

เพื่อทุกวันที่ดีของทุกคน *Life is better with all*

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ปรัชญาองค์กร

เราปรารถนารอยยิ้มจากลูกค้า ด้วยทีมงานที่มีความสุข

วิสัยทัศน์

เราให้บริการความสะดวกกับทุกชุมชน

พันธกิจ

มุ่งสร้างความผูกพันกับลูกค้าด้วยการสรรหาสินค้าและบริการที่มีคุณภาพ ภายใต้การบริหารงานแบบ harmony พร้อมทั้งสร้างสัมพันธ์ภาพที่ดีกับสังคมและชุมชน

Corporate Philosophy

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

Vision

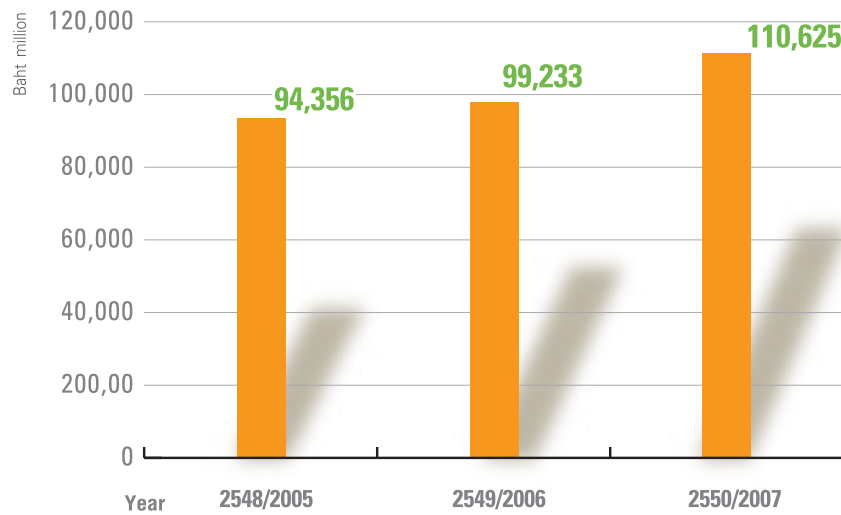
We serve convenience to all communities.

Mission

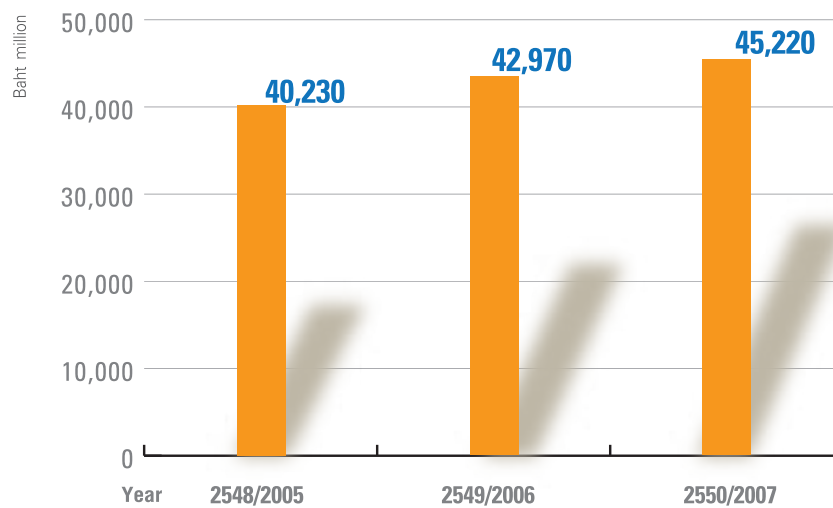
To create customer engagement with quality product and service assortment by "Harmony" management and to enhance good relations with society and community with society and community.



