

**CP ALL Public Company Limited  
and its Subsidiaries**

Financial statements for the year ended  
31 December 2012  
and  
Independent Auditor's Report

## **Independent Auditor's Report**

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

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

#### *Management's Responsibility for the Consolidated and Separate Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

*Opinion*

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position as at 31 December 2012 and the financial performance and cash flows for the year then ended of CP ALL Public Company Limited and its subsidiaries, and of CP ALL Public Company Limited, respectively, in accordance with Thai Financial Reporting Standards.

(Veerachai Ratanajaratkul)  
Certified Public Accountant  
Registration No. 4323

KPMG Phoomchai Audit Ltd.  
Bangkok  
13 February 2013

# CP ALL Public Company Limited and its Subsidiaries

## Statement of financial position

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

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

# CP ALL Public Company Limited and its Subsidiaries

## Statement of financial position

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2012	2011	2012	2011
		<i>(in Baht)</i>			
<b>Current liabilities</b>					
Overdrafts and short-term borrowings					
from financial institutions		-	2,173,470	-	-
Trade accounts payable	4, 14	32,579,806,957	24,393,114,291	25,739,821,786	20,005,235,776
Other accounts payable	4, 15	1,775,276,526	1,116,258,324	7,990,552,459	4,384,641,990
Income tax payable		1,205,160,283	1,138,285,191	1,123,952,694	975,339,884
Other current liabilities	16	5,464,456,661	3,829,254,805	4,402,338,180	3,101,186,089
<b>Total current liabilities</b>		<b>41,024,700,427</b>	<b>30,479,086,081</b>	<b>39,256,665,119</b>	<b>28,466,403,739</b>
<b>Non-current liabilities</b>					
Employee benefit obligations	17	954,915,953	757,878,420	704,186,364	611,980,000
Accrued guarantee deposits	18	2,832,756,395	2,405,049,204	2,716,031,030	2,282,708,449
<b>Total non-current liabilities</b>		<b>3,787,672,348</b>	<b>3,162,927,624</b>	<b>3,420,217,394</b>	<b>2,894,688,449</b>
<b>Total liabilities</b>		<b>44,812,372,775</b>	<b>33,642,013,705</b>	<b>42,676,882,513</b>	<b>31,361,092,188</b>
<b>Equity</b>					
Share capital	19				
Authorised share capital		8,986,296,048	4,500,000,000	8,986,296,048	4,500,000,000
Issued and paid-up share capital		8,983,101,348	4,493,148,024	8,983,101,348	4,493,148,024
Additional paid-in capital	19				
Premium on ordinary shares		1,684,316,879	1,684,316,879	1,684,316,879	1,684,316,879
Retained earnings					
Appropriated					
Legal reserve	20	900,000,000	450,000,000	900,000,000	450,000,000
Unappropriated		15,688,196,662	15,224,548,627	11,336,029,783	11,913,608,641
Other components of equity		(511,848,742)	(361,408,747)	-	-
<b>Equity attributable to equity holders of the Company</b>		<b>26,743,766,147</b>	<b>21,490,604,783</b>	<b>22,903,448,010</b>	<b>18,541,073,544</b>
Non-controlling interests		242,326,118	208,249,038	-	-
<b>Total equity</b>		<b>26,986,092,265</b>	<b>21,698,853,821</b>	<b>22,903,448,010</b>	<b>18,541,073,544</b>
<b>Total liabilities and equity</b>		<b>71,798,465,040</b>	<b>55,340,867,526</b>	<b>65,580,330,523</b>	<b>49,902,165,732</b>

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

# CP ALL Public Company Limited and its Subsidiaries

## Statement of income

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

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

# CP ALL Public Company Limited and its Subsidiaries

## Statement of comprehensive income

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

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

**CP ALL Public Company Limited and its Subsidiaries**  
**Statement of changes in equity**

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

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

**CP ALL Public Company Limited and its Subsidiaries**  
**Statement of changes in equity**

		<b>Consolidated financial statements</b>							
		Retained earnings			Other components of equity		Equity attributable to equity holders of the Company	Non- controlling interests	Total equity
Note	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated retained earnings	Currency translation differences				
<i>(in Baht)</i>									
<b>Year ended 31 December 2012</b>									
	<b>4,493,148,024</b>	<b>1,684,316,879</b>	<b>450,000,000</b>	<b>15,224,548,627</b>	<b>(361,408,747)</b>	<b>21,490,604,783</b>	<b>208,249,038</b>	<b>21,698,853,821</b>	
<b>Balance at 1 January 2012</b>									
<b>Transactions with equity holders, recorded directly in equity</b>									
<i>Distributions to equity holders</i>									
	4,489,953,324	-	-	-	-	4,489,953,324	30	4,489,953,354	
19									
	-	-	-	(10,109,583,054)	-	(10,109,583,054)	(3,355)	(10,109,586,409)	
30									
<b>Total transactions with equity holders, recorded directly in equity</b>									
	<b>4,489,953,324</b>	<b>-</b>	<b>-</b>	<b>(10,109,583,054)</b>	<b>-</b>	<b>(5,619,629,730)</b>	<b>(3,325)</b>	<b>(5,619,633,055)</b>	
<b>Comprehensive income for the year</b>									
	-	-	-	11,023,231,089	-	11,023,231,089	34,080,405	11,057,311,494	
	-	-	-	-	(150,439,995)	(150,439,995)	-	(150,439,995)	
	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,023,231,089</b>	<b>(150,439,995)</b>	<b>10,872,791,094</b>	<b>34,080,405</b>	<b>10,906,871,499</b>	
<b>Total comprehensive income for the year</b>									
	-	-	450,000,000	(450,000,000)	-	-	-	-	
20									
<b>Balance at 31 December 2012</b>									
	<b>8,983,101,348</b>	<b>1,684,316,879</b>	<b>900,000,000</b>	<b>15,688,196,662</b>	<b>(511,848,742)</b>	<b>26,743,766,147</b>	<b>242,326,118</b>	<b>26,986,092,265</b>	

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	Legal reserve	Retained earnings Unappropriated retained earnings	
<b>Year ended 31 December 2011</b>						
<i>(in Baht)</i>						
<b>Balance at 1 January 2011</b>		<b>4,493,148,024</b>	<b>1,684,316,879</b>	<b>450,000,000</b>	<b>9,132,749,476</b>	<b>15,760,214,379</b>
<b>Transactions with equity holders, recorded directly in equity</b>						
<i>Distributions to equity holders</i>						
Dividends	30	-	-	-	(4,493,148,024)	(4,493,148,024)
<b>Total transactions with equity holders, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,493,148,024)</b>	<b>(4,493,148,024)</b>
<b>Comprehensive income for the year</b>						
Profit		-	-	-	7,274,007,189	7,274,007,189
Other comprehensive income		-	-	-	-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>7,274,007,189</b>	<b>7,274,007,189</b>
<b>Balance at 31 December 2011</b>		<b>4,493,148,024</b>	<b>1,684,316,879</b>	<b>450,000,000</b>	<b>11,913,608,641</b>	<b>18,541,073,544</b>

