr. Suraphan	Pussadej	Senior Assistant Chief Executive Officer - Human Resource
3.	Mr. Taweesak	Kaewrathtanapattama	Senior Vice President - Accounting and Finance
4.	Mr. Chuan	Nimkittikul	Senior Vice President - Distribution
5.	Mr. Suwit	Kingkaew	Senior Vice President - General Management
6.	Mr. Kosa	Pongsupath	Senior Vice President - Information Technology
7.	Mr. Chairoj	Tiwatmuncharoen	Senior Vice President - Operation
8.	Mr. Skol	Tejasataporn	Senior Vice President - Purchasing
9.	Mr. Vichien	Chuengviroj	Senior Vice President - Corporate Asset and Facilities Management - CAF-M

** The Executive Committee and Executive Officers named above are executives classified according to the definition in the Notification of the Capital Market Supervisory Board under the Securities and Exchange Act.*

COMPANY'S MANAGEMENT STRUCTURE AS OF 31 DECEMBER 2014



Executives who shall declare remuneration



3. 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.

4. Remuneration for Directors and Executives

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 :

4.1 Cash Remuneration

Remuneration for Directors (January 1, 2014– December 31, 2014)

(Million Baht)

Name and Surname	Positions	Remuneration	Bonus	Total
1. Prof. Dr. Komain Bhatrabhirom	Chairman of the Audit Committee and Independent Director	1.200	4.465	5.665
2. Mr. Pridi Boonyoung	Member of the Audit Committee and Independent Director	1.080	4.020	5.100
3. Mr. Padoong Techasarintr	Member of the Audit Committee and Independent Director	1.080	4.020	5.100
4. Prof. Suphachai Phisitvanich	Independent Director	0.720	2.680	3.400
5. Pol. Gen Phatcharavat Wongsuwan	Independent Director	0.720	2.457	3.177
6. Mr. Dhanin Chearavanont	Chairman	1.200	4.465	5.665
7. Mr. Korsak Chairasmisak	Vice Chairman	1.080	4.020	5.100
8. Mr. Soopakij Chearavanont	Director	0.480	1.787	2.267
9. Mr. Adirek Sripratak	Director	0.480	1.787	2.267
10. Mr. Umroong Sanphasitvong	Director	0.480	1.787	2.267
11. Mr. Narong Chearavanont	Director	0.480	1.787	2.267
12. Mr. Prasert Jarupanich	Director	0.480	1.787	2.267
13. Mr. Pittaya Jearavisitkul	Director	0.480	1.787	2.267
14. Mr. Piyawat Titasattavorakul	Director	0.480	1.787	2.267
15. Mr. Tanin Buranamanit	Director	0.480	1.787	2.267
	Total	10.920	40.423	51.343

In addition, the Company's Audit Committee was appointed as Audit Committee in one subsidiary and received remuneration of Baht 48,000 from the subsidiary in 2014.

Remuneration for Executives

In 2014, the Company paid remuneration for 12 executives, comprising of salary and bonus, totaling Baht 318.270 million.

4.2 Other Remuneration

Other remuneration for directors

- None-

Other remuneration for executives

- Provident Fund

The Company has established a provident fund, with the Company contributing 2 percent of monthly salary. In 2014, the Company contributed a total of Baht 3.458 million to the provident fund for 12 executives.

- Employee Joint Investment Program (EJIP)

The Company has established an Employee Joint Investment Program (EJIP) to provide incentives and keep personnel working with the Company for a long time. The Employee Joint Investment Program No. 2 has a duration of 5 years. Executives who are eligible for the EJIP must have been employed with the Company for at least 3 years. The Company deducts 5% or 7% (on a voluntary basis) from the employee's monthly salary. The Company contributes 80% of the deductible amount from the employee in each month. In 2014, 12 executives joined the EJIP and the Company paid a total of Baht 9.683 million in contribution.

5. Personnel

(1) No. of Employees and Remuneration for Employees

2014	Convenience Store Business
Store employees (Persons)*	28,709
Head office staff (Persons)*	10,951
Total (Persons)	39,660
Remuneration for Employees (Million Baht)	15,337
*Comprises of salary, bonus, EJIP, provident fund and other fringe benefits	

* Included only Company's permanent staff

(2) Policy on Employee Development

The Company gives importance to employee development to have increased knowledge and skills to perform their work, in line with the strategies and direction of the business, especially in the food and service area. Some of the courses are Food Safety Management and Control, Bakery Product Management, Service for Foreign Customers, and Customer Service from the Heart for Store Employees.

In addition, there are courses in the area of organizational development which teaches concepts and techniques to improve work quality, to increase productivity and to reduce management costs. Such courses include Productivity Improvement, QC Story, and Systematic and Continuous Problem Solving. There is also development of employee skills and behavior to adapt to innovation such as using new tools and equipment to enhance work efficiency. Furthermore, the Company promotes work safety according to the laws and regulations and provides courses on Basic Fire Fighting, First Aid, and Electrical Safety.

The Company gives continued importance to employee development to support their growth for positions in the organization. There are standard courses for each position level such as Supervisor Course, Management Course, Advanced Management, and Master of Advanced Management. In addition, the Company emphasizes emotional and spiritual development of employees and promotes working ethically. There are spiritual development courses for employees at every level such as Consciousness and Personal Development, Spiritual Development Adding Value to Supervisors, and Managing Intellect for Organizational Development.

The Company has also developed a clear career path for each position in order to provide opportunities for employees to advance according to their skills. The Company has initiated various projects, such as the Big Crowd of Fish Project, President Awards and Chairman Awards, to promote an atmosphere of learning without limits in order to become an innovative organization.

CORPORATE GOVERNANCE

1. Corporate Governance Policy

CP All Public Company Limited operates its business with responsibility, transparency and fairness to all stakeholder groups, in compliance with good corporate governance principles. The Company has established a written “Corporate Governance Policy” which 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, not receive beyond normal remuneration, not be involved in any bribes, conflicts of interest 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.

2. Sub-Committee

Sub-Committee under the Board of Directors has the only one which is the Audit Committee.

The Audit Committee is comprised of 3 independent non-executive directors as follows:

Name List	Position	Attendance of Audit Committee Meetings in 2014 (11 times)
1. Prof. Dr. Komain Bhatrabhirom	Chairman of the Audit Committee	11/11
2. Mr. Pridi Boonyoung	Audit Committee	11/11
3. Mr. Padoong Techasarintr*	Audit Committee	11/11

**Audit Committee who has sufficient knowledge and experience to review the reliability of financial statements.*

Mr. Kidsada Euapiyachart, Senior Vice President, Internal Audit acts as the Secretary of Audit Committee.

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's Internal Audit Manager acts as the Secretary of the Audit Committee and is supported by the Internal Audit Office. The Internal Audit Office, which is independent from management, is responsible for evaluating the sufficiency and effectiveness of the Company's internal control system and risk management system and reporting to the Audit Committee every month and the Board of Directors every quarter. Details of the Internal Audit Manager and the Internal Audit Office can be found under the "Management" section.

Qualifications of the Company's Audit Committee

1. Appointed by the Company's Board of Directors or Shareholders' Meeting
2. Every member must be an independent director with complete qualifications according to the regulations relating to the requirements of independent directors of the Notification of the Capital Market Supervisory Board and the Company
3. Not involved in the management and decision-making of the Company's business operations and not a director of the parent company, subsidiary company, or same-level subsidiary company listed in the SET
4. At least one of the Company's independent directors must have knowledge in auditing financial statements

Term of Office of the Audit Committee

The Audit Committee member has a term of office of 3 years each, at the same time as the term of office of being the Company's independent director, except the person who the Company's Board of Directors has appointed to fill a vacancy for any reason other than by rotation, in case which he shall retain office for the remaining term of office of the Audit Committee member whom he replaces.

Duties and Responsibilities of the Audit Committee

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

1. Reviews correctness and adequacy of the Company's financial statements
2. Reviews the suitability and effectiveness of the Company's internal control system and internal audit system; considers the independence of the Internal Audit Office; and approves the appointment, transfer, and disemployment of the Head of the Internal Audit Office or other related units responsible for internal audit

3. Reviews the Company's compliance with the Securities and Exchange Law, regulations of the Stock Exchange of Thailand, and laws related to the Company's business
4. Consider, select and propose the appointment of the person who has independence to perform the duty of the Company's auditor; propose the remuneration for the said person; and participate in meetings with the Company's auditor without the presence of the Company's management at least once a year
5. Review that the related transactions or the transactions which might cause conflict of interest are in compliance with the laws and regulations of the Stock Exchange of Thailand to ensure that the transactions are justifiable and create the highest benefit to the Company
6. Prepare the Audit Committee's Report to be published in the Company's annual report. The said report must be signed by the Chairman of the Audit Committee and shall include at least the following information:
 - a. Opinion on the correctness, completeness and trustworthiness of the Company's financial reports
 - b. Opinion on the adequacy of the Company's internal control system
 - c. Opinion on compliance with the Securities and Exchange Law, regulations of the Stock Exchange of Thailand, or laws related to the Company's business
 - d. Opinion on the suitability of the external auditor
 - e. Opinion on transactions which may cause conflict of interest
 - f. Number of Audit Committee meetings and attendance of each Audit Committee member
 - g. Overall opinion or comment that the Audit Committee received from performing their duty according to the Charter
 - h. Other items that the shareholders or general investors should be informed of under the duties and responsibilities as assigned by the Company's Board of Directors
7. Perform other tasks as assigned by the Company's Board of Directors with agreement from the Audit Committee

In performing the abovementioned duties, the Audit Committee is directly responsible to the Company's Board of Directors and the Board of Directors is responsible to outside parties for the Company's operations.

In addition, the Audit Committee meets regularly every month and reports the audit results to the Board of Directors every quarter. The Audit Committee also has meetings with the external auditor and the Accounting Department to audit the financial statements.

3. Nomination and Appointment of Directors and Senior Executives

The Company has not yet appointed a Nomination Committee to select individuals to be appointed as the Company's director, but when a directorship position is vacant, the Board of Directors will be responsible for nominating and selecting an individual to fill the position. The Board of Directors will consider various criteria such as knowledge, capability and experience related to the business.

Furthermore, the Company's directors and executives shall not possess any untrustworthy characteristics as specified in 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 including

- 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 Office; or having been subject to any legal proceeding following the criminal complaint initiated by the SEC Office; 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 Derivatives Act
2. having any record of deceitful, fraudulent or dishonest management of assets including
- a. having been named in any criminal complaint filed by a financial regulatory authority, whether in Thailand or in foreign countries, or subject to any legal proceeding following the criminal complaint initiated by such financial regulatory authority, or barred from serving as director or executive of a financial institution by a financial regulatory agency, 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 with which the person was associated or the customers thereto; or
 - b. having been sentenced to imprisonment by the court's final judgment and it has not yet surpassed the three-year interval time after either the person completed the term of imprisonment or the suspension of sentence period was over, provided that the action taken hereto shall base upon the commission of public offences regarding deceitful, fraudulent or dishonest management of assets; or
 - c. having been subject to the court's order of asset seizure under the Counter Corruption Act, the Anti-Money Laundering Act or any other similar law and it has not yet surpassed the three-year interval time after the date on which the court issued such order; or
3. having any improper behavior which, if considered on a reasonable ground, materially affected shareholders, the Company, or the capital market as a whole including
- 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 or 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.

4. Supervising the Operations of Subsidiaries and Associated Companies

The Board of Directors has a supervision mechanism where it can control the supervision and management of subsidiaries and associated companies and be responsible for the performance of subsidiaries and associated companies in order to protect the benefits of the Company's investment.

1. Sending individuals to be the Company's representative as directors, executives or authorized persons in the said company according to shareholding percentage, with approval from the Executive Committee Meeting.
2. Determining the authority, duties and responsibilities of the director and executive that is the Company's representative according to the Authority Handbook of each subsidiary.
3. Having a supervision mechanism that ensures disclosure of financial statements and operating performance, transactions between the said company and connected persons, acquisition or disposal of assets, or other important transactions of the said company are complete and correct, and uses standards related to information disclosure and abovementioned transactions similar to that of the Company's through the Group's central accounting and finance division, central legal division, and the Company Secretary. In addition, the Articles of Association of subsidiaries has regulations related to connected transactions and acquisition or disposal of assets that are in accordance with the securities law.
4. Determining a suitable, circumspect and adequate internal control system in subsidiaries through the Authority Handbook. The internal control system of subsidiaries is overseen by the Group's Internal Audit Office.

5. 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.

- a. 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.
- b. 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.
- c. 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.

6. Audit Fees

(1) Audit Fee

In 2014, the Company paid an audit fee to the auditor, Mr. Charoen Phosamritlert, registration no. 4068 of KPMG Phoomchai Audit Ltd. (KPMG) in the amount of Baht 4.6 million. In addition, KPMG is the auditor of 19 local subsidiaries and 3 foreign subsidiaries i.e. Lotus Distribution Investment Limited, Albuera International Limited and Vina Siam Food Co., Ltd.

Upon other foreign subsidiaries i.e. Successor Investments Limited paid fees to the auditor, KPMG Hong Kong in the amount of Baht 0.1 million per annum; and another 2 companies i.e. Successor (China) Investments Limited and Nanjing Zheng Yi Xin Trading Co., Ltd. paid to KPMG Shanghai in the amount of Baht 0.5 million per annum.

(2) Non-audit Service

In 2014, the Company and its subsidiaries does not receive any services from KPMG Phoomchai Audit Ltd.

7. Other Good Corporate Governance

Details of compliance with good corporate governance principles in 2014 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

The Company invited individual shareholders or groups of shareholders, who hold minimum shares of not less than 5 percent of the total voting shares of the Company, to propose agenda items in advance for the Annual General Meeting of Shareholders for the Year 2014. The Company prepared a form to propose agenda items for the convenience of shareholders and informed shareholders via the Company's website and the Stock Exchange of Thailand on 22 November 2013. This was done before the last day of the fiscal year to allow time for the Company Secretary to screen the proposed agenda items before presenting to the Board of Directors for consideration.

The Company held the Annual General Meeting of Shareholders on April 24, 2014 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 14 days prior to the meeting. This information was also posted on the Company's website on March 17, 2014 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. There were no any extraordinary meetings of shareholders in 2014.

The Company's invitation to the shareholders' meeting had information that was correct, sufficient with clear agendas 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 first and last name, age, education, work experience, training from the Thai Institute of Directors Association (IOD), director position held in other companies separated into listed companies and general companies, type of director position nominated, attendance at meetings in the past year, date position first held in the Company, term of office since first appointed. In the case of the appointment of the independent director, information on the relationship between the independent director and persons related to the Company is also provided for decision making
5. Details of appointing the Company's auditor including auditor's name, company affiliation, education, work experience and abilities of auditor, independence of auditor and audit fee so that shareholders can consider the abilities and suitability of the auditor
6. Approve dividend payment, its policy, proposed dividend payment amount and its statistics
7. Approve issuance and offering of bonds, its objectives, details of offering i.e. types of bonds, issue size, currency, interest rate, tenor and placement target for shareholders' consideration
8. Explanation on proxies, registration and required documents to be presented on the meeting day
9. 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
10. The Company's regulations regarding the shareholders' meeting
11. A map of the meeting venue with directions for travelling by car or public transport
12. 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
13. 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.

The Company clearly set the agenda items for the shareholders' meeting as follows:

In the agenda item of **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 agenda item of **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.

In the agenda item of **remuneration for directors**, 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

The Company disclosed the resolution of the shareholders' meeting and the voting results through the Stock Exchange of Thailand within the same day. The Company prepared and submitted the Minutes of the Shareholders' Meeting to the Stock Exchange of Thailand within 14 days from the date of the meeting as well as posted the minutes on its website within 1 month from the date of the meeting. The Company recorded the names and position of directors who attended the shareholders' meeting in the minutes.

From the assessment of the quality of the Company's 2014 Annual General Meeting of Shareholders conducted by the Thai Investors Association, the Company received a score of 97.25 out of a total of 100, increasing from the 2013 score of 94.75. The average score of listed companies in the Stock Exchange of Thailand was 91.17. This assessment is considered a part of good corporate governance and testifies that the Company gives importance to improving the quality of its Shareholders' Meetings, protecting the 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 2013, 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 2013. 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.
- The invitation to the shareholders' meeting clearly states the documents that must be brought on the day of the shareholders' meeting, separated into different cases. Documents that are required for presentation at the shareholders' meeting are according to international practice.
- The Company sent the invitation to the shareholders' meeting and associated explanatory documents in English to foreign shareholders.

- 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. In addition, if it is a transaction which must be disclosed or receive approval from shareholders according to the regulations of the Stock Exchange of Thailand, the Company disclosed the details and reasons for entering into the transaction, relationships of the connected persons, and calculations of the value of the transaction so that shareholders are informed of the details of the transaction.
- 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
- The related transactions which occurred in 2014 are honest and fair transactions under the ordinary course of business.
- The Company does not have a business group structure that engages in related transactions that may have conflicts of interest.

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.

The Company gives importance to responsible business operations, which covers supporting human rights, employment standards, environmental conservation, and anti-corruption. The Company signed the Declaration of Intent to join the Private Sector Collective Action Coalition Against Corruption (CAC) on 20 August 2014. The Manager of the Internal Audit Office was appointed as the head of the working group to study, prepare and present to the Board of Directors' Meeting on the the process to become a certified member of the CAC.

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.

The Company's policy on the treatment of stakeholders can be summarized 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 priority to customer care 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 1, 2012 - June 30, 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. In addition, the Company places importance on caring for the safety of employees and has established the Safety Committee to train employees to handle different kinds of situations, to establish safety prevention systems, and to organize activities related to safety and 7S.

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.

Furthermore, the Company has provided full cooperation with regards to non-infringement of intellectual property or licenses. It has specified regulations for employees to follow and punishment in case of non-compliance or neglect.

Society, Communities and the Environment : The Company operates its business by being "the knowing friend near you", which means being a part of society and communities with everyone feeling that 7-Eleven is a good neighbor and first thinking of 7-Eleven in every situation. As a result of this important mission, the Company operates its business with responsibility to communities, society and the nation following the principles of good corporate governance. The business is managed with ethics, morality and fairness to all related parties and care for the environment in a concrete manner. The Company is committed to supporting activities to improve the quality of life of nearby communities and society and creating happiness in a sustainable manner.

In terms of environmental protection, in order to reduce garbage from used plastic bags, the Company campaigned for the reduction in the use of plastic bags at 7-Eleven stores. The Company also has a project to install energy-saving light bulbs in all branches as well as a project to treat waste water from stores before release into public sewers.

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.

Channel for Stakeholders to File Complaints or Provide Tip-offs to the Board of Directors

All stakeholder groups can file complaints or provide tip-offs related to corruption, illegal behavior or unethical business behavior to the Board of Directors through the Corporate Governance Committee or the Audit Committee at the address below. (All information will be kept confidential.)

- E-mail: kidsada@cpall.co.th
- Mail by Post:
Internal Audit Office
CP All Public Company Limited
119 Tara Sathorn Building, 16th Floor, Soi Sathorn 5, South Sathorn Road
Tungmahamek, Sathorn, Bangkok 10120
Tel: 0 2648 2770 Fax: 0 2679 0057

The Internal Audit Office, as the Secretary of the Audit Committee, will be responsible for gathering and presenting the complaints or tip-offs to the Audit Committee for consideration and further processing. The Audit Committee will summarize the results of the investigation process and present the report to the Board of Directors on a quarterly basis.

Conditions for Receiving Complaints or Tip-offs:

- Anonymous letters are not accepted.
- The person who files the complaint or provides the tip-off must provide their real name. The Company will keep the information confidential. Only persons assigned by the Audit Committee will know this information.
- Issues which the Audit Committee will not process as they are unrelated to corruption or illegal behavior include:
 - Job Applications
 - Surveys or Requests for Company Information
 - Product or service offers
 - Requests for donations or various kinds of contributions

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 2014, 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 12 road shows in Thailand and abroad to meet institutional investors on a regular basis. 5 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 7-Eleven flagship store.

Analysts and investors may contact the Company for information via phone, e-mail, conference call, or download information from the Company's website

<http://www.cpall.co.th/Investor-Relations>

or contact Investor Relations Office for more information at:

Telephone : 0 2648 2501

Fax : 0 2679 0050

Email : investor@cpall.co.th

Letter :

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

In 2014, the Company disclosed 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. In addition, the Company has never had any history of being requested to correct its financial statements. Its quarterly and annual financial reports have all been submitted before the dates required by the law.

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 0.18 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. Information on the remuneration for the auditor, separated into the audit fee and other service fees
8. 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.
9. Number of Board of Directors’ Meetings and attendance of directors in 2013
10. Information memorandum of bond issuance

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 As at December 31, 2014, 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. Five (5) Executive Directors
 - c. Five (5) Non-Executive Directors
- 1.2 Each term of a director is 3 years according to the Company’s Articles of Association and as stated in the Policy on Corporate Governance.
- 1.3 The Company’s independent directors have qualifications according to the Company’s regulations relating to the qualifications of independent directors, which is more stringent and circumspect than the minimum requirements of the SEC and SET regarding holding of the Company’s shares. This information is disclosed under the “Management” section.
- 1.4 The Chairman of the Board of Directors is not the same person as the Chief Executive Officer and is a Non-Executive Director with clearly defined role, authority and duties. The Chairman encourages all directors to debate and fully express their opinions by providing sufficient and appropriate time. The authority and duties of the Chief Executive Officer has been clearly determined by the Board of Directors. In particular, important matters must be presented to the Board of Directors for consideration and approval.

1.5 The Board of Directors has appointed a Company Secretary. Information about the Company Secretary is under the “Board of Directors” section. The Corporate Secretary is responsible for providing advice regarding legal matters and various rules and regulations that the Board of Directors must be aware of. The Company Secretary, with the Company Secretary Office as a supporting unit, is also responsible for looking after the activities of the Board of Directors and liaising to ensure that the resolutions of the Board of Directors are strictly adhered to. The main duties and responsibilities of the Company Secretary can be found under the “Management” section.