Net sales and Services Income



Total Assets



Summary of **Financial Information**

CP ALL Public Company Limited and its Subsidiaries

For fiscal years ending December 31, 2005 to December 31, 2007

	2005	2006	2007
Consolidated Financial Information (Baht million)			
Net sales and Services income	94,356	99,233	110,625
Total Revenues	98,948	103,276	115,358
Net Profit	1,508	1,332	1,460
Net Cash Provided by Operating Activities	5,883	6,092	6,027
Total Assets	40,230	42,970	45,220
Total Liabilities	29,708	34,934	39,589
Total Shareholder's equity	10,522	8,036	5,631
Share Information (Baht)			
Book value per share	2.4	1.8	1.3
Earnings per share	0.34	0.30	0.33
Financial Ratios (%)			
Gross margin (Sales and Services)	18.3%	21.6%	22.1%
EBIT margin	1.4%	-0.1%	0.1%
Net profit margin	1.5%	1.3%	1.3%
Return on total assets	4.4%	3.2%	3.3%
Return on total shareholder's equity	14.7%	14.4%	21.4%

General Information



C.P. Seven Eleven Plc., formerly C.P. Convenience Store Co.,Ltd., was established in 1988. Later, C.P. Seven Eleven Plc. has changed its name with the Registrar of Ministry of Commerce to CP All Plc. ("the Company") on October 19, 2007 to support future growth and expansion. The Company is still the flagship company of the Charoen Pokphand Group's marketing and distribution business. The Company's main business is operating convenience stores under the "7-Eleven" trademark in Thailand and large-scale retail stores ("Supercenters") under the "Lotus" trademark in Yangtzejiang District, the People's Republic of China. However, the supercenter business in the PRC has generated losses for the past 3 years ago; thus, the Company decided to dispose assets and its investment in subsidiaries. Furthermore, the Company operates other related businesses such as bill payment collection service ("Counter Service Co.,Ltd."),

manufacturing and sale of frozen foods and bakery ("C.P. Retailing and Marketing Co.,Ltd."), sale and maintenance of retail equipment ("Retailink (Thailand) Co.,Ltd."), payment for products and services through smart cards ("Thai Smart Card Co.,Ltd."), information technology services ("Gosoft (Thailand) Co.,Ltd."), logistics services ("Dynamic Management Co.,Ltd."), marketing services ("M.A.M. Heart Co.,Ltd."), retailing vocational school ("Suksapiwat Co.,Ltd."), and training and business seminar services ("Panyatara Co.,Ltd."), etc.

The Company office is located at 283 Sriboonrueng Building 1, Silom Road, Silom Sub-district, Bangrak District, Bangkok 10500. Telephone 0-2677-9000 Facsimile 0-2238-1767 Company Registration Number 0107542000011 Website www.7eleven.co.th or www.cpall.co.th



*Messages from **The Chairman** and **The Chief Executive Officer***

Seven Eleven convenience store has been alongside Thai society for almost 20 years, as one of the elements in Thai people's everyday lives. With strives for continual development, the Company attempts to select variety of products and services that cater to all customers' needs through its effective network of more than 4,000 stores across the nation serving to over 4.5 million customers a day.

In 2007, the challenging world economy and domestic situation have affected consumer confidence and, thus, the retail industry. However, the Company has been able to maintain continuous growth with new store expansion of **495** stores and enhanced sales effort. The Company has also utilized its capability in products and services assortment to reinforce its intention of providing convenience and a wide array of products and services to its customers so that **"Life is better with all"**.

On 26 April 2007, the Company was approved at the Annual General Meeting of Shareholders regarding the name change. C.P. Seven Eleven Public Company Limited changed its name to CP All Public Company Limited to accommodate future expansion and business growth as well as make its new identity widely accepted among all of its stakeholders. The name change was

officially registered on 19 October 2007.

In addition, the Company has restructured its supercenter business in the PRC by disposing assets of its subsidiaries in compensation with the receipt of the convertible bond of Chia Tai Enterprises International Limited (CTEI), which is a listed company on the Hong Kong Stock Exchange. The restructuring was approved at the Extraordinary Meeting of Shareholders held on 27 June 2007. The transaction is due to be completed by 15 May 2008.

On the Company's organizational development for competitive advantage and sustainable growth, it places importance on internal communication, especially to its stores nationwide, ensuring that store employees can respond to customers' needs in a timely manner. Moreover, the Company has continuously implemented the business efficiency through the standards of the Thailand Quality Award as guidelines for managing the Company's business since 2003. To date, the Company and companies in the group have received 5 prestigious Thailand Quality Class (TQC) Awards.