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		
				Legal reserve	Unappropriated retained earnings	
<i>(in Baht)</i>						
<b>Year ended 31 December 2012</b>						
<b>Balance at 1 January 2012</b>		<b>4,493,148,024</b>	<b>1,684,316,879</b>	<b>450,000,000</b>	<b>11,913,608,641</b>	<b>18,541,073,544</b>
<b>Transactions with equity holders, recorded directly in equity</b>						
<i>Distributions to equity holders</i>						
Issue of ordinary shares	19	4,489,953,324	-	-	-	4,489,953,324
Cash dividends and stock dividends	30	-	-	-	(10,109,583,054)	(10,109,583,054)
<b>Total transactions with equity holders, recorded directly in equity</b>		<b>4,489,953,324</b>	<b>-</b>	<b>-</b>	<b>(10,109,583,054)</b>	<b>(5,619,629,730)</b>
<b>Comprehensive income for the year</b>						
Profit		-	-	-	9,982,004,196	9,982,004,196
Other comprehensive income		-	-	-	-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>9,982,004,196</b>	<b>9,982,004,196</b>
Transfer to legal reserve	20	-	-	450,000,000	(450,000,000)	-
<b>Balance at 31 December 2012</b>		<b>8,983,101,348</b>	<b>1,684,316,879</b>	<b>900,000,000</b>	<b>11,336,029,783</b>	<b>22,903,448,010</b>

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

# CP ALL Public Company Limited and its Subsidiaries

## Statement of cash flows

		Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
Note	2012	2011	2012	2011	
	(in Baht)				
<b>Cash flows from operating activities</b>					
		11,057,311,494	8,013,310,794	9,982,004,196	7,274,007,189
<i>Adjustments for</i>					
Depreciation	12, 26	3,173,281,359	3,122,658,881	2,805,882,946	2,761,135,624
Amortisation - intangible assets	26	108,069,242	98,574,661	71,487,746	58,244,009
Amortisation - leasehold rights	26	87,091,422	80,768,333	87,091,422	80,768,333
Interest income		(728,866,159)	(450,590,597)	(569,649,729)	(372,216,302)
Dividend income		(3,581,318)	(46,310)	(504,018,598)	(499,992,730)
Finance costs		25,261	11,868	-	-
Income tax expense	27	2,930,812,357	2,981,460,788	2,675,039,547	2,651,530,059
Provision for employees' severance pay	17	231,856,433	265,775,421	124,440,424	175,748,500
Allowance and losses on slow-moving inventories (reversal of allowance for losses on slow-moving inventories )		46,710,755	(35,630,449)	62,232,604	(39,783,376)
Bad and doubtful debts expense (reversal of allowance for doubtful accounts)		11,386,018	(2,437,331)	10,936,183	186,634
Unrealised gain on exchange		(37,327,199)	(201,989,542)	(6,425,028)	(5,615,451)
Loss on disposal and write-off of property, plant and equipment		150,672,896	35,981,474	154,136,178	36,245,862
Gain on disposal of leasehold rights		(7,421,043)	(4,030,400)	(7,421,043)	(4,030,400)
		<u>17,020,021,518</u>	<u>13,903,817,591</u>	<u>14,885,736,848</u>	<u>12,116,227,951</u>
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable		(64,976,950)	(1,851,692)	69,772,893	(19,586,553)
Other accounts receivable		(858,638,270)	252,903,383	(1,048,227,660)	317,399,500
Inventories		(552,833,251)	(2,089,019,258)	(447,495,245)	(1,841,895,269)
Other current assets		61,493,133	211,520,980	76,882,579	252,768,580
Other non-current assets		(221,087,417)	(158,904,234)	(205,224,101)	(128,864,693)
Trade accounts payable		8,186,692,666	2,780,415,943	5,734,586,010	2,523,457,903
Other accounts payable		274,643,975	147,289,760	3,314,247,817	777,577,716
Other current liabilities		1,659,817,503	155,046,800	1,325,540,429	65,825,634
Employee benefit obligations paid	17	(34,818,900)	(1,297,580)	(32,234,060)	(668,500)
Accrued guarantee deposits		427,707,191	321,844,935	433,322,581	338,866,990
Cash generated from operating activities		<u>25,898,021,198</u>	<u>15,521,766,628</u>	<u>24,106,908,091</u>	<u>14,401,109,259</u>
Income tax paid		<u>(2,866,433,803)</u>	<u>(2,935,029,504)</u>	<u>(2,526,426,737)</u>	<u>(2,650,682,922)</u>
<b>Net cash provided by operating activities</b>		<b><u>23,031,587,395</u></b>	<b><u>12,586,737,124</u></b>	<b><u>21,580,481,354</u></b>	<b><u>11,750,426,337</u></b>

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

# CP ALL Public Company Limited and its Subsidiaries

## Statement of cash flows

		Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
	Note	2012	2011	2012	2011
		(in Baht)			
<b><i>Cash flows from investing activities</i></b>					
Interest received		630,750,899	394,536,688	516,658,116	327,632,298
Dividends received		3,581,318	46,310	504,018,598	499,992,730
Purchase of current investments	6	(13,165,527,349)	(8,368,058,774)	(12,345,527,348)	(6,600,000,000)
Sale of current investments	6	10,939,699,409	3,315,557,258	9,400,000,000	1,598,417,012
Cash outflow on investment					
in subsidiaries	11	-	-	(18,999,970)	-
Cash inflow from non-controlling interests		30	-	-	-
Cash outflow on investment					
in related company	4	(6,000,000)	(18,000,000)	(6,000,000)	(18,000,000)
Cash outflow on other long-term					
investments	6	(800,000,000)	(1,100,000,000)	(800,000,000)	(1,100,000,000)
Cash inflow on other long-term					
investments	6	350,000,000	50,183,156	350,000,000	50,183,156
Cash inflow on long-term loans to					
subsidiaries	4	-	-	540,000,000	123,920,000
Cash outflow on long-term loans to					
subsidiaries	4	-	-	(610,000,000)	(150,920,000)
Purchase of property, plant and					
equipment	32	(6,346,566,476)	(3,921,465,786)	(5,030,657,130)	(3,365,849,043)
Sale of property, plant and equipment		306,627,802	233,822,750	293,610,839	229,083,906
Purchase of intangible assets		(320,998,321)	(136,977,700)	(103,755,050)	(142,288,219)
Sale of intangible assets		90,679	447,933	2	-
Purchase of leasehold rights		(102,735,950)	(97,311,107)	(102,735,950)	(97,311,107)
Sale of leasehold rights		8,841,429	9,404,941	8,841,429	9,404,941
<b>Net cash used in investing activities</b>		<b>(8,502,236,530)</b>	<b>(9,637,814,331)</b>	<b>(7,404,546,464)</b>	<b>(8,635,734,326)</b>
<b><i>Cash flows from financing activities</i></b>					
Interest paid		(25,261)	-	-	-
Dividends paid to equity holders of					
the Company		(5,612,441,655)	(4,489,762,124)	(5,612,441,655)	(4,489,762,124)
Dividends paid to non-controlling interests		(3,355)	(7,270)	-	-
Increase (decrease) in overdrafts and					
short-term borrowings from					
financial institutions		(2,173,470)	2,173,470	-	-
<b>Net cash used in financing activities</b>		<b>(5,614,643,741)</b>	<b>(4,487,595,924)</b>	<b>(5,612,441,655)</b>	<b>(4,489,762,124)</b>

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

# CP ALL Public Company Limited and its Subsidiaries

## Statement of cash flows

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	For the year ended		For the year ended	
	31 December		31 December	
<i>Note</i>	2012	2011	2012	2011
	<i>(in Baht)</i>			
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>8,914,707,124</b>	<b>(1,538,673,131)</b>	<b>8,563,493,235</b>	<b>(1,375,070,113)</b>
Cash and cash equivalents at 1 January	14,201,712,209	15,715,769,103	10,804,492,327	12,179,562,440
Effect of exchange rate changes on balances held in foreign currencies	(31,443,521)	24,616,237	-	-
<b>Cash and cash equivalents at 31 December</b>	<b>5</b> <u><u>23,084,975,812</u></u>	<u><u>14,201,712,209</u></u>	<u><u>19,367,985,562</u></u>	<u><u>10,804,492,327</u></u>

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

## 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 authorized for issue by the Board of Directors on 13 February 2013.