2. Sub-Committees

Even though the Company has not set up other committees besides the Audit Committee, 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.

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 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 2014, a total of 6 Board of Directors' Meetings were held which was appropriate for the duties and responsibilities of the Board and the management of the Company in the previous year.
- 4.3 The meeting's invitation, agenda and relevant documents were sent to the directors at least 7 days prior to the meeting date to allow sufficient time for the directors to study the information before decision-making. In the consideration of any issue, the directors are entitled to look at or check the related documents; ask the management to provide additional information; and bring in outside consultants or experts to provide advice, at the Company's expense.
- 4.4 In every meeting, the management had been asked on questions raised by directors. The directors exercised careful, independent and transparent judgment with fair consideration for the interests of shareholders and stakeholders. Directors with vested interests in the matter under consideration must leave the meeting during consideration of that matter. The Chairman also provided sufficient time for directors to discuss problems and possible solutions. Management related to the presented agenda item was invited to the meeting to provide additional details and answer questions.
- 4.5 After the Board of Directors' meetings, the minutes were prepared, approved by the Board and filed at the Company Secretary Office for future reference and verification by directors and related persons.

5. Board of Directors Self-Evaluation

In 2014, the Company organized the Board of Directors Self-Evaluation, the Board as a whole, for the first time. The objective is to enable the Board of Directors to review their performance as well as the problems and obstacles faced during the past year. This will assist in making the Board perform their work more effectively as they will clearly understand their responsibilities. The assessment also helps improve the relationship between the Board and the Company's management.

The Board of Directors Full Board Evaluation covers:

- Satisfaction of the performance of the Board of Directors / Company / Subsidiaries and problem solving of the management team
- Understanding of the Board's role, the Company's business and the Company's strategies
- Good relations with the management team
- Role, responsibilities and authority of the management team
- Effectiveness of Audit Committee in performing their work
- Appropriate time allotment in the consideration of the Company's policies and direction, operating performance, and solutions for improvement
- Preparation before every meeting
- Ability to express opinions independently, completely and fairly
- The Chairman provides opportunity for and supports the Board members to express their opinions independently
- Practice of good corporate governance is accepted by the Company's employees

The Board Self-Evaluation Form has 3 opinion ratings - Low (should improve), Moderate (acceptable but can be improved), and High (should be maintained). In addition, there is space for the Board to provide additional comments.

In summary, 91 percent of the Board Self-Evaluation scores were in the high range that should be maintained, while 9 percent were in the moderate range that is acceptable but can be improved.

6. Remuneration

6.1 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 2014, the Company paid remuneration to directors as follows:

- Director retainer fees of year 2014 totaled approximately Baht 10.92 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 40.423 million. The Chairman is responsible for determining the appropriate amount to be allocated to each director.

6.2 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.

7. Development of Directors and Executives

7.1 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.

7.2 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.

7.3 The Company has a work development and succession plan and has created a learning organization. It has initiated the Leadership Development Program and the TLCA Executive Development Program to ensure that the business continues to operate smoothly. One of the Company's important business strategies is to find good and capable people both inside and outside the organization and develop them into leaders at every level. There is a human resource plan to replace and add high-level management positions to support business expansion in an appropriate and transparent manner. Opportunities are also provided to the young generation who are knowledgeable and capable to demonstrate their abilities and further develop their potential to become high-level executives in the future.

The Company joined with Aon Hewitt and the Young Buddhists Association of Thailand to develop the Leadership Development Program under both Western and Eastern concepts. Western concepts cover science, speakers, and modern tools while Eastern concepts include consciousness, concentration, and spirit. Furthermore, the Company joined with the CP Group through the CP Group Leadership Development Program such as the New Leader Program, Function Leader Program, Business Leader Program, and Advance Leader Program.

Through the dedication of all of the Company's leaders at every level, the Company has received recognition that is testament of its leaders' determination and abilities.

- The Most Innovative Company ranking No.2 in Asia and No.8 in the World by Forbes Magazine
- Honorable Award as the Sponsor and Benefactor of the Mind and Wisdom Development Center of the Young Buddhists Association of Thailand under the Royal Patronage

- Top Companies for Leaders Award - (2014 Aon Hewitt Top Company for Leaders® in South East Asia)
- These awards are the pride of the employees and executives working in the Company and provide significant encouragement in the commitment to continuously develop leaders at all levels. Moreover, the awards build trust for all stakeholder groups that the Company can operate its business with successful results both in the short and long-run. The Company stands firm and will grow sustainably, at the same time contributing back to the nation and society at large.

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

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 2014, 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.

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.

CORPORATE SOCIAL RESPONSIBILITY

The Company fully recognizes its corporate social responsibility, which has been stated as a clear mission to enhance good relations with society and communities. Following a systematic process (refer to Picture 1), the demands of society and communities are an important factor in reviewing the annual strategies. With determination “to augment acceptance and approval from society and communities”, the needs and expectations of society and communities are analyzed for planning and established as guidelines for operations with improvements made in line with changing demands, as evident in the long-term strategic plans related to support for education, youth development and environmental conservation.



Picture 1: CSR Management Process

CSR Operations

The Company strives to create smiles for society and communities through CSR in-process and recognizes the demands of all stakeholders, whether good corporate governance, fair business practices, corruption risk management, fair employment practices and care for customers. Most importantly, the Company has utilized its core corporate competencies related to management of its nationwide 7-Eleven store network as well as its education system in making communities and society stronger. Consequently, it has received widespread recognition from related organizations both from the public and private sectors as well as non-government organizations (NGOs).

Fair Business Practices

The Company has established written policies and regulations concerning treatment of all stakeholder groups and has published the Business Ethics and Code of Conduct, which is disseminated to all directors, executives, and employees for their information and strict adherence. The Business Ethics and Code of Conduct is regularly reviewed and improved to ensure that the regulations can be applied in practice for the protection of the rights of all stakeholder groups.

Suppliers: The Company’s suppliers are treated appropriately, honestly, transparently, fairly, and equitably, without decisions being made based on personal relationships. The Company also 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.

Fair Treatment of 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 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 to promote an atmosphere for learning without limits in order to become an innovative organization. These projects include the Big Crowd of Fish Project, President Award Project, and Chairman Vision Award Project, a new project which transfers Chairman Dhanin Chearavanont's vision into practice.

The Company has set an appropriate 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 payment of hospital fees for employees and their families, life and health insurance for employees, provident fund, Employee Joint Investment Program No. 2 (EJIP: 1 July 2012 - 30 June 2017), scholarships for employees and their children, loans for in-patient hospital admission, housing loans, and relief program for unexpected disasters, have been set to meet the diversified demands of employees. In addition, the Company places importance on caring for the safety of employees and has established the Safety Committee to train employees to handle different kinds of situations, to establish safety prevention systems, and to organize activities related to safety and 7S.

Care of 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 and service 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, social media, and Call Center.

Green Resolution

7 Go Green is the Company’s environmental conservation strategy. Established in 2011, 7 Go Green aims to make the company the leader in the retail business that cares for the environment in relation to energy efficient and environmentally friendly stores, plastic bag waste management, Green Logistics, and Green Products.

Energy Efficient Store The 7-Eleven store at Tara Square on Chaengwattana Road is the first convenience store in Thailand and the AEC to receive the TREES Platinum Green Building Rating, the highest rating among 4 ratings (Platinum / Gold / Silver / Certified), from the Thai Green Building Institute (TGBI) according to Thai’s Rating of Energy and Environmental Sustainability (TREES) standards. TREES standards cover building design, construction and management; layout plan and landscape; water, energy and air conservation; construction materials and resources; indoor environmental quality; prevention of environmental impact; store equipment; and other innovations.

Furthermore, the 7-Eleven Tara Square store is the first and only convenience store in Thailand to receive certification for successfully meeting the requirements of the Carbon Footprint Label Scheme from the Thailand Greenhouse Gas Management Organization (Public Organization) in September 2014. The 7-Eleven Tara Square store had total carbon emissions of 516 kg/year from its activities. (Picture 2.1)

2.1



2.2



2.3



Picture 2.1 : Document certifying calculation of carbon emissions according to convenience store standards

Picture 2.2 : Document certifying greenhouse gas emission in accordance with TGO Guidance of the Carbon Footprint for Organization Standard and support for domestic voluntary carbon market by buying carbon to offset greenhouse gases emitted from Tara Square store according to Carbon Footprint for Organization Standard

Picture 2.3 : Document certifying offsetting 167 tons of carbon from domestic voluntary carbon market

The Company recognizes the importance of the country’s greenhouse gases reduction policy according to the National Climate Change Master Plan which states reduction of CO₂ emissions in the range of 7-20 percent in 2020 as well as support for domestic voluntary carbon market. Thus, the Company nominated the 7-Eleven Tara Square store to participate in the Carbon Footprint for Organization Program as well as the Carbon Offsetting Program. The 7-Eleven Tara Square store offset a total of 167 tons of CO₂ emissions. (Pictures 2.2 and 2.3)

Interested persons may further read about the 7-Eleven Tara Square prototype energy efficient store from www.cpass.co.th under the topic “Getting to know the first energy efficient store in Thailand” or <http://goo.gl/S8lR9e>

From the success of the opening of the 7-Eleven Tara Square prototype energy efficient store, the Company has a policy to use these technological innovations in the improvement of existing stores and opening of new stores in the following areas:

Building Envelope Expand construction results by using construction materials that reduce heat in the building according to Green Building standards such as expanding use of roof insulation, insulated glass, clerestories, and heat reflective paint for roof and walls.

Equipment Expand use of LED bulbs to all stores nationwide within 3 years and design installation to reduce number of bulbs by 30 percent; replace R22 refrigerant due to its ozone depleting potential; expand use of Digital Scroll Compressor for refrigeration in order to reduce energy use and noise pollution in communities; expand use of inverter air conditioners; and cease use of defoggers in all glass door refrigerators.

Behavior Promote and support correct use of equipment; create understanding of the importance in caring for equipment by training store caretakers, employees and bilateral students that correct use and regular maintenance of equipment will help lower the equipment’s energy use.

The “Think Bags” Campaign has been implemented for the 3rd consecutive year to instill consciousness among customers, the general public, youths and store employees to join in reducing the use of plastic bags by simply opting for “no bags for small items” and “just one bag for everything”. As 7-Eleven is a store where customers expect convenient and fast service and customers do not bring cloth bags to buy products in the store, the Company has started this campaign since 2012 in cooperation with the Department of Environmental Quality Promotion, the Green World Foundation, and the Thai Webmaster Association. The aim of the campaign is to make customers think before taking bags, to make employees ask before putting items into plastic bags, and to provide knowledge and understanding on how plastic bag waste affects global warming.

In 2013, the Company campaigned as follows:

- Launched the campaign “Bag Family” to make the target group aware that the problem of global warming does not come from plastic bags, but from humans who take plastic bags without thinking and throw it away as garbage. (The commercial clip can be viewed at <https://www.facebook.com/kidtoong?ref=ts&fref=ts>)
- Campaigned via external store media such as television, radio, newspaper, new media and PR as well as via in-store media such as posters, stickers and Point of Sale (POS) that gathers sales and payment data when there is a sale of products or services.
- School Tours to campaign for the reduction of plastic bag use among primary school students at 17 schools in Bangkok and its vicinities. A total of 8,000 students participated in this activity.
- At the high school level, the Company launched the “Thai Youth Network Reducing Plastic Bag Use” in 3 prototype schools, including Prommanusorn School in Phetchaburi Province, Suankularb Wittayalai Rangsit School, and Mahidol Wittayanusorn School. The network was later expanded to 18 schools with a total of 16,890 students and 250 youth leaders joining the project.
- The Company encouraged 7-Eleven store employees and consumers to reduce plastic bag use at 800 stores in 5 eastern provinces including Chonburi, Rayong, Chantaburi, Trat and Prachinburi. There were ads both in front and inside the stores urging customers “not to take plastic bags for small items” from November to December 2014.

- In cooperation with Pattaya City, the Company organized a walk rally to campaign for the reduction of plastic bag use and a cleanup of Jomtien Beach. Almost 1,000 people including CP All executives and employee volunteers, Pattaya government officials, students, tourists and the general public joined the walk rally and Jomtien Beach cleanup. The beach cleanup is a prototype project to further develop and improve for other beaches and leading tourist attractions in the future.

As a result of its earnest and continuous implementation of the plastic bag reduction project with both the government sector and NGOs, the Company has received recognition as an organization that preserves natural resources and the environment, providing an exemplary model for society. Prime Minister Prayuth Chan-ocha presented the award to the Company on the occasion of the 2014 Thai Environment Day and the National Natural Resources and Environmental Protection Volunteer Day in honor of His Majesty the King, organized by the Department of Environmental Quality Promotion, Ministry of Natural Resources and Environment.

Education and Youth Development

The Company has a clear policy regarding promotion of education and youth development and has taken concrete actions in this area throughout the past 26 years, both in terms of CSR in-process which includes training youths, especially those who lack educational opportunities, to enter the retail business, as well as CSR after-process which emphasizes promotion of reading, writing, learning and intellectual skills. The Company's CSR in-process and CSR after-process are closely related and lead to development of work-based learning, creating professionals to support economic growth, as well as foster good ties with the country's education sector.

Work-based Learning Since 1993, the Company has collaborated with the Office of Vocational Education Commission under the "Bilateral Education" Project to develop a new retail curriculum, opening opportunities for students to learn from first-hand experience training in 7-Eleven stores. This later developed into work-based learning and the establishment of Panyapiwat Technological College (PTC) in 2005, with the aim of improving the education system in Thailand by combining the academic and real-life work together based on ethics and professionalism. PTC offers courses at the vocational level focusing on retail business and electrical training. Its program is being expanded to 20 Panyapiwat Learning Centers and 72 vocational schools nationwide.

In 2007, the Company established Panyapiwat Institute of Management (PIM) to provide education at the Bachelor's, Master's and Doctorate level. To date, Panyapiwat Institute of Management has produced more than 10,000 highly qualified graduates. The Company provides scholarships to most of the students to offer opportunities for the nation's youth to have access to education at all levels, in line with business growth of the Company and the country. The work-based learning program includes Retail Business Management, Modern Trade Business Management, Logistics Management, Information Technology, Computer Engineering, Industrial Engineering, Automotive Manufacturing Engineering, Business Chinese, Business Japanese, Teaching Chinese, Property and Facility Management, Human Resource Management, Aviation Business Management, Hotel and Tourism Management, Corporate Communication, Brand Communication, Convergence Journalism, Innovative Agricultural Management, and Food Management. For the academic year 2015, a new faculty, the Faculty of Agro-Industry, will be opened.

Development of Youth The Company has a policy to continuously support reading, learning, and intellectual skills for youth. There is a unit responsible for the development of youth in 2 areas.

- 1) **Thai Language Promotion** The Company has promoted reading and writing Thai since 1999 through the “Love Reading Project”, “Literature Seeds Project”, and “7-Eleven Discovers Dream Cartoonist Project” in which the Company has closely partnered with Srinakarinwiroj University, the Writers Association of Thailand, and the Association of Thai Language Teachers of Thailand in order to develop the reading and writing skills of Thai youth to be able to submit entries to the 7 Book Awards. The 7 Book Awards is another project that strives to stimulate the book and literature industry in Thailand to be active and to be a stage for Thai writers to continuously create quality works for Thai readers.
- 2) **Intellectual skills** The Company has supported the “Go Game”, a sport which promotes strategic thinking, wit, intellect, and an attitude of living together peacefully with the philosophy “Winning without thinking of winning”.

Further details about the Company’s activities related to education and youth development can be found in the “**Corporate Governance and Social Responsibility Report**” 2011 and 2013 (www.cpall.co.th).

Supporting Communities and Improving Quality of Life

The Company realizes the importance of serving communities in order to strengthen communities and improve the quality of life of the people and local operators. The Company utilizes its Corporate Core Competency related to its nationwide store network, retail business management, and education system to support communities, both in times of normalcy and flooding. In 2014, the Company engaged in the following:

- Supported scholarships for occupational training of youth in the southern border provinces in cooperation with the Southern Border Provinces Administrative Center with the objective of providing educational opportunities for youths who are the children of deceased or disabled persons who served in the line of duty in the southern border provinces. The Company provides scholarships throughout the program as well as covers accommodation until the completion of the vocational or bachelor level at institutions participating in the Company’s bilateral vocational education program.
- Joined with the Ministry of Commerce to provide 1,000 free scholarships to children of grocery store owners to study at Panyapiwat Technological College in order to bring back the knowledge to develop their family store.
- Continued transfer of retail knowledge to grocery stores or mom-and-pop stores so that they can adapt the knowledge to operate their business sustainably. The Company organized the seminar “**Creating Sustainable and Wealthy Grocers**” for small retail operators and interested persons, with experienced speakers both from inside and outside the Company. To date, over 6,500 persons have attended the seminars.
- Supported the channel for SMEs to distribute their products via 7-Eleven stores and 7-Catalog. At present, the Company has more than 20,000 SMEs in every region as its business partner. In addition, the Company has initiated various programs to develop the knowledge and capabilities of its business partners to operate their business professionally.

Result of Recognition by Society and Communities

The Company strives to foster good ties with communities and society through responsible business operations (CSR in-process) with consideration to all stakeholders and continued social activities and public contributions (CSR after-process). Consequently, the Company has a good image and has won widespread recognition from

society and communities. From the survey of stakeholders regarding the Company's image towards corporate social responsibility during 2011-2014 in 5 aspects as follows: 1) doing the business with ethics and equitable treatment to all 2) environmental care and global warming campaign 3) educational support on reading, learning and sport of youths 4) community development and public use 5) quality enhancement of people's life and living. It was found that the score was excellent and improved from 87 percent in 2011 to 92 percent in 2014.

Anti-Corruption

The Company's Board of Directors recognizes and gives importance to good corporate governance by using the system as a guide in corporate governance and has supported the Company becoming a member of the Private Sector Collective Action Coalition Against Corruption (CAC). In 2014, the Company signed the Declaration of Intent to join the Private Sector Collective Action Coalition Against Corruption so that directors, executives, employees and all stakeholders join in fighting corruption. The Corporate Governance Committee is responsible for monitoring the performance of employees to be in line with the Company's corporate governance policy and Business Ethics and Code of Conduct. It is also responsible for considering complaints and providing fairness to all stakeholders. The Company has taken action to create confidence in accordance with the anti-corruption policy as follows:

1. The Company has produced handbooks on Corporate Governance Policy and Business Ethics and Code of Conduct to ensure transparency and accountability as well as to provide business conduct guidance. There are regulations related to corruption and illegal behavior for executives and employees to strictly adhere to. For example, not accepting things beyond normal remuneration. Executives, employees and their close persons shall not accept money, benefits, or things from persons with business relations with the Company. If they have to accept the gift with value beyond normalcy from persons with business relations with the Company, they must report to their superiors in writing and deliver the gift or such thing to the Company. Acceptance of the gift must not cause conflict of interest or unfair treatment in performing duties.

2. The Company has a communication channel for stakeholders and employees to express their opinions, file complaints and provide tip-offs in case of unfair treatment or corruption through the Corporate Governance Committee. The Corporate Governance Committee will verify the information, investigate the truth, and report to the Corporate Governance Committee. There is a process to protect stakeholders or employees who filed the complaint. Tip-offs can be made directly to:

Internal Audit Office CP All Public Company Limited

119 Tara Sathorn Building 16th Floor, Soi Sathorn 5, South Sathorn Road,
Tungmahamek, Sathorn, Bangkok 10120

Tel: 0 2648 2770 Fax: 0 2679 0057 E-mail: kidsada@cpall.co.th

The Company intends to fight corruption by using the anti-corruption standards set by the Private Sector Collective Action Coalition Against Corruption in improving and revising its handbooks on Corporate Governance Policy and Business Ethics and Code of Conduct to have clearer practical guidelines.

INTERNAL CONTROL AND RISK MANAGEMENT

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 operation 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 so that shareholders are confident in the Company's internal control system. The Board of Directors has appointed the Audit Committee, consisting of 3 independent directors with all qualifications according to the requirements of the Notification of the Capital Market Supervisory Board and the Notification of the Stock Exchange of Thailand, to review the Company's financial reports to ensure accuracy and reliability. In addition, the Audit Committee reviews the connected transactions or the transactions that may lead to conflicts of interest to ensure that they are reasonable and for the highest benefit of the Company; reviews the adequacy of the Company's risk management, internal control and internal audit systems; and reviews the Company's compliance with the law on securities and exchange and the laws relating to the Company's business.

The Audit Committee has assigned the Company's Internal Audit Office, which is independent from management, to be responsible for 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 Audit Committee evaluates the adequacy and appropriateness of the Company's overall internal control system which includes:

1. Control Environment

The Company promotes and supports a good internal control environment. The Company has established written policies related to corporate governance and business ethics which have been communicated to employees at all levels for their information and strict compliance. There is also a penal code for violations. The organizational structure has been set to correspond with the business plan and is regularly adjusted to be appropriate with operations. The lines of command are divided according to different fields corresponding to operation strategies and corporate governance. This ensures that management and employee performance is effective and can be clearly monitored, inspected and evaluated. The Internal Audit Office, which is independent and reports directly to the Audit Committee, is responsible for examining and verifying performance, supporting a good internal control environment.

2. Risk Assessment

The Company has set up a good risk management system and internal control system. The Risk Management Committee is responsible for establishing the policy framework as well as systematic risk management. Every unit assesses risk factors in various areas, impacts, possibility of occurrence, and risk management plan in line with changes in internal and external risks; determines clear measures to manage risks at acceptable levels; as well as manages existing risks promptly and effectively. The Company has established a Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) to prepare for risks and crises which may occur to ensure that the Company's major operations will have continuity and not be halted. The work performed by the Risk Management Committee is reported to the Board of Directors every 6 months. The Internal Audit Office also monitors whether various units have followed the risk management measures in order to ensure that the Company's risks are at acceptable and manageable levels.