Realizing social responsibility as an integral part of business process, the Company, therefore, established

*In 2007 the Company, therefore,
established **Panyapiwat Institute of Technology**,
which is a higher education institution focusing on retail business,*

Panyapiwat Institute of Technology, which is a higher education institution focusing on retail business, in order to produce quality graduates with strong academics and operational practice. Based on the work-based learning curriculum, all graduates will be trained to work in the store in parallel with the studies in class and afterward could be employed at our company. This institute establishment will develop human resources to support continuous business growth of the Company. Besides, **Panyapiwat Techno Business School**, which was established in 2005, received the Thailand Innovation Award for runner up in the social category in 2007.

On the culture and social aspect, the Company values the beauty of arts and culture and has established the **“Seven Art Gallery”** as a center for employees and artists from different fields to display their works of art. The works of art are also sold and income is donated to social organizations. Furthermore, the Company in collaboration with the Sports Authority of Thailand and the GO Game Association of Thailand was successful in pushing the Go Game as one of the demonstration sports at the 24th SEA Games and as one of official sports at the 16th ASEAN Games to be held in the PRC in 2010.

Every single success of the Company was made possible through the joint efforts and determination of employees at all levels who are dedicated to providing benefits to all stakeholders. The Company would like to take this opportunity to thank its shareholders and all of its supporters for continuously supports on the Company’s business operations, enabling it to grow sustainably. The Company would also like to reiterate that it is committed to operating its business with transparency, integrity and fairness to all parties and is ready to achieve success together with all stakeholders on a foundation of honest management.



Mr. Dhanin Chearavanont

Chairman



Mr. Korsak Chairasmisak

Chief Executive Officer

คณะกรรมการบริษัท Board of Directors



- ศ.ดร.โกเมน ภิศกรนิรมย์
Prof. Dr. Komain Bhatarabhirom
- นายปรีดี บุญยงค์
Mr. Pridi Boonyong
- นายผดุง เตชะศรีนทร์
Mr. Padoong Techasarintr

กรรมการอิสระ
และประธานกรรมการตรวจสอบ
Independent Director
and Chairman of the Audit Committee

กรรมการอิสระและกรรมการตรวจสอบ
Independent Director and Audit Committee

กรรมการอิสระและกรรมการตรวจสอบ
Independent Director and Audit Committee



- นายธนิชต์ เจริญรอนนท์
Mr. Dhanin Chearavanont
- นายก่อศักดิ์ ไชยรัศมีศักดิ์
Mr. Korsak Chairasmisak

ประธานกรรมการ
Chairman

รองประธานกรรมการ
และประธานเจ้าหน้าที่บริหาร
Vice Chairman
and Chief Executive Officer



- นายสุภกิต เจริญรอนนท์
Mr. Soopakij Chearavanont
- นายจอห์น เซียน-ซู ลิน
Mr. John Sian-Zu Lin
- นายอดิเรก ศรีประทักษ์
Mr. Adirek Sripratak
- นายอำรุง สรรพสิทธิ์วงศ์
Mr. Umroong Sanphasitvong

กรรมการ
Director

กรรมการ (ลาออกเมื่อ 1 พฤศจิกายน 2550)
Director (Resigned on November 1, 2007)

กรรมการ
Director

กรรมการ
Director



- นายณรงค์ เจริญรอนนท์
Mr. Narong Chearavanont
- นายประเสริฐ จารุพนิช
Mr. Prasert Jarupanich
- นายพิทยา เจริญวิสิษฐกุล
Mr. Pittaya Jearavisitkul
- นายปิยะวัฒน์ วิฑิตะสิทธาวรรณกุล
Mr. Piyawat Titasattavorakul

กรรมการ
Director

กรรมการ
Director

กรรมการและรองประธาน
เจ้าหน้าที่บริหาร
Director and Deputy Chief Executive Officer

กรรมการและกรรมการผู้จัดการ
Director and Managing Director

คณะผู้บริหาร Executive Officers



• นายก่อศักดิ์ ไชยรัศมีศักดิ์
Mr. Korsak Chairasmisak

รองประธานกรรมการ
และประธานเจ้าหน้าที่บริหาร
Vice Chairman and Chief Executive Officer