### 1 General information

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

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

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

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

The Company operates convenience stores under the 7-Eleven trademark and franchises to other retailers in the territory of Thailand. The number of 7-Eleven convenience stores as at 31 December 2012 was 6,822 stores (2011: 6,276 stores).

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

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

### 2 Basis of preparation of the financial statements

#### (a) Statement of compliance

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

As at 31 December 2012, the FAP had issued a number of new and revised TAS and TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TAS and TFRS are disclosed in note 35.

#### (b) Basis of measurement

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

# CP ALL Public Company Limited and its Subsidiaries

## Notes to the financial statements

### (c) *Presentation currency*

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

### (d) *Use of estimates and judgements*

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

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

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

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

## 3 Significant accounting policies

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

### (a) *Basis of consolidation*

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

#### *Subsidiaries*

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

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to non-controlling interests in a subsidiary are allocated to non- controlling interests even if doing so causes the non- controlling interests to have a deficit balance.

#### *Business combinations*

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

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

# CP ALL Public Company Limited and its Subsidiaries

## Notes to the financial statements

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

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

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

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

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

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

### *Loss of control*

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

### *Transactions eliminated on consolidation*

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

## **(b) Foreign currencies**

### *Foreign currency transactions*

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

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

## **CP ALL Public Company Limited and its Subsidiaries**

### **Notes to the financial statements**

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

#### *Foreign entities*

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

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

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

Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the currency translation differences reserve in equity until disposal of the investments.

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

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

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

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

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

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

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

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

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

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

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

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

# CP ALL Public Company Limited and its Subsidiaries

## Notes to the financial statements

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

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

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

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

### (g) *Investments*

#### *Investments in subsidiaries*

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

#### *Investments in other debt and equity securities*

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

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

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

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

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

#### *Disposal of investments*

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

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

# CP ALL Public Company Limited and its Subsidiaries

## Notes to the financial statements

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

#### *Recognition and measurement*

#### *Owned assets of the Group*

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

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

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

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

#### *Subsequent costs*

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

#### *Depreciation*

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

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

Buildings and improvements	5, 10 and 20 years
Leasehold improvements	Over the lease period
Machinery and equipment	5, 7 and 10 years
Furniture, fixtures and office equipment	2, 3, 5 and 10 years
Others	
- Electricity and water systems	5, 10 and 20 years
- Vehicles	5 years
- Library book	5 years

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

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

# CP ALL Public Company Limited and its Subsidiaries

## Notes to the financial statements

### (i) *Intangible assets*

#### *Goodwill*

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in noted 3(a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

#### *Other intangible assets*

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

#### *Subsequent expenditure*

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

#### *Amortisation*

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

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

Technology, computer software and copyright	5,10 years and over the lease period
---	--------------------------------------

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

### (j) *Leasehold rights*

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

#### *Amortisation*

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

### (k) *Impairment*

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

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

## **CP ALL Public Company Limited and its Subsidiaries**

### **Notes to the financial statements**

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

#### *Calculation of recoverable amount*

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

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

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

#### *Reversals of impairment*

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

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

#### **(l) Interest-bearing liabilities**

Interest-bearing liabilities are stated at cost.

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

Trade and other accounts payable are stated at cost.

#### **(n) Employee benefits**

##### *Defined contribution plans*

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

# CP ALL Public Company Limited and its Subsidiaries

## Notes to the financial statements

### *Defined benefit plans*

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

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

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

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

### *Short-term employee benefits*

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

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

### **(o) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

### **(p) Revenues**

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

### *Sales of goods and services rendered*

Revenue from the sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. The group will not recognise revenue if there is continuing control or management involvement with the goods sold or there are significant risk regarding uncertainties of future economic benefits, unreasonable measurement of consideration due and associated costs, or the probable certain on return of goods. Service income is recognised as services are provided.

### *Initial fees, royalties and exclusive fees*

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

# CP ALL Public Company Limited and its Subsidiaries

## Notes to the financial statements

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

The Company has agreements with the merchandise suppliers to purchase their products to distribute in the 7-Eleven convenience stores. Under the terms of the agreements, the Company is entitled to charge exclusive fees for the goods as specified in the agreements. In case of violation or cancellation of the agreements by the Company without reasonable reason, the suppliers have rights to refund such exclusive fees according to the valuation of the remaining period. But in case of cancellation of the agreements by the merchandise suppliers, such exclusive fees are non-refundable. The Company recognises the exclusive fees as income over the periods of agreements.

### *Other income*

Other operating income and interest income are recognised in profit or loss on the accrual basis. Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established which in the case of quoted securities is usually the ex-dividend date.

### **(q) Finance costs**

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

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

### **(r) Lease payments**

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

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

### *Determining whether an arrangement contains a lease*

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

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

### **(s) Income tax**

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

# CP ALL Public Company Limited and its Subsidiaries

## Notes to the financial statements

### *Current tax*

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

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

### (t) *Earnings per share*

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

## 4 Related parties

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

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

<b>Name of parties</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
Charoen Pokphand Group Company Limited	Thailand	Ultimate parent company of the group and 1 common directors
CPF Trading Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
C.P. Packaging Industry Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True GS Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Distribution and Sales Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Money Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
Thai News Network (TNN) Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
BFKT (Thailand) Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
CPF (Thailand) Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director

# CP ALL Public Company Limited and its Subsidiaries

## Notes to the financial statements

Name of parties	Country of incorporation/ nationality	Nature of relationships
C.P.-Meiji Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
C.P. Consumer Product Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
C.P. Merchandising Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
C.P. Land Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
True Universal Convergence Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
Allianz C.P. General Insurance Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
True Move Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 2 common directors
True Corporation Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 4 common directors
Siam Makro Public Company Limited	Thailand	1 director of the Company is a major shareholder and 1 common director
C.P. Food Store Co., Ltd.	Thailand	Chearavanont family is a major shareholder
C.P. Intertrade Co., Ltd.	Thailand	Chearavanont family is a major shareholder
Dees Supreme Co., Ltd.	Thailand	Family's member of 1 director is a major shareholder
Key management personnel	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

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

Transactions	Pricing policies
Sale of goods	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies
Service and other operating income	Contract prices determined by the terms and conditions used in the normal course of business
Interest income	Financial costs plus administrative expenses
Dividend income	Right to receive dividends
Purchase of goods and services	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies
Rental and service fees	Rates advised by the lessors and service providers
Technical service fees	Contract prices determined by the terms and conditions used in the normal course of business
Insurance premiums	Standard rates as specified by the insurers
Interest expense	Agreed rates stipulated in the agreements
Purchase of property, plant and equipment	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies

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

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

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

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

**Trade accounts receivable**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
<b>Related companies</b>				
C.P. Merchandising Co., Ltd.	45	29	-	-
Siam Makro Public Company Limited	25	23	-	-
True Move Co., Ltd.	14	6	-	-
CPF Trading Co., Ltd.	12	10	-	-
BFKT (Thailand) Co., Ltd	8	1	-	-
True Corporation Public Company Limited	6	8	-	-

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
CPF (Thailand) Public Company Limited	5	-	-	-
True Distribution and Sales Co., Ltd.	3	-	-	-
True GS Co., Ltd	2	4	-	-
True Universal Convergence Co., Ltd.	2	-	-	-
C.P. Land Public Company Limited	2	-	-	-
Others	17	11	-	-
<b>Total</b>	<b>141</b>	<b>92</b>	<b>-</b>	<b>-</b>
Less allowance for doubtful accounts	(2)	(2)	-	-
<b>Net</b>	<b>139</b>	<b>90</b>	<b>-</b>	<b>-</b>
<b>Bad debts and doubtful debts expenses for the year</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>

*Other accounts receivable*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
<b>Subsidiaries</b>				
Thai Smart Card Co., Ltd.	-	-	215	67
Counter Service Co., Ltd.	-	-	104	73
C.P Retailing and Marketing Co., Ltd.	-	-	21	9
Others	-	-	4	4
<b>Total</b>	<b>-</b>	<b>-</b>	<b>344</b>	<b>153</b>
<b>Related companies</b>				
True Money Co., Ltd.	113	49	113	49
Allianz C.P. General Insurance Public Company Limited	53	78	53	78
CPF Trading Co., Ltd.	20	14	19	10
True Distribution and Sales Co., Ltd.	11	12	11	12
C.P.-Meiji Co., Ltd	9	-	9	-
Others	6	12	7	12
<b>Total</b>	<b>212</b>	<b>165</b>	<b>212</b>	<b>161</b>
<b>Grand total</b>	<b>212</b>	<b>165</b>	<b>556</b>	<b>314</b>
<b>Bad debts and doubtful debts expenses for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

*Investment in related company*

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

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

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

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

*Long-term loans to subsidiaries*

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

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

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

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

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

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

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

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

*Prepaid rental and service fees*

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

During the year 2008 the Company paid for the whole amount of prepaid rental and service fees under the terms of lease and service agreements to a local subsidiary (Panyapiwat Institute of Management) totaling Baht 450 million. The Company amortised prepaid rental and service fees as an expense according to the terms of the agreements (15 years).

As at 31 December 2012 and 2011 the Company's prepaid rental and service fees, net was Baht 314 million and Baht 344 million respectively.

*Trade accounts payable*

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
<b>Subsidiary</b>				
C.P. Retailing and Marketing Co., Ltd.	-	-	271	170
<b>Total</b>	<u>-</u>	<u>-</u>	<u>271</u>	<u>170</u>
<b>Related companies</b>				
True Money Co., Ltd.	1,546	698	1,536	687
CPF Trading Co., Ltd.	1,353	1,038	1,061	838
CPF (Thailand) Public company Limited	439	-	-	-
True Distribution and Sales Co., Ltd.	291	193	291	193
CP-Meiji Co., Ltd.	278	230	278	230
Dees Supreme Co., Ltd.	130	2	130	2
C.P. Packaging Industry Co., Ltd.	97	85	97	85
C.P. Consumer Product Co., Ltd.	86	80	84	78
C.P. Food Store Co., Ltd.	59	59	41	51
True Move Co., Ltd.	4	652	-	644
Others	125	342	41	29
<b>Total</b>	<u>4,408</u>	<u>3,379</u>	<u>3,559</u>	<u>2,837</u>
<b>Grand total</b>	<u>4,408</u>	<u>3,379</u>	<u>3,830</u>	<u>3,007</u>

*Other accounts payable*

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
<b>Subsidiaries</b>				
Counter Service Co., Ltd.	-	-	6,146	3,242
Thai Smart Card Co., Ltd.	-	-	247	83
Gosoft (Thailand) Co., Ltd.	-	-	239	66
Retailink (Thailand) Co., Ltd.	-	-	147	176
MAM Heart Co., Ltd.	-	-	40	38

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Panyapiwat Technological College (Formerly “Panyapiwat Techno Business School”)	-	-	32	-
Panyatara Co., Ltd	-	-	12	15
Others	-	-	10	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>6,873</b>	<b>3,620</b>
<b>Related companies</b>				
True Universal Convergence Co., Ltd.	14	13	14	13
Thai News Network (TNN) Co., Ltd.	6	-	6	-
C.P. Intertrade Co., Ltd.	2	5	-	-
True Move Co., Ltd.	2	3	2	3
Others	13	20	-	1
<b>Total</b>	<b>37</b>	<b>41</b>	<b>22</b>	<b>17</b>
<b>Grand total</b>	<b>37</b>	<b>41</b>	<b>6,895</b>	<b>3,637</b>

***Significant agreements with related parties***

As at 31 December 2012 the Group had the following significant agreements with related parties.

- (a) The Company and its local subsidiaries have lease and service agreements with C.P. Land Public Company Limited., a related company, for lease spaces in its building for offices of the Company and the subsidiaries. In consideration thereof, the Company and the subsidiaries agree to pay monthly rental and services fees totaling Baht 7.7 million, and place guarantee deposits with the related company totaling Baht 23.1 million. The guarantee deposits will be refunded to the Company and the subsidiaries upon the termination of the lease.
- (b) The Company and its local subsidiaries have information system service agreements with Gosoft (Thailand) Co., Ltd., a local subsidiary. Under the terms of the agreement, the Subsidiary agrees to provide the service over the consulting, advisory, development, design, installation, maintenance and supporting of the information system to the Company. In consideration thereof, the Company and its subsidiaries agrees to pay a service fee at the amount stipulated in the agreement. If either party has intention to terminate the agreement, a written notification must be made to the other party at least 90 days before the expiry date of the agreement.
- (c) The Company and a local subsidiary have service agreements covering technical advisory, management, technical assistances and right to use the trademark and services of Charoen Pokphand Group Company Limited, the ultimate parent company. In consideration thereof, the Company and the subsidiary agree to pay a monthly service fee to the ultimate parent company totaling Baht 0.8 million and a fee calculated at the rate of 0.5% of total sales value of products stipulated in the agreements respectively.
- (d) The Company has a cash management agreement with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agrees to provide cash management services under conditions stipulated in the agreement to the subsidiary. In consideration thereof, the subsidiary agrees to pay a cash management service fee to the Company at the rates stipulated in the agreement, and the Company agrees to pay benefits for cash management to the subsidiary at the rate stipulated in the agreement. If either party has intention to terminate the agreement, a written notification must be made to the other party at least 60 days before the expiry date of the agreement.