3. Control Activities

The Company has clear and appropriate control activities. KPIs assist in planning and control. The Business Ethics and Code of Conduct and the Company's corporate governance policy provide guidelines for performance of duties. All employees are made aware of the Code of Conduct since the orientation for new employees. The Company has clearly defined the duties and responsibilities of various work functions. Correctness can be cross-checked to reduce risks in corruption or inappropriate actions. The authority and approval limit of various types of transactions of executives are clearly written in the "Authority Handbook". Furthermore, the IT system classifies the roles as well as control and access to information at various levels. The IT system has set access codes and an information database which can be later retrieved for verification. The policy regarding information security and information system has been announced and disseminated among employees at all levels to be aware of and strictly comply with information security. Procedures regarding connected transactions and the transactions that may lead to conflicts of interest are clearly stated to ensure transparency and the greatest benefits of the Company. The Internal Audit Office regularly reviews the adequacy and appropriateness of the control system, with the audit plan also covering important work processes.

4. Information and Communication

The Company recognizes the significance of information systems and communication. There are both internal and external communication channels to ensure that the decision-making of the Company's shareholders, stakeholders, directors, and executives are based on information that is correct, adequate, reliable and up-to-date. Important and general information is disclosed in the annual report and Form 56-1 through the Company's website www.cpall.co.th and the Stock Exchange of Thailand. The Company's policies, regulations, announcements and important news are clearly communicated to all employees via various channels. With regards to the Board of Directors Meeting, the Company will send the invitation to the meeting, agenda, and related meeting documents in advance within the regulated time period so that directors have sufficient time to consider the information before attending the meeting. The minutes of the Board of Directors Meeting is prepared for every meeting, recording the inquiries of directors and the opinions or observations of directors for each agenda item. Moreover, the Company has an information database that can be used for the Company's business operations. All documents are stored by category, especially financial documents which are essential in preparing financial reports. In addition, the Company has a clear policy regarding information control in terms of access and improper use of information, which is in line with the Computer Related Crime Act B.E. 2550 (2007).

5. Monitoring

The Company regularly monitors performance to evaluate whether the set KPIs have been achieved as planned as well as analyzes the reasons in case the results were not as planned. The Internal Audit Office, which is an independent unit, reviews and audits operations to be in line with the control system, with emphasis on operational processes with high risk. The Internal Audit Office directly reports matters found to the Audit Committee and regularly monitors the improvements and remedial actions made by the unit that was audited. The Audit Committee reports the audit results to the Board of Directors every quarter. In addition, the Audit Committee meets with the Company's external auditor to evaluate the adequacy and effectiveness of the Company's internal control system.

In 2014, the Audit Committee had the same opinion with the external auditor that there was no material weakness in the internal control system. The Company has a sufficient and appropriate internal control system for its business and all units complied with the procedures and regulations. No material weakness was found in the internal control system.

Name Mr. Kidsada Euapiyachart
Position Vice President - Internal Audit

Education

- Master Degree in Business Administration, Southeastern University, USA
- Graduate Diploma in Auditing, Chulalongkorn University
- Bachelor Degree in Law, Thammasat University
- Bachelor Degree in Accounting, The University of the Thai Chamber of Commerce

Experience

1988 - 2000 Deputy Manager, Internal Audit, Charoen Pokphand Group Co., Ltd.

Training by the Thai Institute of Directors Association (IOD)

2009 Company Secretary Program
 2010 Audit Committee Program
 2014 Anti-Corruption: The Practical Guide

Duties and Responsibilities of the Head of Internal Audit

1. Determine the structure and scope of responsibilities of the Internal Audit Office and manage general operations of the Internal Audit Office
2. Prepare the handbook and operating standards for internal auditors and monitor that the internal auditors have performed their duties according to the established standards
3. Formulate the annual audit plan which is considered and approved by the Audit Committee
4. Determine the annual budget and Key Performance Indicators for auditing
5. Review the Audit Program of each audit unit including performance of duties and information to ensure worthwhile use of resources and efficient and effective audit results
6. Verify the appropriateness of information storage systems and the existence of the Company's assets
7. Evaluate the reliability and correctness of accounting and financial information
8. Monitor that the operations of various departments comply with the policies, objectives and regulations of the Company and related laws
9. Review the audit results and follow up on performance results following the recommendations
10. Report the audit results to the executive team, the Audit Committee, and the Board of Directors
11. Select and develop internal auditors at all levels to be knowledgeable and skilled and evaluate the performance of internal auditors
12. Provide advice and recommendations on internal control systems and risks to various departments
13. Perform other special tasks as assigned by the executive team and the Audit Committee
14. Liaise with the executive team, the Audit Committee, the Company's auditor and advisors

RELATED TRANSACTIONS

In 2014, the Company and its subsidiaries did transactions with related parties which 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 6 of the Company's financial statements for the year ended December 31, 2014). 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 2014 were as follows:

Trade Accounts Receivable

As at December 31, 2014, the Company and its subsidiaries had a trade accounts receivable balance with related parties in the amount of Baht 128 million or 14.05 percent of the Company and its subsidiaries' total trade accounts receivable.

Other Accounts Receivable

As at December 31, 2014, the Company and its subsidiaries had other accounts receivable balance with related parties in the amount of Baht 219 million or 12.12 percent of the Company and its subsidiaries' total other accounts receivable.

Trade Accounts Payable

As at December 31, 2014, the Company and its subsidiaries had a trade accounts payable balance with related parties in the amount of Baht 5,561 million or 9.38 percent of the Company and its subsidiaries' total trade accounts payable.

Other Accounts Payable

As at December 31, 2014, the Company and its subsidiaries had other accounts payable balance with related parties in the amount of Baht 51 million or 1.45 percent of the Company and its subsidiaries' total other accounts payable.

Sales of Goods and Services

In 2014, 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, 2014 amounted to Baht 1,750 million or 0.49 percent of the Company and its subsidiaries' total sales and services income.

Purchases of Goods and Services

In 2014, 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, 2014 amounted to Baht 26,256 million or 9.33 percent of the Company and its subsidiaries' total cost of sales and services.

Other Operating Income

In 2014, the Company and its subsidiaries recognized other income from related parties in the amount of Baht 665 million or 5.14 percent of the Company and its subsidiaries' total other income.

Rental and Service Fees

In 2014, 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, 2014 amounted to Baht 112 million or 0.16 percent of the Company and its subsidiaries' total selling and administrative expenses.

Technical Service Fees

In 2014, the Company and its subsidiaries paid technical service fees to related parties based on contract prices. The technical service fees for the fiscal year ended December 31, 2014 amounted to Baht 9 million or 0.01 percent of the Company and its subsidiaries' total selling and administrative expenses.

Purchases of Fixed Assets

In 2014, the Company and its subsidiaries purchased fixed assets 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, 2014 amounted to Baht 75 million or 0.02 percent of the Company and its subsidiaries' total assets.

Other Expenses

In 2014, the Company and its subsidiaries paid other remunerations to related parties in the amount of Baht 402 million or 0.58 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 (MD&A)

Discussion and Analysis of Financial Status and Operating Results

Financial status and operating results of the Company reported in the consolidated financial statements were generated from 3 main businesses including 1) convenience store business in Thailand 2) other businesses in Thailand such as manufacturing and sale of ready-to-eat food and bakery products, bill payment collection services, and sale and maintenance of retail equipment, and 3) membership based Cash & Carry trade centers.

Analysis of Operating Results for the Year Ended December 31, 2014 Compared to the Operating Results for the Year Ended December 31, 2013

In 2014, the Company and its subsidiaries' total revenues were Baht 371,301 million, increasing 30.4 percent from that of 2013 mainly due to an increase in sale of goods and rendering of services of convenience store and other supporting businesses and the consolidation of Cash & Carry business under the name "Makro" from the acquisition of Makro during the mid-year 2013. In 2014, the Company recorded full year performance of Makro compared with recording of 6 months performance in 2013.

Total income before elimination was Baht 396,126 million originated from three businesses, (1) convenience store business accounting for 58 percent (2) membership based Cash & Carry trade centers accounting for 36 percent, and (3) other businesses in Thailand such as manufacturing and sales of convenience food, payment service, distributing and maintenance of retailing equipment, etc. accounting for 6 percent.

The growth in net sales and service income was mainly due to the expansion of 698 7-Eleven outlets, exceeding our target of 600 stores and an increase of other operating income such as marketing support that followed the same rising trend and thus contributing to higher revenues. In addition, Makro's revenues continued to grow from store expansion and a rise in the number of registered customers and an increase in income from other businesses.

Gross Profit

In 2014, the Company and its subsidiaries' gross profit was Baht 76,323 million, an increase of 23.8 percent from 2013, which was mainly due to improved performance of the convenience store business and other supporting businesses, and the consolidation of Makro performance. 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 25.6 percent in 2013 to 25.8 percent in 2014. However, gross profit margin including phone card increased from 26.3 percent in 2013 to 27.7 percent in 2014, this was due to change in accounting methods used for phone card, from recording sales and cost of goods sold to service income, resulting in a decreased mix of phone card sales which generally yield lower margin. From the consolidation of Makro performance of 12 months in 2014 compared with that of 6 months in 2013, total gross margin in the consolidated financial statement decreased from 22.6 in 2013 to 21.3 percent in 2014 because Makro business generated lower gross margin than convenience store business.

Selling and Administrative Expenses

In 2014, the Company and its subsidiaries' selling and administrative expenses were Baht 68,809 million, increasing 16.7 percent year-on-year as detailed below:

- 1) Personnel expenses, which accounted for 25.6 percent of the total SG&A, amounted to Baht 17,647 million.
- 2) Store management expenses, which accounted for 18.6 percent of the total SG&A, increased to Baht 12,774 million following the rise in the number of franchise stores and higher sales.

Other SG&A such as depreciation, utility expenses, advertising and promotion expenses and other SG&A i.e. servicing expenses, supplies expenses, and maintenance expenses which were increased in relation to sales growth and store expansion of 7-Eleven. In addition, expenses related to the acquisition of Makro such as arrangement fees, financial advisory fees, legal fees, and hedging costs were incurred.

However, SG&A to total revenues decreased from 20.7 percent in 2013 to 18.5 percent in 2014 due to the consolidation of Makro's SG&A for 12 months in 2014 compared with its of 6 months in 2013 and Makro's SG&A to total revenues was lower than that of the convenience store business.

Operating and Net Profit

In 2014, the Company and its subsidiaries' operating profit was Baht 21,048 million, increasing 39.8 percent from that of 2013 and net profit was Baht 10,154 million, or Baht 1.13 per share, decreasing 3.3 percent comparing year on year from Baht 10,503 million in 2013, or Baht 1.17 per share due to the record of interest expense of Baht 8,518 million.

Operating Results of the Convenience Store Business

In 2014, the convenience store business had net income of Baht 228,996 million, an increase of Baht 11,501 million, or 5.3 percent from the previous year. The growth in net sales and services income was mainly due to store expansion from 7,429 stores in 2013 to 8,127 stores in 2014, growing by 9.4 percent comparing with the same period of last year. In terms of the product mix, food and beverages accounted for 72.3 percent while non-food items accounted for 27.7 percent.

The cost of sales of the convenience store business excluding phone card was decreasing to 74.2 percent of sales in 2014 compared with 74.4 percent in 2013 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 58,382 million in 2014, an increase of Baht 5,441 million or a rise of 10.3 percent from the previous year. Operating expenses increased Baht 3,957 million or 7.2 percent from 2013 mainly due to store expansion.

Other income such as income from marketing support also increased because of higher sales and increased dividend income from subsidiaries from Baht 3,495 million in 2013 to Baht 4,541 million in 2014.

The convenience store business reported operating profit of Baht 17,707 million in 2014, up 28.1 percent from 2013. Finance charge was increased from Baht 2,179 million to Baht 8,355 million in relation to Makro acquisition resulting in net profit of Baht 8,678 million in 2014, down 15.4 percent from 2013.

Operating Results of Other Businesses

Other businesses comprise of bill payment services, manufacturing and sale of convenience food and bakery products, distribution and maintenance of retail equipment, product and service payment through Smart Card, and other businesses, etc. In 2014, profit before tax was Baht 2,180 million, increasing by 3.1 percent from 2013.

Operating Results of Cash & Carry Trade Centers

In 2014, Makro's total revenues were Baht 142,537 million, increasing by 114 percent due to a record of full year performance compared with its of 6 months performance in 2013. Gross margin was 11.1 percent up from 11.0 percent year-on-year and profit before tax was Baht 5,759 million in 2014 increased from Baht 2,713 million in 2013, up 112 percent or at 4 percent to total revenue.

Analysis of the Company and its Subsidiaries' Financial Status for the Year Ended December 31, 2014

Total Assets

As at December 31, 2014, the Company and its subsidiaries reported total assets of Baht 326,410 million, an increase of 7.4 percent compared to the previous year along with sales growth and stores expansion of both 7-Eleven and Makro businesses.

Total Liabilities

As at December 31, 2014, the Company and its subsidiaries had total liabilities of Baht 291,352 million, increasing by 7.5 percent from the previous year with net interest bearing debts of Baht 166,276 million, increasing by 3.5 percent. Net debt to equity in 2014 was reduced to 4.7 times from 4.9 times in 2013.

Total Shareholders' Equity

As at December 31, 2014, consolidated total shareholders' equity was Baht 35,058 million, an increase of 6.3 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, 2014 Compared to the Year Ended December 31, 2013

Liquidity

As at December 31, 2014, the Company reported cash and cash equivalent of Baht 32,204 million, accounting for 9.9 percent of the Company's total assets increasing from 8.1 percent of 2013. The Company's liquidity remained healthy from efficient working capital management, having negative cash cycle of 46 days in 2014 which resulted from inventory period of 27 days and payable period of 74 days.

Cash Flow from Operating Activities

In 2014, net cash flow from operating activities totaled Baht 26,371 million, up 22 percent from the same period of last year due to an increase in operating profit before finance charge.

Cash Flow from Investing Activities

In 2014, net cash flow used in investing activities amounted to Baht 15,958 million compared to Baht 191,409 million in 2013 because of an acquisition of Makro business. In 2014, investments in assets were used in the normal course of business such as land, buildings and leasehold improvements, as well as capital expenditure on 7-Eleven stores expansion and renovation, new distribution center in Samut Sakhon province, investments in subsidiaries' businesses to support the Company's growth and Makro stores expansion.

Cash Flow from Financing Activities

In 2014, net cash flow used in financing activities totaled Baht 2,830 million, with interest paid of Baht 7,397 million compared with Baht 1,710 million of year 2013.

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

The ever-changing demand of customers 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 services, manufacturing and sale of food and bakery products, maintenance of retail equipment as well as new projects including best-sellers publications, books and magazines sold exclusively to Book Smile, or projects in co-operations with various organizations to develop innovation under "7 Innovation Awards" providing support to small and medium business enterprises to grow with the Company, these businesses will grow along with 7-Eleven stores to support more efficient operation, differentiate products and services from competitors and enhance revenues.

The Company has prepared supply chain management by operating a new distribution center in Mahachai sub-district, Samut Sakhon province for the first half of 2014. The expansion of distribution centers will support the Company's store expansion and enable the Company to deliver products more efficiently, provide products to customers on a timely manner, and strengthen the Company's competitive advantage. In 2015, the Company plans to build up another regional distribution center in Chonburi province.

In addition, since Makro acquisition in 2013, Makro performance has been improved and continues to expand stores with high potentials to grow. Although the Company incurs interest bearing debts from such acquisition, we believe that our improved operating cash flow can service all debt obligations.

AUDIT COMMITTEE'S REPORT

The Company's Board of Directors appointed the Audit Committee consisting of the three independent non-executive directors who are knowledgeable and have experiences in various sectors such as legal affairs, organization management and financial accounting. These comprise of Prof. Dr. Komain Bhatarabhirom, as the Chairman of the Audit Committee, Mr. Pridi Boonyoung and Mr. Padoong Techasarintr, as members of the Committee and including Mr. Kidsada Euapiyachart, the Vice President of the Internal Audit Office, 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 for the best interest of the Shareholders. Good cooperation from the Company's Management and both the Internal and the External Auditors have been received.

During the year 2014, the Audit Committee had 11 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, 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 items:

1. Review the quarterly and annually consolidated financial statements of both the Company and its subsidiaries for the year 2014. This included the review of financial reports, the disclosure of information in the notes to financial statements, the accounting policies, the special transactions and the critical projections. Moreover there were meetings with the External Auditors which freely discussed the important information in preparing the financial statements and their disclosure to be in conformity with the standard financial reporting for the benefit of the users of the financial statements. The Company and its subsidiaries have already internally prepared to be ready for the new accounting standards which would be effective in year 2015. This was to ensure that the financial statements will be prepared in compliance 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 and its notes as well as in time for the benefits of the shareholders and the users of the financial statements.

2. Review and revise the sufficiency and appropriateness of the internal control system of the Company and its subsidiaries to reasonably ensure efficiency and effectiveness of the Company's operations by adhering to the approved annual plan. The result of the operation, the utilization of resources, the management and the use of assets, the protection of damage, the errors, the wastage, the reliability of the financial statements, the internal audit reports which were presented in the meeting every month in order to assess the status of the internal control system, the risk management and the works in accordance with the good corporate governance principle were also considered.

The Audit Committee had an opinion that the internal control system of the Company were sufficient, appropriate and effective for the business.

3. Review the appropriateness in dealing with the related transactions or the transactions which might cause conflict of interests; they were justifiable and creating the highest benefits to the Company's operations and its shareholders. This included the observations for ensuring disclosure of information and operating in compliance with the announcements of the Securities and Exchange Commission and all the relevant laws. Additionally the Audit Committee instructed the Internal Auditors to emphasize in reviewing the related transactions between the Company, its subsidiaries and the related parties and report 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 generating the utmost benefits to the Company's operation and its shareholders. The same commercial conditions used with the external parties were applied. Additionally the complete and sufficient disclosure of information in accordance with the law and the regulations of the Securities and Exchange Commission was also being observed.

4. The Audit Committee and the Management emphasized on risk management by setting up policy and guidelines. There was a Risk Management Committee who has a duty in assessing the risks covering all aspects both internal and external factors and their possibility to happen and affect the businesses. Additionally they also established the preventive measures in order to mitigate the possible impacts and keep them at the acceptable level. Moreover the Risk Management Committee has regularly and continually reviewed and followed up on all risk items. This was to improve all measures in responding to the current changing situations including the communications to all staff to raise their awareness and implementation of the risks management guidelines in their works. The summary report of the works of the Risk Management Committee was submitted to the Board of Directors every 6 months. Furthermore the Internal Auditors were also assigned to monitor and to inspect whether the risk mitigation guidelines were being followed. This was to ascertain that the Company's risks were kept at the acceptable and manageable level.

The Audit Committee agreed that the risk management system of the Company was appropriate and sufficient for its operation. The assessment of risks, the management of risks and its progress monitoring as well as the revision of risks in order to respond to the current situation were regularly carried out.

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 important and 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. According to the review it was not found that the Company deliberately refrained from or significantly worked against the law, the procedures or regulations that relevant to the Company's business.

6. The Audit Committee approved the annual internal audit plan, reviewed the auditing results, expressed their opinions and provided suggestions. Moreover the procedures and the preventive measures for frauds in all business units were also reviewed in order to check whether they were sufficient and circumspective. The development plan, the recruitment and rotation of staffs of each departments were proper and sufficient for handling the assigned duties according to the plan.

The Audit Committee had an opinion that the internal auditing system of the Company were independently carried out. There was sufficient manpower that enable them to efficiently and effectively work in accordance with the international standard. There was also a clear monitoring system and the appropriate internal control which was sufficient to the business situation.

7. The Management was determined on properly managing the works in accordance with the good corporate governance guidelines and good business ethic with transparency which can be checked according to the good corporate governance principle. There was a channel for receiving complaints pertaining to the works that might be deemed neglecting 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. Furthermore on August 20th, 2014 the Company signed the Collective Action Coalition Declaration organized by the Thailand's private sector to fight against the corruption. At present the Company is working in accordance with the best practice standard to go against the corruption which was established by the Private Sector Collective Action Coalition Against Corruption Council of Thailand's private sector.
8. The Audit Committee reviewed the selection of the Auditors and expressed their opinion to the Board of Directors for further endorsement at the shareholders meeting. It was approved at the shareholders meeting the appointment of Mr. Charoen Phosamritlert, or Mr. Veerachai Ratanajaratkul, or Ms. Munchupa Singsuksawat of KPMG Phoomchai Audit Ltd. as the Company's external auditors for the year 2015 with the total fees of Baht 4,600,000.

In summary the Audit Committee had an opinion that the Company's Board of Directors, the Executive Directors as well as the Management had good ethic and were determined to work in achieving the goals with professional quality. They have given the priority in working efficiently and effectively with transparency and auditable. The risk management and internal control systems were appropriate and circumspective.

January 20th, 2015

On behalf of the Audit Committee

A handwritten signature in black ink, appearing to read "Komain Bhatarabhirom".

(Prof. Dr. Komain Bhatarabhirom)
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, 2014, 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, 2014.

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)
Chairman of Executive Committee

Annual Financial Statements and Auditor Report of Certified Public Accountant

For the year ended 31 December 2014



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 2014, the consolidated and separate statements of 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 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 of CP ALL Public Company Limited and its subsidiaries, and of CP ALL Public Company Limited, respectively, as at 31 December 2014 and the financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Emphasis of Matter

Without qualifying my opinion, I draw attention to note 5 to the financial statements, Following the completion of a business combination through the purchase of shares and a tender offer on 26 June 2013 and 5 August 2013 respectively, the Company has updated the fair values of the identifiable assets acquired and liabilities assumed based upon the final appraisal report dated 23 April 2014 from the independent appraiser and other relevant information obtained within one year from the business combination date. As a result, the consolidated statements of financial position as at 31 December 2013 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended have been restated accordingly.