• นายพิทยา เจียรวิสิฐกุล
Mr. Pittaya Jearavisitkul
• นายปิยะวัฒน์ ฐิตะสัทธาวรกุล
Mr. Piyawat Titasattavorakul

กรรมการและรองประธานเจ้าหน้าที่บริหาร
Director and Deputy Chief Executive Officer
กรรมการและกรรมการผู้จัดการ
Director and Managing Director



• นายสุรพันธ์ ปุสเสด็จ
Mr. Suraphan Pussadej
• นายธานินทร์ บุรณมานิต
Mr. Tanin Buranamanit
• นายทวีศักดิ์ แก้วรัตนปัทมา
Mr. Taweesak Kaewrattanapattama

ผู้ช่วยประธานเจ้าหน้าที่บริหาร
สายงานทรัพยากรบุคคล
Assistant Chief Executive Officer - Human Resource
รองกรรมการผู้จัดการบริหาร
สายงานปฏิบัติการและการตลาด
Executive Vice President - Operation and Marketing
รองกรรมการผู้จัดการอาวุโส
สายงานบัญชีและการเงิน
Senior Vice President - Accounting and Finance



• นายชวน นิมกิตติกุล
Mr. Chuan Nimkittikul
• นายสุวิทย์ กิ่งแก้ว
Mr. Suwit Kingkaew
• นายโกษา พงศ์สุพัฒน์
Mr. Kosa Pongsupath

รองกรรมการผู้จัดการอาวุโส
สายงานจัดซื้อและศูนย์กระจายสินค้า
Senior Vice President - Purchasing and Distribution
รองกรรมการผู้จัดการอาวุโส
สายงานบริหารทั่วไป
Senior Vice President - General Management
รองกรรมการผู้จัดการ
สายงานเทคโนโลยีสารสนเทศ
Vice President - Information Technology

Directors and Management Biography

Prof.Dr. Komain Bhatarabhirom

75 years old

Position Chairman of the Audit Committee and Independent Director

Positions in other organization:

Member of the Law Committee, The National Research Council of Thailand

Chairman of Law Committee, Ministry of Labour

Chairman of the Audit Committee, Ministry of Labour

Member of the Law Reform Committee, Ministry of Culture

Professor, Faculty of Law, Chulalongkorn University

Education

Docteur de l'Université de Paris

Doctor of Law (Honorary) Chulalongkorn University

Barrister-at-Law, Thai Bar.

Bachelor of Law, Thammasat University

Experiences

1998-2001 Judge, The Constitutional Court

1987-1993 Attorney General

1992-1996 Chairman of the Committee on Interior Administration, Senate

1992-1997 Member of Legislative Committee, Office of the Council of State

1993-1997 Member of the Committee on Appeal, The Securities and Exchange Act 1992

1984-1993 Director, Provincial Electricity Authority

1985-1993 Director, Krung Thai Bank Plc.

1987-1993 Director, Thai Airways Plc.

Relationship -

Training by the Thai Institute of Directors Association (IOD)

2007 Director Accreditation Program (DAP)

2007 Audit Committee Program (ACP)

2007 Accounting for Non-Accounting Audit Committee

Attendance at the Board of Directors' Meeting during 2007

5 times out of 5 meetings

(%) shareholding

none

Mr. Pridi Boonyoung

69 years old

Position Audit committee and Independent director

Education

Master Degree in Laws, Yale University, USA

Bachelor Degree in Laws, Thammasat University

Degree from National Defence College of Thailand

Experiences

1997-1998 Director-General, Treasury Department

1996-1997 Director-General, Customer Department

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

Relationship -

Attendance at the Board of Directors' Meeting during 2007

5 times out of 5 meetings

Training by the Thai Institute of Directors Association (IOD)

2005 Director Accreditation Program (DAP)

(%) shareholding

0.007622

Mr. Padoong Techasarintr

66 years old

Position Audit committee and Independent director

Education

Bachelor Degree in Business and Administration

Thammasat University

Experiences

1995-1998 Executive Director, Siam City Bank Plc.

1994-1995 Director-Vice President, Siam City Bank Plc.