# CP ALL Public Company Limited and its Subsidiaries

## Notes to the financial statements

- (e) The Company has service agreements with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreements, the Company agrees to provide the installation of computer system to support bill payment services. In consideration thereof, the subsidiary agrees to pay various monthly service fees to the Company in accordance with the types of services stipulated in the agreements.
- (f) The Company has a service agreement with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agrees to be appointed as the agent of the subsidiary for bill payment services under conditions stipulated in the agreement. In consideration thereof, the subsidiary agrees to pay a service fee to the Company at the amount stipulated in the agreement. If either party has intention to terminate the agreement, a written notification must be made to the other party at least 60 days before the expiry date of the agreement.
- (g) The Company has lease and service agreements with Panyapiwat Institute of Management, a local subsidiary, for lease of its building spaces for field consultant conference, trade show, franchisee conference and other activities for a period of 15 years.
- (h) The Company has a maintenance service agreement with Retailink (Thailand) Co., Ltd., a local subsidiary. Under the terms of the agreement, the subsidiary agrees to provide the maintenance of the computer hardware and equipment services to the Company. In consideration thereof, the Company agrees to pay an annual service fee to the subsidiary at the amount stipulated in the agreement.
- (i) The Company has a computer service center agreement with Thai Smart Card Co., Ltd., a local subsidiary. Under the term of the agreement, the Company agrees to provide place for setting up computer center and other facilities to the subsidiary for a period of 3 years until September 2014. In consideration thereof, the subsidiary agrees to pay an annual service fee to the Company at the amount stipulated in the agreement.

## 5 Cash and cash equivalents

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

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

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

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

**6 Other investments**

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

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

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

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

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

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

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

**7 Trade accounts receivable**

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

Aging analyses for trade accounts receivable were as follows:

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2012	2011	2012	2011
		<i>(in million Baht)</i>			
<b>Related parties</b>					
Within credit terms		109	68	-	-
Overdue:					
Less than 3 months		31	24	-	-
3 - 6 months		1	-	-	-
<b>Total</b>		<b>141</b>	<b>92</b>	<b>-</b>	<b>-</b>
Less allowance for doubtful accounts		(2)	(2)	-	-
<b>Net</b>	4	<b>139</b>	<b>90</b>	<b>-</b>	<b>-</b>

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

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

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

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

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

**8 Other accounts receivable**

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

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

Aging analyses for other accounts receivable were as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
<i>(in million Baht)</i>					
<b>Related parties</b>					
Within credit terms		102	123	446	272
Overdue:					
Less than 3 months		64	35	64	36
3 - 6 months		2	7	2	6
6 - 12		44	-	44	-
<b>Total</b>	4	<b>212</b>	<b>165</b>	<b>556</b>	<b>314</b>
<b>Other parties</b>					
Within credit terms		943	260	941	259
Overdue:					
Less than 3 months		187	60	185	60
3 - 6 months		4	4	-	3
6 - 12 months		1	12	-	11
Over 12 months		8	9	8	9
<b>Total</b>		<b>1,143</b>	<b>345</b>	<b>1,134</b>	<b>342</b>
Less allowance for doubtful accounts		(7)	(10)	(7)	(10)
<b>Net</b>		<b>1,136</b>	<b>335</b>	<b>1,127</b>	<b>332</b>
<b>Grand total</b>		<b>1,348</b>	<b>500</b>	<b>1,683</b>	<b>646</b>

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

Other accounts receivable of the Group and the Company as at 31 December 2012 and 2011 were denominated entirely in Thai Baht.

**9 Inventories**

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

The cost of inventories which is recognised as an expense and presented as part of the accounts “Cost of sale of goods and rendering of services” and “Selling expenses” in the statements of income for the year ended 31 December 2012 amounted to Baht 138,205 million (2011: Baht 115,529 million) and Baht 1,256 million (2011: Baht 858 million), respectively for the consolidated financial statements, and Baht 138,033 million (2011: Baht 115,066 million) and Baht 1,254 million (2011: Baht 855 million), respectively for the separate financial statements.

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

**10 Other current assets**

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

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

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

**11 Investments in subsidiaries**

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

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

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

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

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

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

Name of parties	Type of business	Country of incorporation	Ownership interest		Separate financial statements					
			2012	2011	Paid-up capital		Cost method		Dividend income	
			2012 2011		2012	2011	2012	2011	2012	2011
			(%)		(in million US\$)		(in million Baht)			
<b>Foreign direct subsidiary</b>										
Lotus Distribution Investment Limited	Holding company	British Virgin Islands	100.00	100.00	116	116	3,857	3,857	-	-
<b>Total</b>							<b>3,857</b>	<b>3,857</b>	<b>-</b>	<b>-</b>
			Ownership interest		Paid-up capital		Cost method		Dividend income	
			2012	2011	2012	2011	2012	2011	2012	2011
			(%)				(in million Baht)			
<b>Local direct subsidiaries</b>										
Suksapiwat Co., Ltd.	Educational institution	Thailand	99.99	99.99	810	810	810	810	-	-
C.P. Retailing and Marketing Co., Ltd.	Frozen food plant and bakery	Thailand	99.99	99.99	600	600	600	600	-	-
Counter Service Co., Ltd.	Bill payment services and distributor of all types of commercial cards and tickets	Thailand	99.99	99.99	70	70	61	61	402	350
Retailink (Thailand) Co., Ltd.	Distributor of equipment for retailing and software development	Thailand	99.99	99.99	20	20	20	20	20	20

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

Name of parties	Type of business	Country of incorporation	Separate financial statements							
			Ownership interest		Paid-up capital		Cost method		Dividend income	
			2012	2011	2012	2011	2012	2011	2012	2011
			(%)				<i>(in million Baht)</i>			
Gosoft (Thailand) Co., Ltd.	Information system design and development services	Thailand	99.99	99.99	20	2	20	2	58	30
Dynamic Management Co., Ltd.	Logistics and distribution of merchandises services	Thailand	99.99	99.99	2	2	2	2	-	-
MAM Heart Co., Ltd.	Marketing activities planning services	Thailand	99.99	99.99	1	1	1	1	20	-
Panyatara Co., Ltd.	Training center	Thailand	99.99	99.99	1	1	1	1	-	100
All Training Co., Ltd.	Training center	Thailand	99.99	-	1	-	1	-	-	-
Thai Smart Card Co., Ltd.	Smart purse card services	Thailand	72.64	72.64	1,600	1,600	1,151	1,151	-	-
<b>Total</b>							<u>2,667</u>	<u>2,648</u>	<u>500</u>	<u>500</u>
<b>Grand Total</b>							<u>6,524</u>	<u>6,505</u>	<u>500</u>	<u>500</u>

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

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

Name of parties	Type of business	Country of incorporation	Ownership interest	
			2012	2011
<i>(%)</i>				
<b><i>Foreign indirect subsidiaries</i></b>				
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	-
<b><i>Local indirect subsidiaries</i></b>				
Panyapiwat Institute of Management	Educational institution	Thailand	99.99	99.99
Panyapiwat Technological College (formerly "Panyapiwat Techno Business School")	Educational institution	Thailand	99.99	99.99