A handwritten signature in black ink, appearing to read "Charoen Phosamritlert".

(Charoen Phosamritlert)
Certified Public Accountant
Registration No. 4068

KPMG Phoomchai Audit Ltd.
Bangkok
17 February 2015

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December 2014	31 December 2013 (Restated)	31 December 2014	31 December 2013
<i>(in Baht)</i>					
Current assets					
Cash and cash equivalents	7	32,204,375,266	24,632,252,846	24,864,029,536	15,642,314,092
Current investments	8	1,232,027,252	1,050,000,000	-	-
Trade accounts receivable	6, 9	910,175,819	848,215,281	122,046,848	119,443,847
Other accounts receivable	6, 10	1,807,624,358	1,576,451,052	2,008,534,458	1,980,311,300
Inventories	6, 11	22,167,148,169	19,915,860,237	10,242,335,111	9,219,368,431
Other current assets	6, 12	6,362,797,736	5,939,798,244	4,215,346,398	4,024,186,981
Total current assets		64,684,148,600	53,962,577,660	41,452,292,351	30,985,624,651
Non-current assets					
Investments in subsidiaries	13	-	-	202,237,831,465	202,207,831,495
Investment in related company	6	24,000,000	24,000,000	24,000,000	24,000,000
Other long-term investments	8	100,411,582	101,111,582	100,000,000	100,700,000
Long-term loans to subsidiary	6	-	-	-	1,600,000,000
Investment properties		333,200,009	333,200,009	-	-
Property, plant and equipment	6, 14	80,201,060,850	71,272,531,129	20,035,595,027	18,342,901,333
Goodwill	15	126,072,806,116	126,072,806,116	-	-
Leasehold rights		2,650,672,332	1,952,614,502	395,298,832	381,943,527
Other intangible assets	6, 16	49,665,430,652	48,329,610,936	709,706,380	633,987,163
Deferred tax assets	17	662,235,733	344,285,897	280,788,487	54,538,987
Other non-current assets	6, 18	2,016,079,472	1,614,872,920	1,948,094,217	1,797,633,339
Total non-current assets		261,725,896,746	250,045,033,091	225,731,314,408	225,143,535,844
Total assets		326,410,045,346	304,007,610,751	267,183,606,759	256,129,160,495

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 2014	31 December 2013 (Restated)	31 December 2014	31 December 2013
<i>(in Baht)</i>					
Liabilities and equity					
Current liabilities					
Overdrafts and short-term borrowings from financial institutions	19	14,726,390,374	135,143,340,850	11,000,000,000	131,976,630,807
Trade accounts payable	6, 20	59,311,725,850	54,734,077,697	31,215,968,596	27,618,149,223
Other accounts payable	6, 21	3,518,817,433	2,976,465,596	8,156,611,198	10,412,533,460
Short-term borrowings from subsidiary	6, 19	-	-	-	2,359,177,040
Current portion of finance lease liabilities	19	60,800,249	27,870,154	-	-
Current portion of long-term borrowings from financial institutions	19	4,914,000,000	-	4,914,000,000	-
Income tax payable		793,053,475	633,641,151	1,438,738	-
Other current liabilities	22	8,690,013,447	7,282,882,031	5,574,027,246	4,538,995,687
Total current liabilities		92,014,800,828	200,798,277,479	60,862,045,778	176,905,486,217
Non-current liabilities					
Debentures	19	140,000,000,000	50,000,000,000	140,000,000,000	50,000,000,000
Long-term borrowings from financial institutions	19	38,301,130,600	-	36,301,130,600	-
Finance lease liabilities	19	477,979,201	165,512,440	-	-
Employee benefit obligations	23	1,709,914,329	1,485,751,564	926,627,894	818,561,944
Accrued guarantee deposits	24	3,270,768,879	3,174,332,398	3,153,744,359	3,057,952,533
Deferred tax liabilities	17	15,304,180,789	15,379,416,242	-	-
Other non-current liabilities		273,430,198	34,181,250	-	-
Total non-current liabilities		199,337,403,996	70,239,193,894	180,381,502,853	53,876,514,477
Total liabilities		291,352,204,824	271,037,471,373	241,243,548,631	230,782,000,694

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

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

		Consolidated		Separate	
		financial statements		financial statements	
		31 December	31 December	31 December	31 December
Liabilities and equity (Continued)	<i>Note</i>	2014	2013	2014	2013
			(Restated)		
		<i>(in Baht)</i>			
Equity					
Share capital	25				
Authorised share capital		<u>8,986,296,048</u>	<u>8,986,296,048</u>	<u>8,986,296,048</u>	<u>8,986,296,048</u>
Issued and paid-up share capital		8,983,101,348	8,983,101,348	8,983,101,348	8,983,101,348
Additional paid-in capital	25				
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	26	900,000,000	900,000,000	900,000,000	900,000,000
Unappropriated		20,532,100,190	18,463,123,288	14,372,639,901	13,779,741,574
Other components of equity		<u>(1,317,311,940)</u>	<u>(1,283,669,155)</u>	<u>-</u>	<u>-</u>
Equity attributable to equity					
holders of the Company		30,782,206,477	28,746,872,360	25,940,058,128	25,347,159,801
Non-controlling interests		<u>4,275,634,045</u>	<u>4,223,267,018</u>	<u>-</u>	<u>-</u>
Total equity		<u>35,057,840,522</u>	<u>32,970,139,378</u>	<u>25,940,058,128</u>	<u>25,347,159,801</u>
Total liabilities and equity		<u>326,410,045,346</u>	<u>304,007,610,751</u>	<u>267,183,606,759</u>	<u>256,129,160,495</u>

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	
		2014	2013 (Restated)	2014	2013
		(in Baht)			
Income	6				
Revenue from sale of goods and rendering of services		357,766,357,733	272,285,532,785	210,775,640,576	201,669,012,106
Interest income		237,823,860	478,041,786	193,471,289	372,924,280
Dividend income		107,456	476,696	4,540,678,761	3,494,980,112
Net foreign exchange gain		376,979,981	-	437,246,917	-
Gain on changes in fair value of investment	5	-	71,702,031	-	-
Other income	28	12,919,806,802	11,834,536,291	13,048,909,577	11,958,007,887
Total Income		371,301,075,832	284,670,289,589	228,995,947,120	217,494,924,385
Expenses	6				
Cost of sale of goods and rendering of services	11	281,443,425,134	210,656,757,733	152,393,558,467	148,728,274,723
Selling expenses	11, 29	56,163,247,889	46,593,982,044	48,139,454,752	43,344,802,811
Administrative expenses	30	12,645,980,503	11,790,396,267	10,756,171,689	10,986,511,713
Net foreign exchange loss		-	569,653,792	-	607,094,360
Finance costs	33	8,518,494,735	2,214,030,392	8,355,306,998	2,179,436,410
Total expenses		358,771,148,261	271,824,820,228	219,644,491,906	205,846,120,017
Profit before income tax expense		12,529,927,571	12,845,469,361	9,351,455,214	11,648,804,368
Income tax expense	34	2,257,591,637	2,254,515,449	673,765,674	1,389,195,165
Profit for the year		10,272,335,934	10,590,953,912	8,677,689,540	10,259,609,203
Profit attributable to:					
Equity holders of the Company		10,153,768,115	10,502,914,121	8,677,689,540	10,259,609,203
Non-controlling interests		118,567,819	88,039,791	-	-
Profit for the year		10,272,335,934	10,590,953,912	8,677,689,540	10,259,609,203
Basic earnings per share	36	1.13	1.17	0.97	1.14

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	
	2014	2013 (Restated)	2014	2013
	<i>(in Baht)</i>			
Profit for the year	10,272,335,934	10,590,953,912	8,677,689,540	10,259,609,203
Other comprehensive income				
Currency translation differences	(33,633,781)	370,765,212	-	-
Other comprehensive income for the year	(33,633,781)	370,765,212	-	-
Total comprehensive income for the year	10,238,702,153	10,961,719,124	8,677,689,540	10,259,609,203
Total comprehensive income attributable to:				
Equity holders of the Company	10,120,125,330	10,873,679,333	8,677,689,540	10,259,609,203
Non-controlling interests	118,576,823	88,039,791	-	-
Total comprehensive income for the year	10,238,702,153	10,961,719,124	8,677,689,540	10,259,609,203

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

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN EQUITY

Note	Consolidated financial statements (Restated)							Total equity		
	Retained earnings		Other components of equity							
	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated retained earnings	Currency translation differences	Differences on acquisition of non-controlling interests	Total other components of equity			
	8,983,101,348	1,684,316,879	900,000,000	18,497,197,993	(141,083,530)	(1,142,585,625)	(1,283,669,155)	28,780,947,065	4,226,479,162	33,007,426,227
5	8,983,101,348	1,684,316,879	900,000,000	18,463,123,288	(141,083,530)	(1,142,585,625)	(1,283,669,155)	28,746,872,360	4,223,267,018	32,970,139,378
	-	-	-	(34,074,705)	-	-	-	(34,074,705)	(3,312,144)	(37,286,849)
	-	-	-	18,463,123,288	(141,083,530)	(1,142,585,625)	(1,283,669,155)	28,746,872,360	4,223,267,018	32,970,139,378
37	-	-	-	(8,084,791,213)	-	-	-	(8,084,791,213)	(66,209,826)	(8,151,001,039)
	-	-	-	(8,084,791,213)	-	-	-	(8,084,791,213)	(66,209,826)	(8,151,001,039)
	-	-	-	10,153,768,115	(33,642,785)	-	(33,642,785)	10,153,768,115	118,567,819	10,272,335,934
	-	-	-	10,153,768,115	(33,642,785)	-	(33,642,785)	10,120,125,330	9,004	(33,633,781)
	-	-	-	20,532,100,190	(174,726,315)	-	(33,642,785)	30,782,206,477	118,576,823	30,900,783,300
	8,983,101,348	1,684,316,879	900,000,000	20,532,100,190	(174,726,315)	(1,142,585,625)	(1,317,311,940)	30,782,206,477	4,275,634,045	35,057,840,522

For the year ended 31 December 2014

Balance at 1 January 2014

- as previously reported

Updated information from the business combination

Balance at 1 January 2014 - restated

Transactions with equity holders, recorded directly in equity

Distributions to equity holders

Issue of ordinary shares

Dividends

Total transactions with equity holders, recorded directly in equity

Comprehensive income for the year

Profit

Other comprehensive income

Total comprehensive income for the year

Balance at 31 December 2014

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

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY

Note	Consolidated financial statements (Restated)									
	Retained earnings				Other components of equity					
	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated retained earnings	Currency translation differences	Differences on acquisition of non-controlling interests	Total other components of equity	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
	8,983,101,348	1,684,316,879	900,000,000	16,045,000,380	(511,848,742)	-	(511,848,742)	27,100,569,865	254,730,763	27,355,300,628
37	-	-	-	(8,084,791,213)	-	-	-	(8,084,791,213)	(345)	(8,135,723,704)
	-	-	-	(8,084,791,213)	-	-	-	(8,084,791,213)	(50,932,491)	(8,135,723,704)
	-	-	-	(8,084,791,213)	-	-	-	(8,084,791,213)	(50,932,491)	(8,135,723,704)
	-	-	-	-	-	(1,142,585,625)	(1,142,585,625)	(1,142,585,625)	(58,805,073,500)	(59,947,659,125)
	-	-	-	-	-	-	-	-	62,736,502,800	62,736,502,800
	-	-	-	-	-	(1,142,585,625)	(1,142,585,625)	(1,142,585,625)	3,931,429,300	2,788,843,675
	-	-	-	(8,084,791,213)	-	-	(1,142,585,625)	(9,227,376,838)	3,880,496,464	(5,346,880,374)
	-	-	-	10,502,914,121	-	-	-	10,502,914,121	88,039,791	10,590,953,912
	-	-	-	-	370,765,212	-	370,765,212	370,765,212	-	370,765,212
	-	-	-	10,502,914,121	370,765,212	-	370,765,212	10,873,679,533	88,039,791	10,961,719,244
	8,983,101,348	1,684,316,879	900,000,000	18,403,123,288	(141,083,530)	-	(1,283,669,155)	28,746,872,360	4,223,267,018	32,970,139,378

For the year ended 31 December 2013

Balance at 1 January 2013

Transactions with equity holders, recorded directly in equity

Distributions to equity holders

Reduction of ordinary shares

Dividends

Total distributions to equity holders

Changes in ownership interests in subsidiaries

Acquisition of non-controlling interests

without a change in control

Acquisition of non-controlling interests

with a change in control

Total changes in ownership interests in subsidiaries

Total transactions with equity holders, recorded directly in equity

Comprehensive income for the year

Profit

Other comprehensive income

Total comprehensive income for the year

Balance at 31 December 2013

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

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN EQUITY

	Note	Separate financial statements				Total equity
		Issued and paid-up share capital	Premium on ordinary shares	Retained earnings	Unappropriated retained earnings	
				Legal reserve <i>(in Baht)</i>		
For the year ended 31 December 2014						
Balance at 1 January 2014		8,983,101,348	1,684,316,879	900,000,000	13,779,741,574	25,347,159,801
Transactions with equity holders, recorded directly in equity						
<i>Distributions to equity holders</i>						
Dividends	37	-	-	-	(8,084,791,213)	(8,084,791,213)
Total transactions with equity holders, recorded directly in equity		-	-	-	(8,084,791,213)	(8,084,791,213)
Comprehensive income for the year						
Profit		-	-	-	8,677,689,540	8,677,689,540
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		-	-	-	8,677,689,540	8,677,689,540
Balance at 31 December 2014		8,983,101,348	1,684,316,879	900,000,000	14,372,639,901	25,940,058,128

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

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY

	Separate financial statements				Total equity
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		
Note			Unappropriated retained earnings	Legal reserve (in Baht)	
For the year ended 31 December 2013					
Balance at 1 January 2013	8,983,101,348	1,684,316,879	11,604,923,584	900,000,000	23,172,341,811
Transactions with equity holders, recorded directly in equity					
<i>Distributions to equity holders</i>					
Dividends	-	-	(8,084,791,213)	-	(8,084,791,213)
Total transactions with equity holders, recorded directly in equity	-	-	(8,084,791,213)	-	(8,084,791,213)
Comprehensive income for the year					
Profit	-	-	10,259,609,203	-	10,259,609,203
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	10,259,609,203	-	10,259,609,203
Balance at 31 December 2013	8,983,101,348	1,684,316,879	13,779,741,574	900,000,000	25,347,159,801

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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 31 December		For the year ended 31 December	
		2014	2013 (Restated)	2014	2013
		(in Baht)			
Cash flows from operating activities					
Profit for the year		10,272,335,934	10,590,953,912	8,677,689,540	10,259,609,203
<i>Adjustments for</i>					
Depreciation	14, 32	5,718,366,895	4,317,951,028	3,757,281,291	3,207,201,920
Amortisation of leasehold rights	32	213,283,433	145,662,588	103,408,959	97,540,248
Amortisation of other intangible assets	16, 32	378,119,084	236,870,407	122,463,138	95,660,462
Interest income		(237,823,860)	(478,041,786)	(193,471,289)	(372,924,280)
Dividend income		(107,456)	(476,696)	(4,540,678,761)	(3,494,980,112)
Finance costs	33	8,518,494,735	2,214,030,392	8,355,306,998	2,179,436,410
Income tax expense	34	2,257,591,637	2,254,515,449	673,765,674	1,389,195,165
Provision for employees' severance pay	23	295,739,547	238,662,332	128,895,240	120,636,000
Allowance for losses on slow-moving inventories (reversal of allowance for losses on slow-moving inventories)		126,707,750	(158,569,713)	28,180,509	(175,817,007)
Reversal of impairment for losses on property, plant and equipment		(14,355,133)	(6,106,152)	-	-
Bad and doubtful debts expense (reversal of allowance for doubtful accounts)		1,189,842	10,895,015	3,030,387	(454,488)
Unrealised (gain) loss on exchange		607,517	1,917,133,710	(384,248)	2,099,013,367
Gains on changes in fair value of investment	5	-	(71,702,031)	-	-
Loss on disposal and write-off of property, plant and equipment		63,293,122	109,864,105	229,278	92,747,239
Gain on disposal of leasehold rights		(10,433,479)	(8,287,483)	(10,433,479)	(8,287,483)
		<u>27,583,009,568</u>	<u>21,313,355,077</u>	<u>17,105,283,237</u>	<u>15,488,576,644</u>

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 31 December		For the year ended 31 December	
		2014	2013 (Restated)	2014	2013
<i>(in Baht)</i>					
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable		(59,765,347)	(158,510,472)	(2,603,001)	(18,647,159)
Other accounts receivable		(234,371,841)	(204,575,581)	(38,020,669)	(290,323,016)
Inventories		(2,377,813,583)	(3,073,080,591)	(1,051,147,189)	(757,280,083)
Other current assets		(387,671,849)	(1,657,974,037)	(180,037,099)	(1,384,638,230)
Other non-current assets		(559,115,918)	(34,814,296)	(150,460,878)	(233,134,086)
Trade accounts payable		4,577,540,996	8,299,147,465	3,597,819,373	1,878,327,437
Other accounts payable		62,706,163	153,422,208	(1,979,592,591)	2,268,040,437
Other current liabilities		235,851,805	(22,302,498)	6,785,900	(456,447,894)
Employee benefit obligations paid	23	(71,576,781)	(14,121,953)	(20,829,290)	(6,766,820)
Transferred in of employee benefit obligations	23	-	1,808,500	-	506,400
Accrued guarantee deposits		96,436,481	342,775,503	95,791,826	341,921,503
Other non-current liabilities		(2,729,225)	(1,222,604)	-	-
Cash generated from operating activities		28,862,500,469	24,943,906,721	17,382,989,619	16,830,135,133
Income tax paid		(2,491,923,200)	(3,319,793,263)	(899,135,330)	(2,537,689,344)
Net cash provided by operating activities		26,370,577,269	21,624,113,458	16,483,854,289	14,292,445,789
<i>Cash flows from investing activities</i>					
Interest received		241,955,111	633,352,889	200,833,573	468,055,852
Dividends received		107,456	476,696	4,540,678,761	3,494,980,112
Purchase of current investments	8	(2,480,000,000)	(5,450,000,000)	-	(3,300,000,000)
Sale of current investments	8	2,297,790,787	16,467,220,496	-	11,657,539,015
Net cash outflow on purchase of subsidiaries		-	(193,126,864,134)	-	-
Cash outflow on investment in subsidiaries	13	-	-	(29,999,970)	(195,684,002,530)
Cash outflow to non-controlling interests		-	(345)	-	-
Cash inflow from non-controlling interests		30	-	-	-
Cash inflow on other long-term investments	8	700,000	2,090,000,000	700,000	2,090,000,000

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 31 December		For the year ended 31 December	
		2014	2013 (Restated)	2014	2013
		<i>(in Baht)</i>			
Cash outflow on long-term loans to subsidiaries	6	-	-	(1,000,000,000)	(1,920,000,000)
Cash inflow on long-term loans to subsidiaries	6	-	-	2,600,000,000	680,000,000
Purchase of property, plant and equipment	39	(14,199,863,786)	(11,272,382,055)	(6,147,067,655)	(7,721,687,881)
Sale of property, plant and equipment		364,865,952	81,241,730	382,940,583	63,940,404
Purchase of leasehold rights		(946,119,374)	(391,414,030)	(130,674,849)	(154,527,571)
Sale of leasehold rights		13,185,480	8,688,042	13,185,480	8,688,042
Purchase of other intangible assets		(1,256,914,556)	(452,349,869)	(220,635,163)	(181,304,542)
Sale of other intangible assets		6,326,383	3,183,993	5,058,854	-
Net cash provided by (used in) investing activities		(15,957,966,517)	(191,408,846,587)	215,019,614	(190,498,319,099)
Cash flows from financing activities					
Interest paid		(7,397,299,732)	(1,710,148,137)	(7,272,121,684)	(1,672,811,812)
Dividends paid to equity holders of the Company		(8,084,743,776)	(8,083,780,828)	(8,084,743,776)	(8,083,780,828)
Dividends paid to non-controlling interests		(66,209,826)	(50,932,491)	-	-
Finance lease payments		(79,797,525)	(21,592,056)	-	-
Increase (decrease) in overdrafts and short-term borrowings from financial institutions	19	(120,416,950,477)	131,043,521,706	(120,976,630,807)	129,981,130,316
Increase in short-term borrowing from subsidiary	6	-	-	-	3,110,600,000
Decrease in short-term borrowing from subsidiary	6	-	-	(2,359,177,040)	(883,410,400)
Proceeds from issue of debentures	19	90,000,000,000	50,000,000,000	90,000,000,000	50,000,000,000
Increase in long-term borrowings from financial institutions	19	95,346,925,000	-	93,346,925,000	-
Decrease in long-term borrowings from financial institutions	19	(52,131,794,400)	-	(52,131,794,400)	-
Net cash provided by (used in) financing activities		(2,829,870,736)	171,177,068,194	(7,477,542,707)	172,451,727,276

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	2014	2013	2014	2013
		(Restated)		
	<i>(in Baht)</i>			
Net increase (decrease) in cash and cash equivalents	7,582,740,016	1,392,335,065	9,221,331,196	(3,754,146,034)
Cash and cash equivalents at 1 January	24,632,252,846	23,084,975,812	15,642,314,092	19,367,985,562
Effect of exchange rate changes on balances held in foreign currencies	(10,617,596)	154,941,969	384,248	28,474,564
Cash and cash equivalents at 31 December	32,204,375,266	24,632,252,846	24,864,029,536	15,642,314,092
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The accompanying notes are an integral part of these financial statements.

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES 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 authorised for issue by the Board of Directors on 17 February 2015.

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, cash and carry, 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 2014 was 8,127 stores (2013: 7,429 stores).