Relationship -

Attendance at the Board of Directors' Meeting during 2007

5 times out of 5 meetings

Training by the Thai Institute of Directors Association (IOD)

2002 The role of Chairman

2003 Director Accreditation Program (DAP)

2005 Director Certification Program (DCP)

(%) shareholding

0.007607

Directors and Management Biography

Mr. Dhanin Chearavanont

68 years old

Position Chairman

Education Degree from National Defence
College of Thailand Commercial School,
Hong Kong Shantou Secondary School, China

Experiences

1993-present Chairman, True Corporation Plc.
1989-present Chairman and CEO, Charoen Pokphand Group Co., Ltd.

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

Attendance at the Board of Directors' Meeting during 2007

3 times out of 5 meetings

Training by the Thai Institute of Directors Association (IOD)

2005 Director Accreditation Program (DAP)

(%) shareholding

0.067873

Mr. Korsak Chairasmisak

55 years old

Position Vice Chairman and Chief Executive Officer

Education A Certificate for Honorary Doctor of Business
Administration in Management, Sripatum University
Bachelor Degree in Economics Thammasat University

Experiences

1990-present Vice Chairman, Charoen Pokphand Group

Relationship -

Attendance at the Board of Directors' Meeting during 2007:

5 times out of 5 meetings

Training by the Thai Institute of Directors Association (IOD)

2000 Director Certification Program (DCP)

2006 The Role of Chairman

(%) shareholding

0.204529

Mr. Umroong Sanphasitvong

54 years old

Position Director

Education Master Degree in Business and Administration
Bachelor Degree in Business and Administration
Thammasat University

Experiences

Present Deputy Group CFO, Charoen Pokphand Group Co., Ltd.

2004-present Director, Ayudhya Allianz C.P. Plc.

2001-present Director, True Corporation Plc.

Director, CPPC Plc.

2000-present Director, Allianz C.P. Company Limited

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

Relationship -

Attendance at the Board of Directors' Meeting during 2007

5 times out of 5 meetings

Training by the Thai Institute of Directors Association (IOD)

2001 Director Certification Program (DCP)

2006 Board Performance Evaluation

(%) shareholding

0.003825

Mr. Soopakij Chearavanont

43 years old

Position Director

Education Bachelor's Degree in Business and Administration
New York University, USA

Experiences

2005-Present Vice Chairman, Automotive, Industrial and
Finance Group, C.P. Group Co., Ltd.

Vice Chairman, Real Estate and Land Development
(Thai), C.P. Group Co., Ltd.

Vice Chairman, Marketing and Retailing (China),
C.P. Group Co., Ltd.

2002-Present Director, True Move Co., Ltd.

Co-Chairman, Shanghai King Hill-Super Brand Mall
Chairman, Real Estate and Land Development (China),
C.P. Group Co., Ltd.

Mr. Soopakij Chearavanont (Continued)

2000-Present Chairman, Chia Tai Enterprises International Ltd.
Chief Executive Committee, Telecom Holding Ltd.

1998-Present Chairman, True Visions Plc.

1993-Present Director, True Corporation Plc.

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

Attendance at the Board of Directors' Meeting during 2007

1 times out of 5 meetings

Training by the Thai Institute of Directors Association (IOD) - (%) shareholding

0.001859

Mr. Narong Chearavanont

42 years old

Position Director

Education Bachelor Degree in Finance and International Business
New York University, USA

Experience

October 2006-Present Executive Vice Chairman,
Shanghai Lotus Supermarket
Chain Store Co., Ltd.

2002-August 2006 President, Shanghai Lotus Supermarket
Chain Store Co., Ltd.

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

Attendance at the Board of Directors' Meeting during 2007

2 times out of 5 meetings

Training by the Thai Institute of Directors Association (IOD)

2007 Director Accreditation Program (DAP)

(%) shareholding

0.003104

Mr. Adirek Sripratak

62 years old

Position Director

Education Honorary Doctorate degree (Science)
Maejo University

Experiences

Present Honor president, Thai Broiler Processing
Exporters Association

2003-present President and CEO, Charoen Pokphand Foods Plc.

1999-present Executive director, Charoen Pokphand Foods Plc.