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

**12 Property, plant and equipment**

	<b>Consolidated financial statements</b>						
	Land	Buildings, building and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment <i>(in million Baht)</i>	Assets under construction and installation	Others	Total
<b>Cost</b>							
At 1 January 2011	1,702	9,597	7,428	7,225	91	2,686	28,729
Additions/transfers	207	1,151	1,110	927	1,717	347	5,459
Disposals/transfers	-	(412)	(268)	(527)	(1,598)	(74)	(2,879)
<b>At 31 December 2011 and 1 January 2012</b>	<b>1,909</b>	<b>10,336</b>	<b>8,270</b>	<b>7,625</b>	<b>210</b>	<b>2,959</b>	<b>31,309</b>
Additions/transfers	547	1,855	1,567	1,344	3,364	481	9,158
Disposals/transfers	-	(703)	(465)	(841)	(2,427)	(186)	(4,622)
<b>At 31 December 2012</b>	<b>2,456</b>	<b>11,488</b>	<b>9,372</b>	<b>8,128</b>	<b>1,147</b>	<b>3,254</b>	<b>35,845</b>

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

	<b>Consolidated financial statements</b>						
	Land	Buildings, building and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment <i>(in million Baht)</i>	Assets under construction and installation	Others	Total
<i>Accumulated depreciation and impairment losses</i>							
At 1 January 2011	-	(3,537)	(4,708)	(4,368)	(2)	(1,589)	(14,204)
Depreciation charge for the year	-	(823)	(976)	(1,000)	-	(324)	(3,123)
Disposals/transfers	-	304	215	446	-	47	1,012
<b>At 31 December 2011 and 1 January 2012</b>	<b>-</b>	<b>(4,056)</b>	<b>(5,469)</b>	<b>(4,922)</b>	<b>(2)</b>	<b>(1,866)</b>	<b>(16,315)</b>
Depreciation charge for the year	-	(850)	(1,033)	(970)	-	(320)	(3,173)
Disposals/transfers	-	443	418	728	-	148	1,737
<b>At 31 December 2012</b>	<b>-</b>	<b>(4,463)</b>	<b>(6,084)</b>	<b>(5,164)</b>	<b>(2)</b>	<b>(2,038)</b>	<b>(17,751)</b>
<i>Net book value</i>							
<b>At 1 January 2011</b>	<b>1,702</b>	<b>6,060</b>	<b>2,720</b>	<b>2,857</b>	<b>89</b>	<b>1,097</b>	<b>14,525</b>
<b>At 31 December 2011 and 1 January 2012</b>	<b>1,909</b>	<b>6,280</b>	<b>2,801</b>	<b>2,703</b>	<b>208</b>	<b>1,093</b>	<b>14,994</b>
<b>At 31 December 2012</b>	<b>2,456</b>	<b>7,025</b>	<b>3,288</b>	<b>2,964</b>	<b>1,145</b>	<b>1,216</b>	<b>18,094</b>

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

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

	<b>Separate financial statements</b>						Total
	Land	Buildings, building and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment <i>(in million Baht)</i>	Assets under construction and installation	Others	
<b><i>Cost</i></b>							
At 1 January 2011	1,126	7,898	5,371	7,383	15	2,378	24,171
Additions/transfers	48	1,088	888	949	1,457	332	4,762
Disposals/transfers	-	(409)	(251)	(488)	(1,421)	(72)	(2,641)
<b>At 31 December 2011 and 1 January 2012</b>	<b>1,174</b>	<b>8,577</b>	<b>6,008</b>	<b>7,844</b>	<b>51</b>	<b>2,638</b>	<b>26,292</b>
Additions/transfers	282	1,752	1,169	1,381	2,297	462	7,343
Disposals/transfers	-	(697)	(399)	(750)	(2,122)	(181)	(4,149)
<b>At 31 December 2012</b>	<b>1,456</b>	<b>9,632</b>	<b>6,778</b>	<b>8,475</b>	<b>226</b>	<b>2,919</b>	<b>29,486</b>
<b><i>Accumulated depreciation and impairment losses</i></b>							
At 1 January 2011	-	(3,071)	(3,620)	(4,607)	-	(1,445)	(12,743)
Depreciation charge for the year	-	(708)	(696)	(1,070)	-	(287)	(2,761)
Disposals/transfers	-	302	199	408	-	46	955
<b>At 31 December 2011 and 1 January 2012</b>	<b>-</b>	<b>(3,477)</b>	<b>(4,117)</b>	<b>(5,269)</b>	<b>-</b>	<b>(1,686)</b>	<b>(14,549)</b>
Depreciation charge for the year	-	(728)	(745)	(1,046)	-	(287)	(2,806)
Disposals/transfers	-	437	355	643	-	145	1,580
<b>At 31 December 2012</b>	<b>-</b>	<b>(3,768)</b>	<b>(4,507)</b>	<b>(5,672)</b>	<b>-</b>	<b>(1,828)</b>	<b>(15,775)</b>
<b><i>Net book value</i></b>							
At 1 January 2011	<u>1,126</u>	<u>4,827</u>	<u>1,751</u>	<u>2,776</u>	<u>15</u>	<u>933</u>	<u>11,428</u>
At 31 December 2011 and 1 January 2012	<u>1,174</u>	<u>5,100</u>	<u>1,891</u>	<u>2,575</u>	<u>51</u>	<u>952</u>	<u>11,743</u>
At 31 December 2012	<u>1,456</u>	<u>5,864</u>	<u>2,271</u>	<u>2,803</u>	<u>226</u>	<u>1,091</u>	<u>13,711</u>

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

**CP ALL Public Company Limited and its Subsidiaries**  
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**13 Other non-current assets**

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

**14 Trade accounts payable**

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

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

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

**15 Other accounts payable**

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

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

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

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

**16 Other current liabilities**

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

**17 Employee benefit obligations**

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

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

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

The Group adopted TAS 19 - Employee Benefits with effect from 1 January 2011. The Group opted to recognise the transitional obligation as at 1 January 2011 through profit or loss on a straight-line basis over five years from 1 January 2011. Movements during the year on the provision for the unrecognised transitional obligation were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Unrecognised transitional obligation as at 1 January	152	190	54	67
Recognised through profit or loss for the year	<u>(38)</u>	<u>(38)</u>	<u>(13)</u>	<u>(13)</u>
<b>Unrecognised transitional obligation as at 31 December</b>	<b><u>114</u></b>	<b><u>152</u></b>	<b><u>41</u></b>	<b><u>54</u></b>

Movement in the present value of the defined benefit obligations

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

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

	<b>Consolidated/Separate financial statements</b>	
	2012	2011
Discount rate (%)	4.16	4.19
Future pension increases ( <i>year</i> )	55 and 60	55 and 60

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

**18 Accrued guarantee deposits**

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

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

**19 Share capital**

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

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

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

**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.

# CP ALL Public Company Limited and its Subsidiaries

## Notes to the financial statements

### 20 Reserves

Reserves comprise:

#### *Appropriations of profit and/or retained earnings*

##### **Legal reserve**

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

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

##### *Other components of equity*

##### *Currency translation differences*

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

### 21 Segment information

Segment information is presented in respect of the Group’s business and geographic segments. The primary format, business segments, is based on the Group’s management and internal reporting structure.

#### *Business segments*

The Group comprises the following main business segments:

Segment 1: Convenience stores  
Segment 2: Others

The other’s segment comprises principally of bill payment services, frozen food plant and bakery, and distribution of retailing equipment.

#### *Geographic segments*

In presenting information on the basis of geographic segments, segment revenue is based on the geographic location of customers.