	2014	2013
	<i>(number of stores)</i>	
The Company owns and manages convenience stores	3,570	3,248
The Company franchises the license to other retailers under management agreements	3,916	3,593
The Company franchises the license to other retailers under sub-license agreements	641	588
Total	<u>8,127</u>	<u>7,429</u>

Details of the Company’s subsidiaries as at 31 December 2014 and 2013 are given in note 13 to the financial statements.

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES 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 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.

The FAP had issued the following new and revised TFRS relevant to the Group’s operations and effective for accounting periods beginning on or after 1 January 2014:

TFRS	Topic
TAS 1 (revised 2012)	Presentation of financial statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets
TFRS 3 (revised 2012)	Business Combinations
TFRS 8 (revised 2012)	Operating Segments
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 10	Interim Financial Reporting and Impairment

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NOTES TO THE FINANCIAL STATEMENTS

TFRS	Topic
TFRIC 13	Customer Loyalty Programmes
TIC 15	Operating Leases-Incentives
TIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TIC 32	Intangible Assets-Web Site Costs

The initial application of these new and revised TFRS has resulted in changes in certain of the Group's accounting policies, which did not have any material effect on the financial performance or position of the Group, as disclosed in note 3 to the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2015 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 42 to the financial statements.

(b) Basis of measurement

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

(c) Functional and presentation currency

The financial statements are prepared and presented in Thai Baht, which is the Company's functional currency. 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 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.

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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

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

Notes 4 (j) and (k)	Property, plant and equipment and intangible assets
Note 4 (u)	Current and deferred taxation
Note 5	Business combinations
Note 23	Measurement of employee benefit obligations
Note 38	Valuation of financial instruments

3 Changes in accounting policies

(a) Overview

From 1 January 2014, consequent to the adoption of new and revised TFRS as set out in note 2 to the financial statements, the Group has changed its accounting policies in the following areas:

- Accounting for determining whether an arrangement contains a lease
- Accounting for customer loyalty programmes

Other issued and revised TFRS did not have any impact on the accounting policies, financial position and performance of the Group. Details of the new accounting policies adopted by the Group are included in notes 3(b) and 3(c) to the financial statements.

(b) Accounting for determining whether an arrangement contains a lease

From 1 January 2014, the Group has adopted TFRIC 4 - *Determining whether an Arrangement contains a Lease*.

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

TFRIC 4 addresses arrangements that do not take the legal form of a lease, but convey rights to use items for agreed periods of time in return for a payment or series of payments. TFRIC 4 provides guidance for evaluating whether such arrangements are, or contain, leases that should be accounted for under TAS 17 Leases. If an agreement is determined to contain a lease, then TFRIC 4 requires TAS 17 to be applied to classify and account for the lease.

Management has reviewed and determined that the adoption of TFRIC 4 has no impact on the financial position or performance of the Group.

(c) *Accounting for customer loyalty programmes*

From 1 January 2014, the Group has adopted TFRIC 13 - *Customer Loyalty Programmes*.

TFRIC 13 addresses the accounting for an entity's obligation to provide free or discounted goods or services ('awards') in the future under a customer loyalty programme. TFRIC 13 requires that award credits are accounted for as a separately identified component of the sales transactions in which they are granted (the 'initial sale'). The fair value of the consideration received or receivable in respect of the initial sale is allocated between the award credits and the other components of the sale. The revenue and costs ascribed to the awards are only recognised when the award credits are redeemed or the entity otherwise fulfils its obligations in respect of the awards.

The Group has customer loyalty programmes whereby customers are awarded credits (Points) entitling customers to the right to purchase products from the Group at a discount or qualify for a free gift. The fair value of the consideration received or receivable in respect of the initial sale is allocated between the Points and the other components of the sale. The amount allocated to the Points is estimated by reference to the fair value of the right to purchase products at a discount or fair value of the free gift. The fair value is estimated based on the amount of the discount adjusted to take into account the expected forfeiture rate. Such amount is deferred and revenue is recognised only when the Points are redeemed and the Group has fulfilled its obligations to supply the products. The amount of revenue recognised in those circumstances is based on the number of Points that have been redeemed in exchange for discounted products or gift, relative to the total number of Points that is expected to be redeemed. Deferred revenue is also released to profit or loss when it is no longer considered probable that the Points will be redeemed.

Management has reviewed and determined that the adoption of TFRIC 13 has no material impact on the financial position or performance of the Group.

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3 to the financial statements, which addresses changes in accounting policies.

(a) Basis of consolidation

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

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.

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.

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

A contingent liability of the acquiree 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 the fair value.

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

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.

Loss of control

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

Transactions eliminated on consolidation

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

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates at the reporting 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 the functional currency at the exchange rates at the dates of the transactions.

Foreign operations

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 operations are stated at exchange rates ruling on the transaction dates.

The revenues and expenses of foreign operations 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

NOTES TO THE FINANCIAL STATEMENTS

(c) *Derivative financial instruments*

Derivative financial instruments are used to manage exposure to foreign exchange and interest rates arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the reporting date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

(d) *Hedging*

Hedge of future foreign currency transactions

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

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

(e) *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.

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

(f) 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.

(g) 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 principal and comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured finished goods and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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

Inventories at the cash and carry business are valued at the first in first out principal.

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.

(h) Investments

Investments in subsidiaries

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

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

Investments in other debt and equity securities

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

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

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

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

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

Disposal of investments

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

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

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NOTES TO THE FINANCIAL STATEMENTS

(i) *Investment properties*

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

(j) *Property, plant and equipment*

Recognition and measurement

Owned assets of the Group

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

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Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance lease is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Subsequent costs

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

Depreciation

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

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

Buildings and improvements	3 - 50 years
Leasehold improvements	over the lease period
Machinery and equipment	3 - 10 years
Furniture, fixtures and office equipment	2 - 10 years
Others	
- Electricity and water systems	5 - 20 years
- Vehicles	5 years
- Library book	5 years

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

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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

(k) Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 4(a) to the financial statements. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

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.

Other intangible assets that are acquired by the Group and have indefinite useful lives i.e. intellectual property, business license, etc. are measured at cost less 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.

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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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 are as follows:

Computer software	2 - 10 years
Intellectual property and business license	indefinite useful lives
Customer base and other	7 and 10 years

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

(l) *Leasehold rights*

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

Amortisation

Amortisation is recognised in the profit or loss. The Company amortises the cost of leasehold rights on a straight line basis over the periods of the lease agreements between 10 to 31 years.

(m) *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.

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

Calculation of recoverable amount

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

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

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised 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.

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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(n) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(o) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(p) Employee benefits

Post-employment benefit - defined contribution plans

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

Post-employment benefit - 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 bonds 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.

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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.

Other long-term employee benefits

The Group provides for long-service award as a lump sum payment to employee who works for the specified year of service. The amount payable in the future depend on the year of service of the respective employees.

Termination benefits

Termination benefits are recognised in profit or loss when the Group is committed demonstrably, without realistic possibility of withdrawal or a formal detail plan to terminate employment before the normal retirement date and the obligation can be estimated reliably.

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.

(g) 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 a finance cost.

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NOTES TO THE FINANCIAL STATEMENTS

(r) *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 uncertainties regarding the measurement a recovery of the consideration due and associated costs, or the probable return of goods. Service income is recognised as services are provided.

Initial fees, royalties and exclusivity 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 exclusivity fees for the goods as specified in the agreements. In case of violation or cancellation of the agreements by the Company without reasonable cause, the suppliers have rights to a refund of such exclusivity fees according to the valuation of remaining period. But in case of cancellation of the agreements by the merchandise suppliers, such exclusivity fees are non-refundable. The Company recognises the exclusivity fees as income over the periods of agreements.

Other income

Other operating income and interest income are recognised in profit or loss on a 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.

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NOTES TO THE FINANCIAL STATEMENTS

(s) **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.

(t) **Lease payments**

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

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

Determining whether an arrangement contains a lease

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

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

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(u) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred 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.



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Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(v) *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 for the years attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

(w) *Segment reporting*

Segment results that are reported to the chairman of the executive committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office and income tax expenses.

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5 Business combinations

At the extraordinary shareholders' meeting of the Company held on 12 June 2013, the Company's shareholders approved the following significant resolutions:

- (a) Approved the Company ("the buyer") to buy shares of OHT Co., Ltd., Siam Makro Holding (Thailand) Ltd., and Siam Makro Public Company Limited ("Makro") from SHV Nederland B.V. ("the seller") in accordance with forms, terms and conditions mutually agreed upon by all parties. The total acquired shares both directly and indirectly were 154,429,500 shares, representing 64.35% of the total issued and paid-up shares of Makro ("Shares Acquisition of Makro"). The buyer and seller agreed to calculate and pay the share acquisition price in USD, totaling approximately USD 4,247 million or equivalent to approximately Baht 121,536 million, at a price of Baht 787 per share or equivalent to USD 27.50 per share (at the exchange rate of Baht 28.6181 per USD 1, which was the exchange rate on the date of the executed the Sale and Purchase agreement with conditions precedent (23 April 2013), as mutually agreed upon by all parties under the Sale and Purchase agreement with conditions precedent.
- (b) Approved the Company to make a Tender Offer for the remaining shares of Makro in the amount of 81,264,900 shares, representing 33.86% of the total issued and paid-up shares of Makro, at a price of Baht 787 per share ("Tender Offer in Makro").

Shares Acquisition of Makro

The Company acquired shares of OHT Co., Ltd., Siam Makro Holding (Thailand) Ltd., and Siam Makro Public Company Limited from SHV Nederland B.V. in accordance with conditions in the Sale and Purchase agreement with conditions precedent. Details of shares acquisition of Makro are as follows:

	Number of direct holding shares	(%)	Number of indirect holding shares	(%)	Total holding shares	(%)
OHT Co., Ltd.						
- Ordinary shares	61,250	90.57	-	-	61,250	90.57
- Preferred shares ⁽¹⁾	63,748	9.42	-	-	63,748	9.42
Total	124,998	99.99	-	-	124,998	99.99

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	Number of direct holding shares	(%)	Number of indirect holding shares	(%)	Total holding shares	(%)
Siam Makro Holding (Thailand) Ltd.						
- Ordinary shares	<u>5,223,479</u>	<u>49.00</u>	<u>5,436,520</u>	<u>50.99</u>	<u>10,659,999</u>	<u>99.99</u>
Total	<u>5,223,479</u>	<u>49.00</u>	<u>5,436,520</u>	<u>50.99</u>	<u>10,659,999</u>	<u>99.99</u>
Siam Makro Public Company Limited						
- Ordinary shares	<u>22,414,360</u>	<u>9.34</u>	<u>132,015,140</u>	<u>55.01</u>	<u>154,429,500</u>	<u>64.35</u>
Total	<u>22,414,360</u>	<u>9.34</u>	<u>132,015,140</u>	<u>55.01</u>	<u>154,429,500</u>	<u>64.35</u>

⁽¹⁾ Preferred shareholders have the right of 1 vote per 10 preferred shares. Preferred shares are non-participating and are entitled to non-cumulative dividends based on a pre-established variable rate applied over the par value of the preferred shares.

Tender Offer in Makro

On 5 August 2013 (the closing date of tender offer) the Company obtained shares of Siam Makro Public Company Limited from the completed tender offer, totaling 76,172,375 shares, representing 31.74% of the total issued and paid-up shares of Makro, totaling Baht 59,948 million.

Investment in Makro before the Business Combination

Before the business combination, the Company had an investment in Makro of 4,305,600 shares, representing 1.79% of the total issued and paid-up shares of Makro. The Company had to measure the fair value of the interest in Makro before the business combination as at the date of acquisition. The measurement resulted in a gain, amounting to Baht 72 million, which is recognised as “Gain on changes in fair value of investment” in the consolidated statement of income for the year ended 31 December 2013.

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Gain on changes in fair value of investment in Makro before business combination is calculated as follows:

	<i>(in million Baht)</i>
Fair value of existing interest in Makro before the business combination date	3,324
Less investment in Makro accounted for cost method at the acquisition date	<u>(3,252)</u>
Gain on changes in fair value of investment	<u>72</u>

Ownership Interests in Makro Shares

The ownership interests in Makro shares as at 31 December 2014 and 2013 were as follows:

	<i>Ownership Interests (%)</i>
Investment in Makro before business combination	1.79
Share acquisition of Makro at 26 June 2013	64.35
Tender offer in Makro	<u>31.74</u>
Total	<u>97.88</u>

	Number of direct holding shares	%	Number of indirect holding shares	%	Total holding shares	%
Investment in Makro						
- Ordinary shares	<u>2,057,846,700</u>	<u>42.87</u>	<u>2,640,302,800</u>	<u>55.01</u>	<u>4,698,149,500</u>	<u>97.88</u>
Total	<u>2,057,846,700</u>	<u>42.87</u>	<u>2,640,302,800</u>	<u>55.01</u>	<u>4,698,149,500</u>	<u>97.88</u>

The Change in Par Value of Ordinary Shares of Makro

At the extraordinary general shareholders' meeting of Makro held on 20 September 2013, Makro's shareholders approved the change of the par value of its ordinary shares from Baht 10 per share, totaling 240,000,000 shares, to Baht 0.50 per share, totaling 4,800,000,000 shares by splitting 1 ordinary share at a par value of Baht 10 per share into 20 ordinary shares at a par value of Baht 0.50 per share. Makro registered the change in the par value with the Ministry of Commerce on 4 October 2013. Consequently, the Company's direct and indirect interest in shares in Makro increased from 234,907,475 shares to 4,698,149,500 shares.

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Operations of 3 New Subsidiaries after Acquisition Date

The Company included the 3 new subsidiaries, namely (1) OHT Co., Ltd., (2) Siam Makro Holding (Thailand) Ltd., and (3) Siam Makro Public Company Limited and its subsidiaries, for the period from 1 July 2013 to 31 December 2013 in the preparation of the consolidated statement of income for the year ended 31 December 2013. Significant details are as follows:

	<i>(in million Baht)</i>
Revenue from sale of goods and rendering of services	66,343
Profit for the period attributable to equity holders of the Company	2,280

If the acquisition had occurred on 1 January 2013, management estimates that revenue from sale of goods and rendering of services and profit for the year from the acquired subsidiaries attributable to equity holders of the Company for the year ended 31 December 2013 would be as follows:

	<i>(in million Baht)</i>
Revenue from sale of goods and rendering of services	335,029
Profit for the year attributable to equity holders of the Company	12,430

The Company did not include operations of 3 new subsidiaries during the period from 26 June 2013 (Acquisition date) to 30 June 2013 in the preparation of the consolidated statement of income for the year ended 31 December 2013 since the Company's management considered that there would be no material impact on the consolidated statement of income for the year ended 31 December 2013.

During the year 2013 the Company engaged an independent appraiser to appraise the fair value of identifiable assets acquired and liabilities assumed, and allocation of acquisition-date fair value at the acquisition date. The independent appraiser completed the process of appraising the fair value on 23 April 2014. The Company considered the information from the draft report of the independent appraiser and noted that the factors that contributed to goodwill include the potential from the business base expansion to other countries in Asia, the business type's expansion to cover cash and carry business and the synergy benefits from the exchange of knowledge and skills among personnel which increases the operating efficiency of the Group. Moreover, increased centralisation will create economies of scale, which in turn generates cost efficiency, especially in distribution centers. Goodwill from the business combination will not qualify for any tax deduction.

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The Company has applied TFRS No. 3 (revised 2012) *Business Combinations* to recognise the business combination transactions. The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration transferred

	<i>(in million Baht)</i>
Cash paid	192,420
Total	192,420

Identifiable assets acquired and liabilities assumed

	Fair Value <i>(in million Baht)</i>
Cash and cash equivalents	2,545
Trade accounts receivable	183
Inventories	7,536
Other current assets	1,431
Investment properties	333
Property, plant and equipment	46,012
Leasehold rights	1,416
Other intangible assets (intellectual property and others)	47,279
Deferred tax assets	199
Other non-current assets	18
Short-term borrowings from financial institutions	(2,104)
Trade accounts payable	(13,879)
Other current liabilities	(2,525)
Employee benefit obligations	(304)
Deferred tax liabilities	(15,417)
Other non-current liabilities	(127)
Net assets	72,596

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Non-controlling interests of the acquiree (at fair value)	(3,931)
Differences on acquisition of non-controlling interests	1,143
The Company's previously held before business combinations in Makro	(3,324)
Goodwill	125,936
Consideration transferred	192,420

In June 2014, the Company has adjusted the fair values of the consideration received from the acquired businesses, and recorded the difference between the purchase price and the value of consideration received in the account "Goodwill" amounting to Baht 125,936 million by considering the information from the report of the independent appraiser dated 23 April 2014 and other relevant information obtained within one year after the acquisition date. Therefore, the consolidated statement of financial position as at 31 December 2013 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended have been restated accordingly.

Details of the restatement are as follows:

	Consolidated Financial Statements		
	As previously reported	Increase (decrease) <i>(in million Baht)</i>	Restated
At 31 December 2013			
Consolidated statement of financial position			
Assets			
Goodwill	125,515	558	126,073
Other intangible asset	33,546	14,784	48,330
Total assets	288,666	15,342	304,008
At 31 December 2013			
Consolidated statement of financial position			
Liabilities and equity			
Deferred tax liabilities	-	15,379	15,379
Unappropriated retained earnings	18,497	(34)	18,463
Non-controlling interests	4,226	(3)	4,223
Total liabilities and equity	288,666	15,342	304,008

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NOTES TO THE FINANCIAL STATEMENTS

	Consolidated Financial Statements		
	As previously reported	Increase (decrease)	Restated
	<i>(in million Baht)</i>		
<i>For the year ended 31 December 2013</i>			
<i>Consolidated statement of income</i>			
Selling expenses	46,405	189	46,594
Administrative expenses	11,905	(115)	11,790
Income tax expense	2,292	(37)	2,255
Profit for the year	10,628	(37)	10,591
Profit attributable to:			
Equity holders of the Company	10,537	(34)	10,503
Non-controlling interests	91	(3)	88
<i>Consolidated statement of comprehensive income</i>			
Total comprehensive income for the year	10,999	(37)	10,962
Total comprehensive income attributable to:			
Equity holders of the Company	10,908	(34)	10,874
Non-controlling interests	91	(3)	88
<i>Consolidated statement of changes in equity</i>			
Unappropriated retained earnings	18,497	(34)	18,463
Non-controlling interests	4,226	(3)	4,223

6 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 other party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the other party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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Relationships with subsidiaries are described in note 13 to the financial statements. 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 director
True Corporation Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 4 common directors
Charoen Pokphand Foods Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 2 common directors
Cineplex Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 2 common directors
True Move Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 2 common directors
CPF (Thailand) Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
CPF IT Center Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
CP-Meiji Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
C.P. Consumer Products 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
True Money Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
True Lifestyle Retail Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
True Universal Convergence Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
True Internet Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director

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Name of parties	Country of incorporation/ nationality	Nature of relationships
Perfect Companion Group Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
Freewill Solutions Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
Pokphand Enterprise 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
C.P. Tower Growth Leasehold Property Fund	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
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 Digital Content and Media 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
Thai News Network 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
Real Move Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
C.P. Food Store Co., Ltd.	Thailand	1 of the Company's director is a major shareholder
C.P. Intertrade Co., Ltd.	Thailand	1 of the Company's director is a major shareholder
Dees Supreme Co., Ltd.	Thailand	1 of the Company's director is a major shareholder
Key management personnel	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

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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
Purchase of other intangible assets	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies

Significant transactions for the years ended 31 December 2014 and 2013 with related parties were as follows:

<i>For the year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
<i>Ultimate parent company</i>				
Administrative expenses	9	9	9	9

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<i>For the year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
<i>Subsidiaries</i>				
Revenue from sale of goods and rendering of services	-	-	567	472
Interest income	-	-	72	47
Dividend income	-	-	4,541	3,494
Other income	-	-	1,170	826
Selling expenses	-	-	1,018	1,304
Administrative expenses	-	-	1,670	1,460
Purchases of goods and services	-	-	13,316	9,738
Purchases of property, plant and equipment and other intangible assets	-	-	1,505	1,565
Interest expense	-	-	5	3
<i>Other related companies</i>				
Revenue from sale of goods and rendering of services	1,750	1,669	701	649
Other income	665	594	645	588
Selling expenses	20	46	-	-
Administrative expenses	494	600	383	536
Purchases of goods and services	26,256	22,703	22,934	20,316
Purchases of property, plant and equipment and other intangible assets	75	6	-	-
<i>Key management personnel</i>				
Key management benefit expenses				
Short-term employee benefits	582	494	383	382
Other long-term employee benefits	-	11	-	-
Severance pay for employees	14	23	6	18
Total key management benefit expenses	596	528	389	400

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Balances as at 31 December 2014 and 2013 with related parties were as follows:

Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Related companies	130	76	-	-
Less allowance for doubtful accounts	(2)	(2)	-	-
Net	128	74	-	-
Bad and doubtful debts expenses for the year	-	-	-	-

Other accounts receivable

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Subsidiaries	-	-	334	448
Other related companies	219	270	215	268
Net	219	270	549	716
Bad and doubtful debts expenses for the year	-	-	-	-

Investment in related company

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
True GS Co., Ltd.	24	24	24	24
Total	24	24	24	24

All investment in related company of the Company as at 31 December 2014 and 2013 was dominated entirely in Thai Baht.

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Long-term loans to subsidiary

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
CPRAM Co., Ltd.	-	-	-	1,600
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,600</u>

The long-term loans to a subsidiary of the Company as at 31 December 2013 were denominated entirely in Thai Baht.

Movements during the years ended 31 December 2014 and 2013 were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
At 1 January	-	-	1,600	360
Increases	-	-	1,000	1,920
Decreases	-	-	(2,600)	(680)
At 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,600</u>

As at 31 December 2013 the balance of long-term loans to a subsidiary was unsecured and without a fixed repayment term within one year; and the interest rate was fixed at 4.75% per annum.

During the year 2014, the Company received the repayment of the entire principal of long-term loans to the subsidiary.