The Group comprises the following main geographic segments:

Segment 1: Thailand  
Segment 2: Others

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

***Business segment results***

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

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***Business segment financial position***

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

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

***Geographic and business segment results***

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

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**22 Other income**

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

**23 Selling expenses**

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

**24 Administrative expenses**

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

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

**25 Employee benefit expenses**

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

The Company and its local subsidiaries have jointly established a contributory registered provident fund to which the Company, subsidiaries and employees each contribute monthly at the rate of 2% of the employees' basic salaries. The Company's and the subsidiaries' contributions to the provident fund are recorded as expenses in the statement of income as incurred. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manage.

**26 Expenses by nature**

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

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

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

**27 Income tax expense**

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

The current tax expense in the consolidated and separate statements of income for the years ended 31 December 2012 and 2011 were lower than the amount determined by applying the applicable income tax rates to the profit for the years principally because of the different treatment for accounting and taxation purposes of certain items of income and expense, in particular, income not subject to tax and expenses that are deductible at a greater amount for tax purpose under the conditions promulgated by the Revenue Department.

*Income tax reduction*

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

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

**28 Promotional privileges**

By virtue of the provisions of the Industrial Investment Promotion Act B.E. 2520, a local subsidiary has been granted privileges by the Board of Investment relating to the production of ready-to-serve foods or semi ready-to-serve foods, bakery, and chill. The privileges granted include:

- (a) an exemption from payment of import duty on machinery approved by the Board of Investment;
- (b) an exemption from payment of corporate income tax on net profit of the promoted business for certain periods and conditions as stipulated in the promotional certificate;
- (c) an exemption from payment of import duty on necessary raw materials and supplies to be used in the production for export sales for a period of 1 year from the first import date;
- (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.

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**Notes to the financial statements**

Revenue from sales of goods under the promoted business of the subsidiary for the years ended 31 December 2012 and 2011 were as follows:

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

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

**29 Basic earnings per share**

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

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

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

**30 Dividends**

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

# CP ALL Public Company Limited and its Subsidiaries

## Notes to the financial statements

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

### 31 Financial instruments

#### *Financial risk management policies*

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

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

#### *Capital management*

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

#### **Interest rate risk**

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

The effective interest rates of financial assets as at 31 December 2012 and 2011 and the periods in which the financial assets mature were as follows:

	Effective interest rate (%)	Consolidated financial statements			Total
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	
<b>2012</b>					
<b>Current</b>					
- Cash at financial institutions					
- time deposits	1.51 - 3.80	10,391	-	-	10,391
- Debt securities	3.00 - 3.30	1,380	-	-	1,380
- Fund managed by financial institution	3.50	200	-	-	200
<b>Total</b>		<b>11,971</b>	<b>-</b>	<b>-</b>	<b>11,971</b>

# CP ALL Public Company Limited and its Subsidiaries

## Notes to the financial statements

<b>Consolidated financial statements</b>					
	Effective interest rate (%)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
<b>Non-current</b>					
- Debt securities	2.60 - 5.90	-	2,091	100	2,191
<b>Total</b>		<b>-</b>	<b>2,091</b>	<b>100</b>	<b>2,191</b>
<b>2011</b>					
<b>Current</b>					
- Cash at financial institutions					
- time deposits	0.60 - 4.35	6,273	-	-	6,273
- Debt securities	2.10 - 4.25	3,620	-	-	3,620
<b>Total</b>		<b>9,893</b>	<b>-</b>	<b>-</b>	<b>9,893</b>
<b>Non-current</b>					
- Debt securities	2.60 - 5.90	-	1,741	-	1,741
<b>Total</b>		<b>-</b>	<b>1,741</b>	<b>-</b>	<b>1,741</b>
<b>Separate financial statements</b>					
	Effective interest rate (%)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
<b>2012</b>					
<b>Current</b>					
- Cash at financial institutions					
- time deposits	1.51 - 3.80	7,327	-	-	7,327
- Debt securities	3.30	800	-	-	800
- Fund managed by financial institution	3.50	200	-	-	200
<b>Total</b>		<b>8,327</b>	<b>-</b>	<b>-</b>	<b>8,327</b>
<b>Non-current</b>					
- Debt securities	2.60 - 5.90	-	2,091	100	2,191
- Long-term loans to subsidiaries	3.50	-	360	-	360
<b>Total</b>		<b>-</b>	<b>2,451</b>	<b>100</b>	<b>2,551</b>
<b>2011</b>					
<b>Current</b>					
- Cash at financial institutions					
- time deposits	2.65 - 4.35	2,337	-	-	2,337
- Debt securities	2.10 - 4.25	3,100	-	-	3,100
<b>Total</b>		<b>5,437</b>	<b>-</b>	<b>-</b>	<b>5,437</b>
<b>Non-current</b>					
- Debt securities	2.60 - 5.90	-	1,741	-	1,741
- Long-term loans to subsidiaries	3.50	-	290	-	290
<b>Total</b>		<b>-</b>	<b>2,031</b>	<b>-</b>	<b>2,031</b>

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

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

**Foreign currency risk**

The Group is exposed to foreign currency risk relating to purchases and sales of goods which are denominated in foreign currencies. The Group primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales of goods, denominated in foreign currencies, for the subsequent period.

At 31 December 2012 and 2011 the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

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

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**Notes to the financial statements**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
Foreign currency		2012	2011	2012	2011
<i>(in million Baht)</i>					
<b>Other investments</b>					
Foreign currency	China Renminbi	3,064	3,936	-	-
	United States Dollars	1,027	1,037	1,027	1,037
Forward currency contracts	United States Dollars	1,027	1,037	1,027	1,037
<b>Trade accounts receivables and other accounts receivables</b>					
Foreign currency	United States Dollars	3	-	-	-
	Hong Kong Dollars	1	-	-	-
	Swiss Franc	-	2	-	-
	Australian Dollars	-	2	-	-
	Euro	-	1	-	-
	China Renminbi	-	1	-	-
Forward currency contracts	Swiss Franc	-	2	-	-
	Australian Dollars	-	2	-	-
	Euro	-	1	-	-
<b>Other current assets</b>					
Foreign currency	China Renminbi	59	20	-	-
Forward currency contracts - to buy	Yen	-	53	-	-
	United States Dollars	-	23	-	-
	Euro	-	12	-	-
Forward currency contracts - to sell	Pound Sterling	-	40	-	-
	Australian Dollars	-	6	-	-
	United States Dollars	-	4	-	-
	Euro	-	4	-	-
<b>Trade accounts payable and other accounts payable</b>					
Foreign currency	Yen	50	3	-	-
	Euro	23	11	-	-
	United States Dollars	21	11	-	-
	Others	-	1	-	-
Forward currency contracts	Euro	19	30	-	-
	United States Dollars	9	12	-	-
	Yen	8	14	-	-
<b>Other current liabilities</b>					
Forward currency contracts - to buy	China Renminbi	2	1	-	-
contracts - to buy	Yen	252	-	-	-
	United States Dollars	60	-	-	-
	Euro	32	-	-	-

# CP ALL Public Company Limited and its Subsidiaries

## Notes to the financial statements

	Foreign currency	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
<i>(in million Baht)</i>					
Forward currency					
contracts - to sell	Pound Sterling	10	-	-	-
	United States Dollars	4	-	-	-
	Swiss Franc	4	-	-	-
	Euro	2	-	-	-

### ***Credit risk***

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

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

### ***Liquidity risk***

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

### ***Determination of fair values***

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

The Group estimates the fair value of financial instruments; cash and cash equivalents, trade accounts receivable and payable, other accounts receivable and payable, and short-term borrowing from financial institution, equal to their amounts carried in the statements of financial position because of the short-term maturity of those financial instruments.

The fair value of non-current loans to and borrowings from related parties is considered to be the carrying value because they bear interest at market rates.

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

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**Notes to the financial statements**

**32 Supplemental disclosures of cash flows information**

Property, plant and equipment purchased during the years ended 31 December 2012 and 2011 were detailed as follows:

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

**33 Commitments with non-related parties**

*Capital commitments*

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2012	2011	2012	2011
		<i>(in million Baht)</i>			
Contracted but not provided for (construction cost of new plants and installation cost of machinery and cost of computer system development)		<u>778</u>	<u>31</u>	<u>-</u>	<u>-</u>

*Non-cancellable operating lease commitments*

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

The Group has lease agreements covering lease of land, buildings, vehicles and other assets for periods of 1 to 15 years, which will expire between 2013 and 2020.

*Other commitments*

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

## **CP ALL Public Company Limited and its Subsidiaries**

### **Notes to the financial statements**

#### *Letter of guarantee*

As at 31 December 2012 a local subsidiary, Thai Smart Card Co., Ltd., had a commitment under letter of guarantee issued, on behalf of the subsidiary, by a local financial institution, in favor of a supplier amounting to U.S. Dollars 0.3 million (2011: U.S.Dollars 0.3 million).

#### *Significant agreements*

As at 31 December 2012 the Group had the following significant agreements.

- (a) The Company has an area license agreement with 7-Eleven, Inc., which was incorporated in the United States of America, to acquire a license to use the systems and trademarks of 7-Eleven, Inc. in connection with the operations of 7-Eleven convenience stores or franchising of such operations to other retailers in Thailand. The Company has also obtained certain services from 7-Eleven, Inc. in relation to training and technical assistance. In consideration thereof, the Company is committed to pay royalties to 7-Eleven, Inc. calculated as percentages of total sales of the 7-Eleven convenience stores that are operating in Thailand.
- (b) The Company has management agreements with local companies for their management of the Company-owned 7-Eleven convenience stores. Under the terms of the agreements, the Company is committed to pay management fees to those licensees calculated as percentages of gross operating profits of these convenience stores. The Company is entitled to receive the initial payments and royalties in connection with the licenses granted for operating these 7-Eleven convenience stores. These initial payments and royalties are not refundable to the licensees in any case. The initial payments include deposits to guarantee the licensees' compliance with the agreements and any damage and/or liability that might be caused by the licensees. In consideration thereof, the Company pays interest on the deposits calculated at the time deposits rates announced by a local financial institution. These deposits will be refunded to the licensees upon termination of the agreements.
- (c) The Company has sub-area license agreements for operating 7-Eleven convenience stores and franchising such operations to other retailers. Under the terms of the agreements, the Company will provide certain technical assistance and related services to the sub-area licensees. In consideration thereof, the Company is entitled to receive royalties as percentages of total sales of the 7-Eleven convenience stores operating in the licensed areas.
- (d) A local subsidiary, Counter Service Co., Ltd., has service agreements with certain individuals and local companies whereby the latter parties are appointed as agents of the subsidiary for receipts of customers' bills as specified in the agreements. Under the terms of the agreements, the subsidiary is committed to pay a service fee as stipulated in the agreements. These agreements are effective for periods over 1 to 5 years, and will expire on various dates up to June 2016. If either of the parties has no intention to renew the agreement, a written notification must be made to the other party at least 30 days before the expiry date of the agreement.

# CP ALL Public Company Limited and its Subsidiaries

## Notes to the financial statements

- (e) A local subsidiary, Counter Service Co., Ltd., has service agreements with government entities and state enterprises (e.g., utilities, telephone expenses) and with other local companies (e.g., hire purchase, life insurance premium). Under the terms of the agreements, the subsidiary is committed to operate payment centers to collect customer payments on behalf of the government entities, state enterprises and local companies, then remits funds to the government entities, state enterprises and local companies. The subsidiary can collect service income from customers or local companies as stipulated in the agreements. These agreements are effective for periods over 1 to 5 years, and will expire on various dates up to February 2016. If either of the parties has an intention to terminate the agreement, a written notification must be made to the other party at least the number of day stipulated in the agreement before the expiry date of the agreement.
- (f) A local subsidiary, Gosoft (Thailand) Co., Ltd., has service agreements with local companies, whereby the latter parties provide the installation and development of systems as stipulated in the agreements. Under the terms of the agreements, the subsidiary is committed to pay a service fee as stipulated in the agreements. These agreements are effective for periods over 61 days to 12 months, and will expire on various dates until October 2013.
- (g) A local subsidiary, Retailink (Thailand) Co., Ltd., has repair and maintenance management service agreements with local companies, whereby the latter parties agree to install and repair and maintenance of computer equipment and software, utility systems, electric appliances and other equipment used for operations in retail stores. Under the terms of the agreements, the subsidiary is committed to pay a service fee to the local companies as stipulated in the agreements. These agreements are for a period of 1 year and are renewable for additional periods of 1 year. If either of the parties has no intention to renew the agreement, a written notification must be made to the other party at least 30 days before the expiry date of the agreement.

### 34 Events after the reporting period

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

### 35 Thai Accounting Standards and Thai Financial Reporting Standards not yet adopted

The Group has not adopted the following new and revised Thai Accounting Standards (“TAS”) and Thai Financial Reporting Standards (“TFRS”) that have been issued as of the reporting date but are not yet effective. The new and revised TAS and TFRS are expected to become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table.

TAS/TFRS	Topic	Year effective
TAS 12	Income Taxes	2013
TAS 20	Accounting for Government Grants and Disclosures of Government Assistance	2013
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013
TFRS 8	Operating Segments	2013

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

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**Notes to the financial statements**

***TAS 12 - Income taxes***

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

The Group will adopt TAS 12 with effect from 1 January 2013. The effects of the change will be recognised retrospectively in the financial statements and the statement of financial position as at 31 December 2012 and 2011 will be adjusted accordingly. Management estimates that the impact on the statement of financial position as at 31 December 2012 and 2011 will be as follows:

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

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

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

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

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

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

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

***TFRS 8 - Operating segments***

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

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

**36 Reclassification of accounts**

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

	<b>2011</b>					
	<b>Consolidated financial statements</b>			<b>Separate financial statements</b>		
	Before reclassi- fication	Reclassi- fication	After reclassi- fication	Before reclassi- fication	Reclassi- fication	After reclassi- fication
	<i>(in million Baht)</i>					
<b><i>Statements of financial position</i></b>						
Other accounts payable	-	1,116	1,116	-	4,385	4,385
Other current liabilities	4,945	<u>(1,116)</u>	3,829	7,486	<u>(4,385)</u>	3,101
		<u>-</u>			<u>-</u>	
<b><i>Statement of Income</i></b>						
Selling expenses	27,134	27	27,161	-	-	-
Administrative Expenses	6,593	<u>(27)</u>	6,566	-	<u>-</u>	-
		<u>-</u>			<u>-</u>	

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