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Prepaid rental and service fees

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Subsidiary				
Panyapiwat Institute of Management				
Current	-	-	30	30
Non-current	-	-	224	254
Total	<u>-</u>	<u>-</u>	<u>254</u>	<u>284</u>

During the year 2008 the Company prepaid the rental and service fees under the terms of lease and service agreements with a local subsidiary (Panyapiwat Institute of Management) for the lease of its building spaces for field consultant conferences, trade shows, franchisee conferences and other activities for a period of 15 years, totaling Baht 450 million. The Company amortises the prepaid rental and service fees as an expense according to the terms of the agreements (15 years).

Trade accounts payable

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Subsidiaries	-	-	1,115	260
Other related companies	5,561	5,069	4,431	3,714
Net	<u>5,561</u>	<u>5,069</u>	<u>5,546</u>	<u>3,974</u>

Other accounts payable

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Subsidiaries	-	-	6,956	8,923
Other related companies	51	28	18	10
Net	<u>51</u>	<u>28</u>	<u>6,974</u>	<u>8,933</u>

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Short-term borrowing from subsidiary

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Subsidiary				
Lotus Distribution Investment Limited	-	-	-	2,359
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,359</u>

Movements during the years ended 31 December 2014 and 2013 were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
At 1 January	-	-	2,359	-
Increases	-	-	-	3,111
Decreases	-	-	(2,359)	(883)
Unrealised loss on exchange rates from translation of outstanding borrowing balance of United State Dollar to Thai Baht	-	-	-	131
At 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,359</u>

As at 31 December 2013 the balance of short-term borrowings from a subsidiary was denominated in United State Dollars, unsecured and without a fixed repayment term. The interest rate was fixed at 0.25% per annum.

In October 2014, the Company repaid the entire principal of short-term borrowing from the subsidiary.

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Significant agreements with related parties

As at 31 December 2014 the Group had the following significant agreements with related parties.

- (a) The Company has a service agreement with Charoen Pokphand Group Company Limited, the ultimate parent company, covering technical advisory, management, technical assistances and right to use the trademark and services of the ultimate parent company for a period of 1 year ending in December 2015. In consideration thereof, the Company agreed to pay a monthly service fee to the ultimate parent company totaling Baht 0.8 million.
- (b) The Company has a cash management agreement with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agreed to provide cash management services under conditions stipulated in the agreement to the subsidiary. In consideration thereof, the subsidiary agreed to pay a cash management service fee to the Company at the rates stipulated in the agreement, and the Company agreed 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.
- (c) The Company has service agreements with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreements, the Company agreed to provide and install the computer system to support bill payment services. In consideration thereof, the subsidiary agreed to pay monthly service fees to the Company in accordance with the types of service stipulated in the agreements.
- (d) The Company has a service agreement with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agreed to be appointed as the agent of the subsidiary for bill payment services under conditions stipulated in the agreement. In consideration thereof, the subsidiary agreed 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.
- (e) The Company has a maintenance service agreement with CP Retailink Co., Ltd., a local subsidiary. Under the terms of the agreement, the subsidiary agreed to provide maintenance of computer hardware and equipment services to the Company for a period of 3 years ending in December 2017. In consideration thereof, the Company agreed to pay an annual service fee to the subsidiary at the amount stipulated in the agreement.

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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- (f) The Company has a computer service center agreement with Thai Smart Card Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agreed to provide place for setting up computer center and other facilities to the subsidiary for a period of 3 years ending in September 2017. In consideration thereof, the subsidiary agreed to pay an annual service fee to the Company at the amount stipulated in the agreement.
- (g) The Company and certain local subsidiaries have lease and service agreements with C.P. Tower Growth Leasehold Property Fund, a related company, to lease space in its buildings for offices of the Company and the subsidiaries. In consideration thereof, the Company and the subsidiaries agreed to pay monthly rental and services fees totaling Baht 9.1 million, and placed guarantee deposits with the related company totaling Baht 27.4 million. The guarantee deposits will be refunded to the Company and the subsidiaries upon the termination of the lease. These agreements are effective for a period of 3 years, and will expire on various dates until December 2016.
- (h) The Company and certain local subsidiaries have information system services agreements with Gosoft (Thailand) Co., Ltd., a local subsidiary. Under the terms of these agreements, the subsidiary agreed to provide consulting, advisory, development, design, installation, maintenance and supporting services to the Company and its subsidiaries for a period of 1 year ending in December 2015. In consideration thereof, the Company and its subsidiaries agreed to pay service fees at the amounts stipulated in the agreements. 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.
- (i) The Company has a service agreement with Siam Makro Public Company Limited, a local subsidiary. Under the terms of the agreement, the Company agrees to grant:
 - (1) the right to use certain trademarks under conditions stipulated in the agreement. In consideration thereof, the subsidiary is committed to pay a fee calculated as a percentage of its sales as stipulated in the agreement. This agreement is effective for a period of 1 year and is renewable for additional periods of 1 year each.
 - (2) the rights to use software under conditions stipulated in the agreement. In consideration thereof, the subsidiary is committed to pay fees as stipulated in the agreement. This agreement is effective for a period of 1 year and is renewable for additional periods of 1 year each.

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

7 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Cash on hand	8,089	14,027	6,502	11,399
Cash at financial institutions				
- current accounts	3,752	687	3,552	498
Cash at financial institutions				
- savings accounts	19,889	7,664	14,810	3,645
Highly liquid short-term investments	474	2,254	-	100
Total	32,204	24,632	24,864	15,642

8 Other investments

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Current investments				
Cash at financial institutions				
- time deposits	32	-	-	-
Promissory notes	1,200	1,050	-	-
Total	1,232	1,050	-	-
Other long-term investments				
Government bonds	-	1	-	1
Unsecured debentures	100	100	100	100
Total	100	101	100	101
Grand total	1,332	1,151	100	101

Held-to-maturity investments have interest rates between 2.40% to 4.38% per annum (2013: interest rates between 2.25% to 5.90% per annum) and mature within 10 years (2013: mature within 10 years).

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

Movements during the years ended 31 December 2014 and 2013 were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Current investments				
At 1 January	1,050	11,971	-	8,327
Increases	2,480	5,450	-	3,300
Decreases	(2,298)	(16,467)	-	(11,658)
Effect of exchange rate	-	96	-	31
At 31 December	1,232	1,050	-	-
Other long-term investments				
At 1 January	101	2,191	101	2,191
Increases	-	-	-	-
Decreases	(1)	(2,090)	(1)	(2,090)
At 31 December	100	101	100	101

9 Trade accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
		<i>(in million Baht)</i>			
Related parties	6	130	76	-	-
Other parties		807	801	122	119
Total		937	877	122	119
Less allowance for doubtful accounts		(27)	(29)	-	-
Net		910	848	122	119
Bad and doubtful debts expense (reversal of allowance for doubtful accounts) for the		(2)	11	-	-

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

Aging analyses for trade accounts receivable are as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<i>(in million Baht)</i>					
Related parties					
Within credit terms		97	42	-	-
Overdue:					
Less than 3 months		31	33	-	-
3 - 6 months		1	1	-	-
6 - 12 months		1	-	-	-
Total		130	76	-	-
Less allowance for doubtful accounts		(2)	(2)	-	-
Net	6	128	74	-	-
Other parties					
Within credit terms		633	594	122	101
Overdue:					
Less than 3 months		125	176	-	18
3 - 6 months		21	1	-	-
6 - 12 months		5	7	-	-
Over 12 months		23	23	-	-
Total		807	801	122	119
Less allowance for doubtful accounts		(25)	(27)	-	-
Net		782	774	122	119
Grand total		910	848	122	119

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

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

10 Other accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
		<i>(in million Baht)</i>			
Related parties	6	219	270	549	716
Other parties		1,607	1,321	1,469	1,270
Total		1,826	1,591	2,018	1,986
Less allowance for doubtful accounts		(18)	(15)	(9)	(6)
Net		1,808	1,576	2,009	1,980
Bad and doubtful debts expense (reversal of allowance for doubtful accounts) for the		3	(1)	3	(1)

Aging analyses for other accounts receivable are as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
		<i>(in million Baht)</i>			
Related parties					
Within credit terms		127	239	453	684
Overdue:					
Less than 3 months		88	26	92	26
3 - 6 months		-	2	-	2
6 - 12 months		1	3	1	4
Over 12 months		3	-	3	-
Total	6	219	270	549	716

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

Note	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Other parties				
Within credit terms	1,190	1,149	1,080	1,115
Overdue:				
Less than 3 months	393	153	376	147
3 - 6 months	3	3	1	-
6 - 12 months	2	2	1	1
Over 12 months	19	14	11	7
Total	1,607	1,321	1,469	1,270
Less allowance for doubtful accounts	(18)	(15)	(9)	(6)
Net	1,589	1,306	1,460	1,264
Grand total	1,808	1,576	2,009	1,980

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

11 Inventories

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Finished goods	22,386	20,068	10,593	9,541
Work in progress	106	64	-	-
Raw materials	338	320	-	-
Total	22,830	20,452	10,593	9,541
Less allowance for losses on slow-moving inventories	(663)	(536)	(351)	(322)
Net	22,167	19,916	10,242	9,219

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 2014 amounted to Baht 279,029 million (2013: Baht 208,153 million) and Baht 1,608 million (2013: Baht 1,304 million) in the consolidated financial statements, respectively, and Baht 152,394 million (2013: Baht 148,728 million) and Baht 1,607 million (2013: Baht 1,305 million) in the separate financial statements respectively.

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

12 Other current assets

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Accrued income	2,809	1,898	1,303	785
Cash card	1,601	1,295	1,601	1,295
Prepaid expenses	1,005	1,614	864	1,496
Receivable from Revenue Department	453	203	371	161
Prepaid income tax	9	248	-	239
Other	486	682	76	48
Total	6,363	5,940	4,215	4,024

13 Investments in subsidiaries

Movements during the years ended 31 December 2014 and 2013 were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
At 1 January	-	-	202,208	6,524
Increases	-	-	30	195,684
At 31 December	-	-	202,238	202,208

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

Details of the additional investments during the years ended 31 December 2014 and 2013 were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
24 Shopping Co., Ltd.	-	-	30	-
Siam Makro Public Company Limited	-	-	-	82,427
OHT Co., Ltd.	-	-	-	57,754
Siam Makro Holding (Thailand) Ltd.	-	-	-	55,490
All Corporation Co., Ltd.	-	-	-	13
Albuera International Limited	-	-	-	-*
Total	<u>-</u>	<u>-</u>	<u>30</u>	<u>195,684</u>

* The Company invested in Albuera International Limited amounting to USD 1.

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

Investments in subsidiaries as at 31 December 2014 and 2013, and dividend income for the years then ended were as follows:

Name of parties	Type of business	Country of incorporation	Ownership interests (%)	Separate financial statements				Dividend income	
				Paid-up capital	At cost	2014	2013	2014	2013
				2014	2013	2014	2013	(in million Baht)	(in million Baht)
Local direct subsidiaries									
Suksapivat Co., Ltd.	Holding company	Thailand	99.99	810	810	810	810	-	-
CPRAM Co., Ltd.	Frozen food plant and bakery	Thailand	99.99	600	600	600	600	-	-
Counter Service Co., Ltd	Bill payment Services, e-commerce, distributor of all types of commercial cards and tickets and insurance broker	Thailand	99.99	70	70	61	61	798	766
CP Retailink Co., Ltd.	Distributor of equipment for retailing and software development	Thailand	99.99	20	20	20	20	140	40
Gosoft (Thailand) Co., Ltd.	Information system design and development services	Thailand	99.99	20	20	20	20	90	160
All Corporation Limited	Holding company	Thailand	99.99	13	13	13	13	-	-

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

Investments in subsidiaries as at 31 December 2014 and 2013, and dividend income for the years then ended were as follows:

Name of parties	Type of business	Country of incorporation	Separate financial statements							
			Ownership interests (%)		Paid-up capital		At cost			
			2014	2013	2014	2013	2014	2013		
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	10	30
Panyatara Co., Ltd.	Training center	Thailand	99.99	99.99	1	1	1	1	105	40
All Training Co., Ltd.	Training center	Thailand	99.99	99.99	1	1	1	1	195	110
OHT Co., Ltd.	Holding company	Thailand	99.99	99.99	12	12	57,754	57,754	875	673
24 Shopping Co., Ltd.	Distributor of catalog merchandises and e-commerce	Thailand	99.99	-	30	-	30	-	150	-
Thai Smart Card Co., Ltd.	Smart purse card services	Thailand	72.64	72.64	1,600	1,600	1,151	1,151	-	-
Siam Makro Holding (Thailand) Ltd.	Holding company	Thailand	49.00	49.00	1,066	1,066	55,490	55,490	840	646
Siam Makro Public Company Limited	Cash and carry	Thailand	42.87	42.87	2,400	2,400	82,427	82,427	1,338	1,029
Total					198,381	198,351	198,351	198,351	4,541	3,494

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

Name of parties	Type of business	Country of incorporation	Ownership interests (%)		Paid-up capital (in million US\$)		At cost (in million Baht)		Dividend income	
			2014	2013	2014	2013	2014	2013	2014	2013
Foreign direct subsidiaries										
Lotus Distribution Investment Limited	Holding company	British Virgin Islands	100.00	100.00	116	116	3,857	3,857	-	-
Albuera International Limited	Holding company	British Virgin Islands	100.00	100.00	-*	-*	-*	-*	-	-
Total					3,857	3,857	3,857	3,857	-	-
Grand total					202,238	202,208	202,208	4,541	3,494	-

* As at 31 December 2014 Albuera International Limited ("Albuera") had paid-up capital amounting to USD 1 and the Company invested in Albuera amounting to USD 1.

Additional investment during the year

At the Company's Board of Directors meeting held on 7 August 2013, the Company's Board of Directors approved to set up a local direct subsidiary, 24 Shopping Co., Ltd., with the initial authorised share capital of Baht 30 million; and call for a fully paid-up share capital. In this regard, the Company has a 99.99% investment in the subsidiary's paid-up share capital. The subsidiary registered the authorised share capital and the call for a fully paid-up share capital with the Ministry of Commerce on 2 January 2014

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

Details of the Company's indirect subsidiaries as at 31 December 2014 and 2013 were as follows:

Name of parties	Type of business	Country of incorporation	Ownership interests	
			2014	2013
			(%)	
<i>Local indirect subsidiaries</i>				
Panyapiwat Institute of Management	Educational institution	Thailand	99.99	99.99
Panyapiwat Technological College	Educational institution	Thailand	99.99	99.99
Siam Food Services Limited	Commercial trading	Thailand	97.88	97.88
Makro ROH Co., Ltd	Providing technical and supporting services to the Group	Thailand	97.88	-
Siam Makro Public Company Limited	Cash and carry	Thailand	55.01	55.01
Siam Makro Holding (Thailand) Ltd.	Holding company	Thailand	50.99	50.99
<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	100.00
Nanjing Tianqu Investment Management Co., Ltd.	Commercial trading, holding and educational institution	The People's Republic of China	100.00	-
Nanjing Tech University Pujing Institute	Educational institution	The People's Republic of China	100.00	-
Vina Siam Food Co., Ltd.	Commercial trading	Vietnam	97.88	97.88

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

14 Property, plant and equipment

	Consolidated financial statements						
	Land	Buildings, building and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment <i>(in million Baht)</i>	Assets under construction and installation	Other	Total
Cost/revaluation							
At 1 January 2013	2,456	11,488	9,372	8,128	1,147	3,254	35,845
Additions	1,157	127	1,867	1,807	6,503	208	11,669
Acquired through business combinations	33,667	12,235	8,602	1,270	214	75	56,063
Transfers	8	2,710	696	36	(3,727)	277	-
Disposals	-	(335)	(449)	(475)	(11)	(77)	(1,347)
At 31 December 2013 and							
1 January 2014	37,288	26,225	20,088	10,766	4,126	3,737	102,230
Additions	1,677	374	2,812	1,733	8,205	258	15,059
Transfers	72	4,616	1,552	217	(7,170)	713	-
Disposals	(256)	(176)	(555)	(490)	-	(111)	(1,588)
Currency translation differences	-	-	-	-	1	-	1
At 31 December 2014	38,781	31,039	23,897	12,226	5,162	4,597	115,702

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

	Land	Buildings, building and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Assets under construction and installation	Other	Total
Consolidated financial statements (Continued)							
<i>(in million Baht)</i>							
Accumulated depreciation and impairment losses							
At 1 January 2013	-	(4,463)	(6,084)	(5,164)	(2)	(2,038)	(17,751)
Depreciation charge for the year	-	(1,200)	(1,614)	(1,138)	-	(366)	(4,318)
Acquired through business combinations	-	(3,857)	(5,261)	(885)	-	(48)	(10,051)
Disposals	-	230	430	428	-	69	1,157
Reversal of impairment losses (impairment losses)	-	20	(11)	(3)	-	-	6
At 31 December 2013 and 1 January 2014	-	(9,270)	(12,540)	(6,762)	(2)	(2,383)	(30,957)
Depreciation charge for the year	-	(1,666)	(2,256)	(1,356)	-	(440)	(5,718)
Disposals	-	107	534	425	-	94	1,160
Reversal of impairment losses	-	6	8	-	-	-	14
At 31 December 2014	-	(10,823)	(14,254)	(7,693)	(2)	(2,729)	(35,501)

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

Consolidated financial statements (Continued)							
<i>(in million Baht)</i>							
	Land	Buildings, building and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Assets under construction and installation	Other	Total
<i>Net book value</i>							
At 1 January 2013	2,456	7,025	3,288	2,964	1,145	1,216	18,094
At 31 December 2013 and 1 January 2014	37,288	16,955	7,548	4,004	4,124	1,354	71,273
At 31 December 2014	38,781	20,216	9,643	4,533	5,160	1,868	80,201

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

Cost	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	Other	
At 1 January 2013	1,456	9,632	6,778	8,475	226	2,919	29,486
Additions	868	14	1,220	1,728	3,987	179	7,996
Transfers	7	2,081	72	6	(2,433)	267	-
Disposals	-	(296)	(292)	(399)	-	(73)	(1,060)
At 31 December 2013 and 1 January 2014	2,331	11,431	7,778	9,810	1,780	3,292	36,422
Additions	130	36	1,243	1,437	2,770	217	5,833
Transfers	-	2,816	91	78	(3,592)	607	-
Disposals	(255)	(145)	(196)	(417)	-	(82)	(1,095)
At 31 December 2014	2,206	14,138	8,916	10,908	958	4,034	41,160

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES 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	Other	
Accumulated depreciation and impairment losses							
At 1 January 2013	-	(3,768)	(4,507)	(5,672)	-	(1,828)	(15,775)
Depreciation charge for the year	-	(861)	(869)	(1,148)	-	(329)	(3,207)
Disposals	-	199	286	352	-	66	903
At 31 December 2013 and 1 January 2014	-	(4,430)	(5,090)	(6,468)	-	(2,091)	(18,079)
Depreciation charge for the year	-	(1,071)	(1,028)	(1,270)	-	(388)	(3,757)
Disposals	-	100	186	356	-	70	712
At 31 December 2014	-	(5,401)	(5,932)	(7,382)	-	(2,409)	(21,124)
Net book value							
At 1 January 2013	1,456	5,864	2,271	2,803	226	1,091	13,711
At 31 December 2013 and 1 January 2014	2,331	7,001	2,688	3,342	1,780	1,201	18,343
At 31 December 2014	2,206	8,737	2,984	3,526	958	1,625	20,036

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2014 the Group had assets under finance leases with a net book value amounted to Baht 514 million (2013: Baht 179 million.)

The gross amount of the Group's and the Company's fully depreciated plant and equipment that were still in use as at 31 December 2014 amounted to Baht 15,974 million (2013: Baht 13,978 million) in the consolidated financial statements and Baht 9,729 million (2013: Baht 8,334 million) in the separate financial statements respectively.

15 Goodwill

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<i>(in million Baht)</i>					
Cost					
At 1 January		126,073	137	-	-
Acquired through business combinations	5	-	125,936	-	-
At 31 December		126,073	126,073	-	-
Impairment losses					
At 1 January		-	-	-	-
Impairment losses		-	-	-	-
At 31 December		-	-	-	-
Net book value					
At 1 January		126,073	137	-	-
At 31 December		126,073	126,073	-	-

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

16 Other intangible assets

	Consolidated financial statements			
	Computer software in use and under development	Intellectual property (in million Baht)	Other	Total
Cost/revaluation				
At 1 January 2013	1,586	-	4	1,590
Acquired through business combinations	225	46,072	1,138	47,435
Additions	479	-	-	479
Transfers	(80)	-	-	(80)
Disposals	(5)	-	-	(5)
Currency translation differences	(4)	-	-	(4)
At 31 December 2013 and 1 January 2014	2,201	46,072	1,142	49,415
Additions	631	-	1,089	1,720
Disposals	(8)	-	-	(8)
At 31 December 2014	2,824	46,072	2,231	51,127
Accumulated amortisation				
At 1 January 2013	(693)	-	(1)	(694)
Amortisation charge for the year	(156)	-	(81)	(237)
Acquired through business combinations	(156)	-	-	(156)
Disposals	2	-	-	2
At 31 December 2013 and 1 January 2014	(1,003)	-	(82)	(1,085)
Amortisation charge for the year	(215)	-	(163)	(378)
Disposals	1	-	-	1
At 31 December 2014	(1,217)	-	(245)	(1,462)
Net book value				
At 1 January 2013	893	-	3	896
At 31 December 2013 and 1 January 2014	1,198	46,072	1,060	48,330
At 31 December 2014	1,607	46,072	1,986	49,665

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

	Separate Financial statements
	Computer software in use and under development <i>(in million Baht)</i>
Cost	
At 1 January 2013	1,093
Additions	147
Disposals	<u>(1)</u>
At 31 December 2013 and 1 January 2014	1,239
Additions	203
Disposals	<u>(6)</u>
At 31 December 2014	<u>1,436</u>
Accumulated amortisation	
At 1 January 2013	(510)
Amortisation charge for the year	(96)
Disposals	<u>1</u>
At 31 December 2013 and 1 January 2014	(605)
Amortisation charge for the year	(122)
Disposals	<u>1</u>
At 31 December 2014	<u>(726)</u>
Net book value	
At 1 January 2013	<u>583</u>
At 31 December 2013 and 1 January 2014	<u>634</u>
At 31 December 2014	<u>710</u>

The gross amount of the Group's and the Company's fully amortised other intangible assets that were still in use as at 31 December 2014 amounted to Baht 894 million (2013: Baht 697 million) in the consolidated financial statements and Baht 691 million (2013: Baht 556 million) in the separate financial statements respectively.

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NOTES TO THE FINANCIAL STATEMENTS

17 Deferred income tax

Deferred tax assets and liabilities as at 31 December 2014 and 2013 were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Deferred tax assets	662	344	281	55
Deferred tax liabilities	(15,304)	(15,379)	-	-
Net deferred tax assets (liabilities)	(14,642)	(15,035)	281	55

Movements in deferred tax assets and liabilities during the years ended 31 December 2014 and 2013 were as follows:

	Consolidated financial statements		
	At 1 January 2014	(Charged)/ credited to profit or loss	At 31 December 2014
	<i>(in million Baht)</i>		
<i>Deferred tax assets (liabilities)</i>			
Trade accounts receivable	4	1	5
Inventories	156	75	231
Property, plant and equipment	68	2	70
Other current liabilities	(203)	203	-
Employee benefit obligations	281	33	314
Tax losses	11	(11)	-
Fair value adjustment assets acquired through business combinations	(15,379)	75	(15,304)
Other	27	15	42
Net	(15,035)	393	(14,642)

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	Consolidated financial statements			At 31 December 2013
	At 1 January 2013	(Charged)/ credited to profit or loss <i>(in million Baht)</i>	Acquired through business combinations	
<i>Deferred tax assets (liabilities)</i>				
Trade accounts receivable	4	(1)	1	4
Inventories	105	(21)	72	156
Property, plant and equipment	25	(9)	52	68
Other current liabilities	-	(203)	-	(203)
Employee benefit obligations	181	39	61	281
Tax losses	41	(30)	-	11
Fair value adjustment assets acquired through business combinations	-	38	(15,417)	(15,379)
Other	13	1	13	27
Net	369	(186)	(15,218)	(15,035)

	Separate financial statements		
	At 1 January 2014	(Charged)/ credited to profit or loss <i>(in million Baht)</i>	At 31 December 2014
<i>Deferred tax assets (liabilities)</i>			
Trade accounts receivable	1	1	2
Inventories	64	6	70
Property, plant and equipment	24	-	24
Other current liabilities	(202)	202	-
Employee benefit obligations	164	21	185
Other	4	(4)	-
Net	55	226	281

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NOTES TO THE FINANCIAL STATEMENTS

	Separate financial statements		
	At 1 January 2013	(Charged)/ credited to profit or loss	At 31 December 2013
	<i>(in million Baht)</i>		
<i>Deferred tax assets (liabilities)</i>			
Trade accounts receivable	1	-	1
Inventories	100	(36)	64
Property, plant and equipment	24	-	24
Other current liabilities	-	(202)	(202)
Employee benefit obligations	141	23	164
Other	3	1	4
Net	<u>269</u>	<u>(214)</u>	<u>55</u>

18 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Prepaid rental and service fees	1,096	866	1,050	1,070
Guarantee deposit	902	732	896	726
Other	18	17	2	2
Total	<u>2,016</u>	<u>1,615</u>	<u>1,948</u>	<u>1,798</u>

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NOTES TO THE FINANCIAL STATEMENTS

19 Interest-bearing liabilities

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<i>(in million Baht)</i>					
Current					
Short-term borrowings from financial institutions					
Promissory notes - unsecured		14,560	5,060	11,000	2,000
Liabilities under trust receipts - unsecured		131	106	-	-
Short-term borrowings - secured		-	129,977	-	129,977
Short-term borrowings - unsecured		35	-	-	-
Total		14,726	135,143	11,000	131,977
Short-term borrowing from subsidiary - unsecured	6	-	-	-	2,359
Total		-	-	-	2,359
Current portion of liabilities under finance leases		61	28	-	-
Total		61	28	-	-
Current portion of long-term borrowing from financial institution		4,914	-	4,914	-
Total		4,914	-	4,914	-
Total current		19,701	135,171	15,914	134,336
Non-current					
Debentures		140,000	50,000	140,000	50,000
Long-term borrowings from financial institutions - secured		36,301	-	36,301	-
Long-term borrowings from financial institutions - unsecured		2,000	-	-	-
Liabilities under finance leases		478	165	-	-
Total non-current		178,779	50,165	176,301	50,000
Grand total		198,480	185,336	192,215	184,336

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NOTES TO THE FINANCIAL STATEMENTS

The periods to maturity of interest-bearing liabilities, excluding liabilities under finance leases, as at 31 December 2014 and 2013 were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Within one year	19,640	135,143	15,914	134,336
After one year but within five years	99,021	24,088	97,021	24,088
After five years	79,280	25,912	79,280	25,912
Total	197,941	185,143	192,215	184,336

Short-term borrowings from financial institutions

Movements during the years ended 31 December 2014 and 2013 were as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
		<i>(in million Baht)</i>			
At 1 January		135,143	-	131,977	-
Increases (decreases)		(120,417)	131,043	(120,977)	129,981
Acquired through business combinations	5	-	2,104	-	-
Unrealised loss on exchange rates from translation of outstanding borrowing balance of United States Dollars to Thai Baht		-	1,996	-	1,996
At 31 December		14,726	135,143	11,000	131,977

As at 31 December 2014 the Group had liabilities under trust receipts with local financial institutions which bear interest rates ranging from 2.80% to 2.85% per annum (2013: ranging from 2.95% to 3.11% per annum).

As at 31 December 2014 the Group had promissory notes issued to local financial institutions denominated in Thai Baht which bear interest rates ranging from 2.10% to 2.98% per annum (2013: ranging from 2.78% to 3.53% per annum) and mature within September 2015.

As at 31 December 2014 the Group had short-term borrowings from a foreign financial institution denominated in U.S. Dollar which bear interest at the rate of 2.70% per annum (2013: nil) and mature within March 2015.

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NOTES TO THE FINANCIAL STATEMENTS

In June 2013 the Company entered into a secured short-term borrowing agreement with certain financial institutions totaling USD 6,000 million (or equivalent to approximately Baht 197,696 million, using exchange rate as at 31 December 2013) with floating interest rate at LIBOR plus agreed applicable margin at market rates per annum. As at 31 December 2013 the Company had drawdown the short-term borrowings totaling USD 5,773 million (or equivalent to approximately Baht 190,207 million) for payment of the acquired shares of OHT Co., Ltd., Siam Makro Holding (Thailand) Ltd., and Siam Makro Public Company Limited (see note 5 to the financial statements). In this regard, the Company pledged shares of OHT Co., Ltd., Siam Makro Holding (Thailand) Ltd., and Siam Makro Public Company Limited, which were obtained from the business combination through the shares acquisition on 26 June 2013 and the tender offer, as collateral for the borrowings; and must comply with the specified covenants, such as to maintain leverage ratio and interest coverage ratio in the annual financial statements during the borrowing period, etc. As at 31 December 2013, the Company had cancelled the unutilised credit facilities totaling USD 227 million. The Company repaid this short-term borrowing during the year 2014.

The Company still must pledge all shares as collateral as above for the long-term borrowings and debentures in 2014.

Fair values of the shares of OHT Co., Ltd., Siam Makro Holding (Thailand) Ltd., and Siam Makro Public Company Limited, as at 31 December 2014, totaled Baht 170,308 million.

Debentures

Movements during the years ended 31 December 2014 and 2013 were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
At 1 January	50,000	-	50,000	-
Increases	90,000	50,000	90,000	50,000
At 31 December	140,000	50,000	140,000	50,000

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NOTES TO THE FINANCIAL STATEMENTS

Debentures 1/2013

On 31 October 2013 the Company issued Baht 50,000 million unsubordinated and secured debentures in registered name form, which had the objective to repayment of short-term borrowings from financial institutions, divided into:

- Debentures term of 3 years of Baht 11,841 million, fully repayable on 31 October 2016 and bearing interest at the fixed rate of 4.10% per annum
- Debentures term of 5 years of Baht 12,247 million, fully repayable on 31 October 2018 and bearing interest at the fixed rate of 4.70% per annum
- Debentures term of 7 years of Baht 10,790 million, fully repayable on 31 October 2020 and bearing interest at the fixed rate of 5.10% per annum
- Debentures term of 10 years of Baht 15,122 million, fully repayable on 31 October 2023 and bearing interest at the fixed rate of 5.35% per annum

These series of debentures have a credit rating of “A+(tha)” latest updated by Fitch Ratings (Thailand) Limited on 22 September 2014 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 31 October 2013.

Debentures 1/2014

On 27 March 2014 the Company issued Baht 40,000 million unsubordinated and secured debentures in registered name form, which had the objective to repayment of short-term borrowings from financial institutions, divided into:

- Debentures term of 3 years of Baht 3,736 million, fully repayable on 27 March 2017 and bearing interest at the fixed rate of 3.70% per annum
- Debentures term of 5 years of Baht 11,066 million, fully repayable on 27 March 2019 and bearing interest at the fixed rate of 4.30% per annum
- Debentures term of 7 years of Baht 9,884 million, fully repayable on 27 March 2021 and bearing interest at the fixed rate of 4.85% per annum

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- Debentures term of 10 years of Baht 15,314 million, fully repayable on 27 March 2024 and bearing interest at the fixed rate of 5.14% per annum

These series of debentures have a credit rating of “A+(tha)” latest updated by Fitch Ratings (Thailand) Limited on 22 September 2014 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 27 March 2014.

Debentures 2/2014

On 22 August 2014 the Company issued Baht 40,000 million unsecured and secured debentures in registered name form, which had the objective to repayment of long-term borrowings from financial institutions, divided into:

- Debentures term of 3 years of Baht 6,351 million, fully repayable on 22 August 2017 and bearing interest at the fixed rate of 3.71% per annum
- Debentures term of 5 years of Baht 9,478 million, fully repayable on 22 August 2019 and bearing interest at the fixed rate of 4.25% per annum
- Debentures term of 7 years of Baht 7,520 million, fully repayable on 22 August 2021 and bearing interest at the fixed rate of 4.75% per annum
- Debentures term of 10 years of Baht 16,651 million, fully repayable on 22 August 2024 and bearing interest at the fixed rate of 5.05% per annum

These series of debentures have a credit rating of “A+(tha)” latest updated by Fitch Ratings (Thailand) Limited on 22 September 2014 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 22 August 2014.

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Debentures 3/2014

On 26 December 2014 the Company issued Baht 10,000 million unsubordinated and secured debentures in registered name form, which had the objective to repayment of long-term borrowings from financial institutions, divided into:

- Debentures term of 3 years of Baht 6,000 million, fully repayable on 26 December 2017 and bearing interest at the fixed rate of 3.45% per annum
- Debentures term of 12 years of Baht 4,000 million, fully repayable on 26 December 2026 and bearing interest at the fixed rate of 4.80% per annum

These series of debentures have a credit rating of “A+(tha)” updated by Fitch Ratings (Thailand) Limited on 15 December 2014 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 26 December 2014.

The Company must comply with the specific covenants such as to maintain net debt to equity ratio in the annual consolidated financial statements through the terms of debentures, etc.

Long-term borrowings from financial institutions

Movement during the year ended 31 December 2014 and 2013 were as follows:

<i>Note</i>	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
At 1 January	-	-	-	-
Increases	95,347	-	93,347	-
Decreases	(52,132)	-	(52,132)	-
At 31 December	43,215	-	41,215	-

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As at 31 December 2014 the Group had long-term borrowing agreements with certain local financial institutions and a local branch of a foreign financial institution. Details are as follows:

Borrowing agreement	Type of secured borrowing	Approved credit facilities	Interest rate (<i>% per annum</i>)	Term of payment
The first agreement	Secured borrowing	Baht 81,900 million	Floating interest rate at minimum loan rate (MLR) and BIBOR adjust with agreed applicable margin	Every 3 months for a period of 6 years
The second agreement	Unsecured borrowing	Baht 1,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in November 2017
The third agreement	Unsecured borrowing	Baht 1,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in December 2017

In this regard, the Group must comply with the specified covenants, such as to maintain leverage ratio of borrowing principal and interest, debt to equity ratio and the shareholdings of the Company in a local subsidiary as stipulated in the agreements, etc.

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Finance lease liabilities

Details of finance leases liabilities as at 31 December 2014 and 2013 were as follows:

	Consolidated financial statements					
	2014			2013		
	Future minimum lease payments	Interest	Present value of minimum lease payments <i>(in million Baht)</i>	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	107	(46)	61	44	(16)	28
After one year but within 5 years	390	(124)	266	147	(42)	105
After 5 years	256	(44)	212	71	(11)	60
Total	753	(214)	539	262	(69)	193

As at 31 December 2014 the Group entered into finance lease contracts covering its equipment. Under the terms of the contracts, the Company must comply with certain conditions as stipulated in the agreements.

Unutilised credit facilities

As at 31 December 2014 the Group had unutilised credit facilities totaling Baht 957 million (2013: Baht 957 million)

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20 Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
		<i>(in million Baht)</i>			
Related parties	6	5,561	5,069	5,546	3,974
Other parties		53,751	49,665	25,670	23,644
Total		59,312	54,734	31,216	27,618

21 Other accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
		<i>(in million Baht)</i>			
Related parties	6	51	28	6,974	8,933
Other parties		3,468	2,948	1,183	1,480
Total		3,519	2,976	8,157	10,413

22 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Accrued personnel expenses	1,823	2,169	1,002	1,253
Accrued royalties and other accrued expenses	1,718	1,332	804	454
Accrued interest expense	1,613	505	1,590	507
Deferred royalties income	1,178	859	1,177	859
Accrued utilities expenses	641	531	449	391
Advance receipts from customers	417	390	-	-
Accrued advertising and sale promotion expenses	269	751	159	656
Accrued rental fees	115	125	109	125
Other	916	621	284	294
Total	8,690	7,283	5,574	4,539

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23 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	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Statement of financial position				
Obligations for:				
Severance pay for employees	1,710	1,486	927	819
Total	1,710	1,486	927	819
<i>For the year ended 31 December</i>				
Statement of income				
Recognised in profit or loss:				
Severance pay for employees	296	239	129	121
Total	296	239	129	121

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 5 years from 1 January 2011. Movements during the years on the provision for the unrecognised transitional obligation were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Unrecognised transitional obligation as at 1 January	76	114	28	41
Recognised through profit or loss for the year	(38)	(38)	(14)	(13)
Unrecognised transitional obligation as at 31 December	38	76	14	28

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Movements in the present value of the defined benefit obligations

<i>Year ended 31 December</i>	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
		<i>(in million Baht)</i>			
Defined benefit obligations at 1 January		1,486	955	819	704
Benefits paid by the plan		(72)	(14)	(21)	(7)
Transitional obligation recognised		38	38	14	13
Current service costs and interest		199	179	105	104
Defined benefit plan actuarial losses		59	22	10	4
Acquired through business combinations	5	-	304	-	-
Transfer employee benefits obligations from related companies		-	2	-	1
Defined benefit obligations at 31 December		1,710	1,486	927	819

Actuarial losses recognised in the statement of income for the years ended 31 December 2014 and 2013 were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
At 1 January	22	-	4	-
Recognised during the year	37	22	6	4
At 31 December	59	22	10	4

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

	Consolidated/Separate financial statements	
	2014	2013
Discount rate (%)	3.40 and 4.13	4.10
Retirement age (<i>year</i>)	55 and 60	55 and 60

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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.

24 Accrued guarantee deposits

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Guarantee deposits payable to franchisees	3,047	2,599	2,733	2,497
Other accrued guarantee deposits	224	575	421	561
Total	3,271	3,174	3,154	3,058

25 Share capital

	Par value per share <i>(in Baht)</i>	Number of shares	Consolidated financial statements/ Separate financial statements	
			2014	2013
			Baht <i>(in million)</i>	Number of shares Baht
Authorised				
At 1 January				
- ordinary shares	1	8,986	8,986	8,986
At 31 December				
- ordinary shares	1	8,986	8,986	8,986
Issued and paid-up				
At 1 January				
- ordinary shares	1	8,983	8,983	8,983
At 31 December				
- ordinary shares	1	8,983	8,983	8,983

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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.

26 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Limited Company Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Other components of equity

Currency translation differences

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

Differences on acquisition of non-controlling interests

Differences on acquisition of non-controlling interests recognised in equity relate to difference between the amounts by which the non-controlling interests are adjusted and the fair value of the consideration paid.

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NOTES TO THE FINANCIAL STATEMENTS

27 Segment information

The Group has 3 reportable segments which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

Segment 1: Convenience stores
Segment 2: Cash and carry
Segment 3: Other

Other operations include bill payment services, frozen food plant and bakery, and distributor of retailing equipment. None of these segments meets the quantitative thresholds for determining reportable segments in 2014 and 2013.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain relative to other entities that operate within these industries.

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: Other

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Information about reportable segments of the Group for the years ended 31 December 2014 and 2013 were as follows:

Business segment results

	Convenience stores		Cash and carry		Other		Eliminate		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenue from sale of goods and rendering of services	210,776	201,669	141,828	66,343	24,073	19,496	(18,911)	(15,222)	357,766	272,286
Interest income	193	373	39	27	84	128	(78)	(50)	238	478
Dividend income	4,541	3,495	-	-	-	-	(4,541)	(3,495)	-	-
Net foreign exchange gain	437	-	9	-	(69)	-	-	-	377	-
Other income	13,049	11,958	661	356	505	453	(1,295)	(861)	12,920	11,906
Total revenues	228,996	217,495	142,537	66,726	24,593	20,077	(24,825)	(19,628)	371,301	284,670
Cost of sale of goods and rendering of services	152,393	148,728	126,771	59,363	18,494	14,959	(16,215)	(12,393)	281,443	210,657
Selling expenses	48,139	43,345	7,871	3,621	1,957	1,478	(1,804)	(1,850)	56,163	46,594
Administrative expenses	10,757	10,987	1,968	991	1,951	1,552	(2,030)	(1,740)	12,646	11,790
Net foreign exchange loss	-	607	-	-	-	(37)	-	-	-	570
Finance costs	8,356	2,179	168	38	11	10	(16)	(13)	8,519	2,214
Total expenses	219,645	205,846	136,778	64,013	22,413	17,962	(20,065)	(15,996)	358,771	271,825
Profit before income tax expense	9,351	11,649	5,759	2,713	2,180	2,115	(4,760)	(3,632)	12,530	12,845

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Business segment financial position

	Convenience stores		Cash and carry		Other (in million Baht)		Eliminate		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Cash and cash equivalents	24,864	15,642	4,568	5,015	2,772	3,975	-	-	32,204	24,632
Current investments	-	-	-	-	1,232	1,050	-	-	1,232	1,050
Trade accounts receivable	122	119	311	278	5,516	3,144	(5,039)	(2,693)	910	848
Other accounts receivable	2,008	1,980	49	27	3,262	6,767	(3,511)	(7,198)	1,808	1,576
Inventories	10,242	9,219	10,628	9,792	1,373	927	(76)	(22)	22,167	19,916
Investments in subsidiaries	202,238	202,208	-	-	773	773	(203,011)	(202,981)	-	-
Other long-term investments	100	101	-	-	-	-	-	-	100	101
Investment properties	-	-	333	333	-	-	-	-	333	333
Property, plant and equipment	20,036	18,343	52,183	46,804	8,130	6,195	(148)	(69)	80,201	71,273
Goodwill	-	-	125,936	125,936	137	137	-	-	126,073	126,073
Leasehold rights	395	382	2,118	1,571	138	-	-	-	2,651	1,953
Other intangible assets	710	634	47,647	47,470	1,417	306	(108)	(80)	49,666	48,330
Deferred tax assets	281	55	287	207	84	82	10	-	662	344
Other assets	6,188	7,446	1,876	1,341	3,578	3,483	(3,239)	(4,691)	8,403	7,579
Total assets	267,184	256,129	245,936	238,774	28,412	26,839	(215,122)	(217,734)	326,410	304,008

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	Convenience stores		Cash and carry		Other		Eliminate		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Overdrafts and short-term borrowings from financial institutions	11,000	131,977	3,226	3,166	500	-	-	-	14,726	135,143
Trade accounts payable	31,216	27,618	20,629	18,177	8,890	9,623	(1,423)	(684)	59,312	54,734
Other accounts payable	8,157	10,413	1,747	1,107	842	743	(7,227)	(9,286)	3,519	2,977
Current portion of long-term borrowings from financial institutions	4,914	-	-	-	-	-	-	-	4,914	-
Debtentures	140,000	50,000	-	-	-	-	-	-	140,000	50,000
Long-term borrowings from financial institutions	36,301	-	2,000	-	-	-	-	-	38,301	-
Accrued guarantee deposits	3,154	3,058	-	-	336	202	(219)	(86)	3,271	3,174
Deferred tax liabilities	-	-	15,304	15,379	-	-	-	-	15,304	15,379
Other liabilities	6,502	7,716	3,277	2,633	5,023	3,743	(2,797)	(4,462)	12,005	9,630
Total liabilities	241,244	230,782	46,183	40,462	15,591	14,311	(11,666)	(14,518)	291,352	271,037
Capital expenditure	6,167	8,297	7,970	2,053	3,930	2,435	(341)	(247)	17,726	12,538
Depreciation	3,757	3,207	1,494	715	681	584	(214)	(188)	5,718	4,318
Amortisation - leasehold rights	103	98	110	48	-	-	-	-	213	146
Amortisation - other intangible assets	122	96	216	104	62	54	(22)	(17)	378	237

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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	Convenience stores		Cash and carry		Other		Eliminate		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Loss on disposal and write-off of property, plant and equipment	-	93	19	16	1	1	43	-	63	110
Gain on disposal of leasehold rights	(10)	(8)	-	-	-	-	-	-	(10)	(8)
Geographic segment financial position and results										
	Thailand		Other		Eliminate		Total			
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenue from sale of goods and rendering of services from external customers	357,513	272,230	381	103	(128)	(47)	357,766	272,286	326,410	304,008
Segment assets	321,083	299,056	5,382	5,008	(55)	(56)	80,201	71,273	79,803	71,260
Property, plant and equipment	79,803	71,260	398	13	-	-	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS

28 Other income

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Sale promotion income	7,346	6,550	7,292	6,550
Income on royalties and other fees relating to licenses income	1,593	1,285	1,593	1,285
Other	3,981	4,000	4,164	4,123
Total	12,920	11,835	13,049	11,958

29 Selling expenses

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Convenience store management fees	12,774	11,924	12,774	11,924
Employee benefit expenses	11,363	9,582	8,759	8,270
Advertising and sale promotion expenses	8,780	6,730	7,931	6,532
Utilities expenses	5,999	4,879	4,990	4,432
Depreciation and amortisation	4,643	3,398	3,174	2,740
Rental fees	4,505	3,835	4,397	3,788
Other	8,099	6,246	6,114	5,659
Total	56,163	46,594	48,139	43,345

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30 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Employee benefit expenses	6,284	5,570	4,811	4,547
Rental fees	958	1,084	905	1,055
Depreciation and amortisation	698	490	434	361
Utilities expenses	267	239	164	169
Other	4,439	4,407	4,442	4,855
Total	12,646	11,790	10,756	10,987

31 Employee benefit expenses

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
		<i>(in million Baht)</i>			
Salaries, wages and bonus		20,520	17,993	13,687	12,996
Contribution to social security fund		493	346	335	261
Staff welfares		480	348	208	196
Severance pay for employees	23	296	239	129	121
Contribution to provident fund		190	159	112	104
Training expenses		53	49	833	664
Other		87	117	33	32
Total		22,119	19,251	15,337	14,374

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 rates ranging from 2% to 3% 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.

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NOTES TO THE FINANCIAL STATEMENTS

32 Expenses by nature

The statements of income include an analysis of expenses by function. Expenses by nature are as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<i>(in million Baht)</i>					
Changes in inventories of finished goods and work in progress		(2,513)	(3,102)	(1,051)	(757)
Purchase of finished goods		267,097	198,335	147,825	144,942
Raw materials and consumables used		5,657	5,322	-	-
Employee benefit expenses	31	22,119	19,251	15,337	14,374
Depreciation	14	5,718	4,318	3,757	3,207
Amortisation - leasehold rights		213	146	103	98
Amortisation - other intangible assets	16	378	237	122	96
Rental fees		5,650	5,055	5,391	4,941
Utilities expenses		6,704	5,509	5,261	4,702
Advertising and sale promotion expenses		8,888	6,792	7,931	6,532
Convenience store management fees		12,774	11,924	12,774	11,924
Other		17,568	15,254	13,839	13,001
Total cost of sales of goods and rendering of services, selling expenses and administrative expenses		350,253	269,041	211,289	203,060

33 Finance costs

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<i>(in million Baht)</i>				
Finance costs paid to:				
Subsidiaries	-	-	5	3
Financial institutions	8,482	2,205	8,350	2,176
Other parties under finance lease	36	9	-	-
Total	8,518	2,214	8,355	2,179

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34 Income tax expense

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<i>(in million Baht)</i>					
Current tax					
Current year		2,656	2,069	900	1,175
Over provided in prior year		(5)	-	-	-
		<u>2,651</u>	<u>2,069</u>	<u>900</u>	<u>1,175</u>
Deferred income tax					
Movements in temporary differences		(405)	156	(226)	214
Benefit of tax losses recognised		12	30	-	-
	17	<u>(393)</u>	<u>186</u>	<u>(226)</u>	<u>214</u>
Total		<u>2,258</u>	<u>2,255</u>	<u>674</u>	<u>1,389</u>

Reconciliation of effective tax rate

Applicable tax rate (%)	Consolidated financial statements			
	0%	20%	Other	Total
<i>(in million Baht)</i>				
2014				
Accounting profit (loss) before income tax expense				12,530
Income tax at the applicable tax rates	53	12,589	(112)	2,518
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit	-	(243)	-	(243)
Benefit of tax losses recognised	-	(12)	-	(12)
Over provided in prior year	-	(5)	-	(5)
Net	<u>-</u>	<u>2,258</u>	<u>-</u>	<u>2,258</u>

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Applicable tax rate (%)	Consolidated financial statements			
	0%	20%	Other	Total
	<i>(in million Baht)</i>			
2013				
Accounting profit before income tax expense	(51)	12,872	24	12,845
Income tax at the applicable tax rates	-	2,574	-	2,574
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit	-	(289)	-	(289)
Benefit of tax losses recognised	-	(30)	-	(30)
Net	-	2,255	-	2,255

Applicable tax rate (%)	Separate financial statements	
	20%	20%
	<i>(in million Baht)</i>	
	2014	2013
Accounting profit before income tax expense	9,351	11,649
Income tax at the applicable tax rates	1,870	2,330
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit	(1,196)	(941)
Net	674	1,389

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. Royal Decree No. 577 B.E. 2557 dated 10 November 2014 extends the reduction to 20% for the accounting period 2015 which begins on or after 1 January 2015.

The Company and its local subsidiaries has applied the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2014 and 2013 in accordance with the clarification issued by the FAP in 2012

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35 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 certificates;
- (c) an exemption from payment of import duty on necessary raw materials and supplies to be used in the production for export sales for a period of 1 year from the first import date;
- (d) an exemption from the payment of import duty on imported goods with the re-export condition for a period of 1 year from the first import date;
- (e) an exemption to include the dividend income from the promoted business in the computation of corporate income tax throughout the period the Company being granted exemption; and
- (f) a permission to deduct 25% of installation costs or construction costs of assets necessary for the Company's operation besides a deduction of their normal depreciation.

Revenue from sales of goods under the promoted business of the subsidiary for the years ended 31 December 2014 and 2013 were as follows:

	Consolidated financial statements	
	2014	2013
	<i>(in million Baht)</i>	
Export sales	5	30
Domestic sales	5,236	5,808
Total	5,241	5,838

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As a promoted company, the subsidiary must comply with certain conditions and restrictions provided for in the promotional certificates.

36 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2014 and 2013 are based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht/million shares)</i>			
Profit for the year attributable to equity holders of the Company	10,154	10,503	8,678	10,260
Weighted average number of ordinary shares outstanding during the year	8,983	8,983	8,983	8,983
Basic earnings per share (in Baht)	1.13	1.17	0.97	1.14

37 Dividends

At the annual general meeting of the shareholders of the Company held on 24 April 2014, the Company's shareholders approved the appropriation of 2013 annual dividends of Baht 0.90 per share for 8,983,101,348 ordinary shares, totaling Baht 8,085 million, from the profit attributable to equity holders of the Company for the year 2013. The dividends were paid to the Company's shareholders on 20 May 2014.

At the annual general meeting of the shareholders of the Company held on 25 April 2013, the Company's shareholders approved the appropriation of 2012 annual cash dividend payment of Baht 0.90 per share for 8,983,101,348 ordinary shares, totaling Baht 8,085 million, The cash dividends were paid to the Company's shareholders on 20 May 2013.

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NOTES TO THE FINANCIAL STATEMENTS

38 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns to the Company's shareholders and benefits to other stakeholders. The management sets strategies to support the Company's operations for more efficiency, and better performances and stronger financial status, including dividend and capital management policies to maintain the optimal capital structure and cost of capital.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group's exposure to change in interest rate relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group manages the interest rate risk of financial assets and financial liabilities by considering fixed and floating rates depend on the market situation.

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NOTES TO THE FINANCIAL STATEMENTS

The effective interest rates of financial assets as at 31 December 2014 and 2013 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	
2014					
Current					
- Debt securities	2.40 - 2.63	1,200	-	-	1,200
- Time deposits	2.55 - 3.00	32	-	-	32
Total		1,232	-	-	1,232
Non-current					
- Debt securities	4.38	-	-	100	100
Total		-	-	100	100
2013					
Current					
- Debt securities	2.25 - 3.00	1,050	-	-	1,050
Total		1,050	-	-	1,050
Non-current					
- Debt securities	4.38 - 5.90	-	1	100	101
Total		-	1	100	101

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	Effective interest rate (%)	Separate financial statements			Total
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	
2014					
Non-current					
- Debt securities	4.38	-	-	100	100
Total		<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>
2013					
Non-current					
- Debt securities	4.38 - 5.90	-	1	100	101
- Long-term loans to subsidiary	4.75	-	1,600	-	1,600
Total		<u>-</u>	<u>1,601</u>	<u>100</u>	<u>1,701</u>

CP ALL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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The effective interest rates of interest-bearing liabilities as at 31 December 2014 and 2013 and the periods in which interest-bearing liabilities 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	
2014					
Current					
- Promissory notes	2.10 - 2.98	14,560	-	-	14,560
- Liabilities under trust receipts	2.80 - 2.85	131	-	-	131
- Short-term borrowings from financial institutions	2.70	35	-	-	35
- Current portion of liabilities under finance leases	9.00	61	-	-	61
- Current portion of long-term borrowings from financial institutions	MLR and BIBOR adjust with agreed applicable margin	4,914	-	-	4,914
Total		19,701	-	-	19,701

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	Effective interest rate (%)	Consolidated financial statements			Total
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	
Non-current					
- Debentures	3.45 - 5.35	-	60,720	79,280	140,000
- Long-term borrowings from financial institutions	MLR and BIBOR adjust with agreed applicable margin and fixed rate	-	38,301	-	38,301
- Liabilities under finance leases	9.00	-	266	212	478
- Guarantee deposits payable to franchisees	1.50 - 2.50	-	96	2,733	2,829
Total		-	99,383	82,225	181,608
2013					
Current					
- Promissory notes	2.78 - 3.53	5,060	-	-	5,060
- Liabilities under trust receipts	2.95 - 3.11	106	-	-	106
- Short-term borrowings from financial institutions	LIBOR plus margin	129,977	-	-	129,977
- Current portion of liabilities under finance leases	9.00	28	-	-	28
Total		135,171	-	-	135,171

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Consolidated financial statements					
	Effective interest rate (%)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
Non-current					
- Debentures	4.10 - 5.35	-	24,088	25,912	50,000
- Liabilities under finance leases	9.00	-	105	60	165
- Guarantee deposits payable to franchisees	2.20 - 2.75	-	102	2,497	2,599
Total		<u>-</u>	<u>24,295</u>	<u>28,469</u>	<u>52,764</u>
Separate financial statements					
	Effective interest rate (%)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2014					
Current					
- Promissory notes	2.10 - 2.40	11,000	-	-	11,000
- Current portion of long-term borrowings from financial institutions	MLR and BIBOR adjust with agreed applicable margin				
		4,914	-	-	4,914
Total		<u>15,914</u>	<u>-</u>	<u>-</u>	<u>15,914</u>

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	Effective interest rate (%)	Consolidated financial statements				Total
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years		
Non-current						
- Debentures	3.45 - 5.35	-	60,720	79,280		140,000
- Long-term borrowing from financial institutions	MLR and BIBOR adjust with agreed applicable margin	-	36,301	-		36,301
- Guarantee deposits payable to franchisees	1.50 - 2.50	-	-	2,733		2,733
Total		-	97,021	82,013		179,034
2013						
Current						
- Promissory notes	3.40	2,000	-	-		2,000
- Short-term borrowings from financial institutions	LIBOR plus margin	129,977	-	-		129,977
- Short-term borrowings from subsidiary	0.25	2,359	-	-		2,359
Total		134,336	-	-		134,336
Non-current						
- Debentures	4.10 - 5.35	-	24,088	25,912		50,000
- Guarantee deposits payable to franchisees	2.50 - 2.75	-	-	2,497		2,497
Total		-	24,088	28,409		52,497

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NOTES TO THE FINANCIAL STATEMENTS

Foreign currency risk

The Group is exposed to foreign currency risk relating to borrowings from financial institutions, borrowings from subsidiaries and 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 2014 and 2013 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	
		2014	2013	2014	2013
		<i>(in million Baht)</i>			
Cash and cash equivalents					
Foreign currency	China Renminbi	378	1,488	-	-
	United States Dollars	239	677	28	237
	Vietnamese Dong	4	5	-	-
	Hong Kong Dollars	-	1	-	-
Other investments					
Foreign currency	China Renminbi	30	-	-	-
Trade and other accounts receivable					
Foreign currency	China Renminbi	36	2	-	-
	United States Dollars	20	12	-	-
	Vietnamese Dong	17	11	-	-
	Pound Sterling	10	2	-	-
	Swiss Franc	2	-	-	-
Forward currency contracts - to buy and sell	United States Dollars	1	-	-	-
Other current assets					
Foreign currency	China Renminbi	251	513	-	-
	Vietnamese Dong	6	6	-	-

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	Foreign currency	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
		<i>(in million Baht)</i>			
Short-term borrowings from financial institutions					
Foreign currency	United States Dollars	35	129,977	-	129,977
Forward currency contracts - to sell	United States Dollars	-	122,742	-	122,742
Short term borrowings from subsidiary					
Foreign currency	United States Dollars	-	-	-	2,359
Trade and other accounts payable					
Foreign currency	United States Dollars	413	318	-	-
	Euro	61	12	-	-
	Pound Sterling	26	14	-	-
	Australian Dollars	19	29	-	-
	Swiss Franc	14	-	-	-
	China Renminbi	7	-	-	-
	Vietnamese Dong	6	5	-	-
	Yen	2	19	-	-
Forward currency contracts – to buy and sell	United States Dollars	220	149	-	-
	Pound Sterling	35	2	-	-
	Australian Dollars	26	51	-	-
	Euro	1	-	-	-
Other current liabilities					
Foreign currency	China Renminbi	220	6	-	-
	Vietnamese Dong	4	6	-	-
	United States Dollars	-	95	-	95
Forward currency contracts - to buy	Yen	451	76	-	-
	Euro	127	136	-	-
	United States Dollars	3	49	-	-

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	Foreign currency	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
		<i>(in million Baht)</i>			
Forward currency contracts - to sell	Pound Sterling	5	9	-	-
	United States Dollars	2	14	-	-
	Euro	-	37	-	-
	Swiss Franc	-	1	-	-

Credit risk

Credit risk is the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position. However, due to the large number of parties comprising the Group's customer base, management does not anticipate material losses from its debt collection.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

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NOTES TO THE FINANCIAL STATEMENTS

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 borrowings from financial institutions and subsidiaries, 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 subsidiaries is considered to be the carrying value because they bear interest at market rates.

The fair value of forward exchange contracts approximate the expected amounts that can be traded in the current exchange rate market.

The fair value of long-term debts is taken to approximate the carrying value because most of these financial instruments bear interest rates at close to market rates.

39 Supplemental disclosures of cash flows information

Property, plant and equipment purchased during the years ended 31 December 2014 and 2013 are detailed as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
		<i>(in million Baht)</i>			
Increase during the year	14	15,059	11,669	5,833	7,996
Less - payables		(469)	(307)	314	(274)
- assets under finance leases		(390)	(90)	-	-
Purchase and paid by cash		<u>14,200</u>	<u>11,272</u>	<u>6,147</u>	<u>7,722</u>

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NOTES TO THE FINANCIAL STATEMENTS

40 Commitments with non-related parties

Capital commitments

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Contracted but not provided for (construction cost of new plants and installation cost of machinery, and computer system development costs)	2,106	2,279	-	-
Total	<u>2,106</u>	<u>2,279</u>	<u>-</u>	<u>-</u>

Non-cancellable operating lease commitments

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Within one year	5,863	5,438	5,454	5,124
After one year but within five years	11,404	10,331	10,054	9,248
After five years	3,186	1,622	-	-
Total	<u>20,453</u>	<u>17,391</u>	<u>15,508</u>	<u>14,372</u>

The Group has lease agreements covering lease of land, buildings, vehicles and other assets for periods of 1 to 31 years, which will expire between 2015 and 2045.

Other commitments

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Unused letters of credit for purchase of goods and supplies	25	115	-	-
Total	<u>25</u>	<u>115</u>	<u>-</u>	<u>-</u>

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Letters of guarantee

As at 31 December 2014 the Group has commitments under letters of guarantee with financial institutions, principally guarantee for utilities, rental agreements and others totaling Baht 880 million and USD 0.3 million (2013 : Baht 838 million and USD 0.3 million).

Significant agreements

As at 31 December 2014 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 deposit 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.

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- (d) 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 31 days to 17 months, and will expire on various dates until November 2015.
- (e) A local subsidiary, Counter Service Co., Ltd., has service agreements with government entities and state enterprises (e.g., utilities, telephone expenses), and 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 November 2017. 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 days stipulated in the agreement before the expiry date of the agreement.
- (f) 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 January 2018. 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.
- (g) A local subsidiary, CP Retailink 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.

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41 Events after the reporting period

- 41.1 At the Company's Board of Directors meeting held on 20 January 2015, the Company's Board of Directors approved
- The increase of authorised share capital of a foreign indirect subsidiary, Successor (China) Investments Limited ("SCI"), from USD 50 million to USD 115 million for capital injection in Nanjing Tianqu Investment Management Co., Ltd.
 - The increase of authorised share capital of a foreign indirect subsidiary, Nanjing Tianqu Investment Management Co., Ltd., held by SCI, from China Renminbi 250 million to China Renminbi 700 million for business opportunity in People's Republic of China.
- 41.2 In January 2015, a local subsidiary (Siam Makro Public Company Limited ("Siam Makro")) set up a foreign subsidiary, ARO Company Limited ("ARO") (registered in Myanmar), which is owned 100% by Makro ROH Co., Ltd. (99.99% owned by Siam Makro). The main business of ARO is providing marketing and consulting services in Myanmar. ARO will have a registered authorised share capital of U.S. Dollar 500,000 and will call for the initial paid-up share capital of U.S. Dollar 25,000. The registration will be completed in February 2015.
- 41.3 At the board of directors' meeting of a local subsidiary (Siam Makro Public Company Limited) held on 16 February 2015, the subsidiary's board of directors approved to propose to the annual general shareholders' meeting of a subsidiary for approval to declare the final dividends from the profit for the equity holders of the subsidiary for the year 2014 of Baht 0.42 per share for 4,800 million ordinary shares, totaling Baht 2,016 million. Such declaration of final dividend payment must be approved by the shareholders' meeting of the subsidiary.
- 41.4 At the board of directors' meeting of the Company held on 17 February 2015, the Company's board of directors approved to propose to the annual general shareholders' meeting of the Company for approval to declare the dividends from the profit for the equity holders of the Company for the year 2014 of Baht 0.80 per share for 8,983 million ordinary shares, totaling Baht 7,186 million. Such declaration of dividend payment must be approved by the shareholders' meeting of the Company.

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42 Thai Financial Reporting Standards not yet adopted

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated, are set out below. The Group does not plan to adopt these TFRS early.

TFRS	Topic	Year effective
TAS 1 (revised 2014)	Presentation of Financial Statements	2015
TAS 2 (revised 2014)	Inventories	2015
TAS 7 (revised 2014)	Statement of Cash Flows	2015
TAS 8 (revised 2014)	Accounting Policies, Change in Accounting Estimates and Errors	2015
TAS 10 (revised 2014)	Events after the Reporting Period	2015
TAS 12 (revised 2014)	Income Taxes	2015
TAS 16 (revised 2014)	Property, Plant and Equipment	2015
TAS 17 (revised 2014)	Leases	2015
TAS 18 (revised 2014)	Revenue	2015
TAS 19 (revised 2014)	Employee Benefits	2015
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates	2015
TAS 23 (revised 2014)	Borrowing Costs	2015
TAS 24 (revised 2014)	Related Party Disclosures	2015
TAS 26 (revised 2014)	Accounting and Reporting by Retirement Benefit Plans	2015
TAS 27 (revised 2014)	Separate Financial Statements	2015
TAS 29 (revised 2014)	Financial Reporting in Hyperinflationary Economies	2015
TAS 33 (revised 2014)	Earnings per Share	2015
TAS 34 (revised 2014)	Interim Financial Reporting	2015
TAS 36 (revised 2014)	Impairment of Assets	2015

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TFRS	Topic	Year effective
TAS 36 (revised 2014)	Impairment of Assets	2015
TAS 37 (revised 2014)	Provision, Contingent Liabilities and Contingent Assets	2015
TAS 38 (revised 2014)	Intangible Assets	2015
TAS 40 (revised 2014)	Investment Property	2015
TFRS 3 (revised 2014)	Business Combinations	2015
TFRS 8 (revised 2014)	Operating Segments	2015
TFRS 10	Consolidated Financial Statements	2015
TFRS 12	Disclosure of Interests in Other Entities	2015
TFRS 13	Fair Value Measurement	2015
TSIC 15 (revised 2014)	Operating Leases - Incentives	2015
TSIC 25 (revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	2015
TSIC 27 (revised 2014)	Evaluating the Substance of Transactions involving the Legal Form of a Lease	2015
TSIC 31 (revised 2014)	Revenue - Barter Transactions involving Advertising Services	2015
TFRIC 1 (revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2015
TFRIC 4 (revised 2014)	Determining whether an Arrangement contains a Lease	2015
TFRIC 7 (revised 2014)	Applying the Restatement Approach under TAS 29 (revised 2014) Financial Reporting in Hyperinflationary Economies	2015
TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment	2015



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TFRS	Topic	Year effective
TFRIC 13 (revised 2014)	Customer Loyalty Programmes	2015
TFRIC 14	TAS 19 (revised 2014) - The Limit on a Defined Benefit Asset, Minimum Funding Requirement and Their Interaction	2015

The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