1998-present Director, Charoen Pokphand Foods Plc.

Relationship -

Attendance at the Board of Directors' Meeting during 2007

4 times out of 5 meetings

Training by the Thai Institute of Directors Association (IOD)

2001 Director Certification Program (DCP)

2005 Director Accreditation Program (DAP)

(%) shareholding

none

Mr. John Sian-Zu Lin

44 years old

Position Director

Education Master Degree in Finance and International Business
MIT Sloan School of Management
Bachelor Degree in Civil Engineering
School of Engineering, Massachusetts Institute of Technology (MIT),
Cambridge, Mass.

Experiences

1999-2007 AIG Global Investment Corporation (Thailand) Ltd.

1991-2007 AIG Global Investment Corporation (Asia) Ltd., Hong Kong

1990-1991 AIG Investment Corporation Ltd., New York

Relationship -

Attendance at the Board of Directors' Meeting during 2007

3 times out of 5 meetings

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

(%) shareholding

none

Remark Resigned on November 1, 2007.

Mr. Prasert Jarupanich

59 years old

Position Director

Education Program for Management Development (PMD)

Harvard Business School

Ph.D. Industrial Engineering and Management

Oklahoma State University

Master Degree in Computer Science

Bachelor Degree in Computer Science

University of Missouri at Rolla

Experiences

1999-present Director, Siam Makro

1988-present Vice President-Marketing and Distribution Group,
Charoen Pokphand Group Co., Ltd.

Relationship -

Attendance at the Board of Directors' Meeting during 2007

5 times out of 5 meetings

Training by the Thai Institute of Directors Association (IOD)

2004 Director Certification Program (DCP)

(%) shareholding

0.001285

Mr. Pittaya Jearavisitkul

52 years old

Position Director and Deputy Chief Executive Officer

Education Master Degree in Business Administration

Bachelor Degree in Economics (Honor) Thammasat University

Experience

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

Relationship -

Attendance at the Board of Directors' Meeting during 2007

4 times out of 5 meetings

Training by the Thai Institute of Directors Association (IOD)

2000 Director Certification Program (DCP)

(%) shareholding

0.008128

Mr. Piyawat Titasattavorakul

54 years old

Position Director and Managing Director

Education Bachelor Degree in Marketing

Ramkhamhaeng University

Experience

1996-1998 Vice President-Operation : C.P. Seven Eleven Plc.

Relationship -

Attendance at the Board of Directors' Meeting during 2007

4 times out of 5 meetings

Training by the Thai Institute of Directors Association (IOD)

2001 Director Certification Program (DCP)

(%) shareholding

0.000076

Mr. Suraphan Pussadej

59 years old

Position Assistant Chief Executive Officer-Human Resource

Education Master of Art, Political Science University of Detroit, USA

Bachelor of Law (Honor) Thammasat University

Barrister of Law Thai Bar Association

Experience

2005-Present Advisor, Civil Servant Commission for
Bureaucratic Development

Advisor, Walailuck University

Advisor, Thammasat University

1996-2004 Corporate Human Resource Director,

Paper & Packaging Business, Siam Cement Group (SCG)

1974-1996 Human Resource Manager Siam Cement Group (SCG)

Relationship -

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

(%) shareholding

none

Directors and Management Biography

Mr. Tanin Buranamanit

43 years old

Position Executive Vice President-Operation and Marketing

Education Bachelor Degree in Marketing Thammasat University

Experience

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

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

Relationship -

Training by the Thai Institute of Directors Association (IOD) -
(%) shareholding

0.004376

Mr. Taweesak Kaewrathtanapattama

51 years old

Position Senior Vice President-Accounting and Finance

Education Bachelor Degree in Accountancy

Bachelor Degree in Law Thammasat University

Experiences

1981-2005 Vice President, Bangkok Produce Plc.

Relationship -

Training by the Thai Institute of Directors Association (IOD)

2007 Director Certification Program (DCP)

(%) shareholding

0.000089

Mr. Chuan Nimkittikul

56 years old

Position Senior Vice President-Purchasing and Distribution

Education Master Degree in Business Administration

Bachelor Degree in Economics Thammasat University

Experience

1996-1998 Assistant Vice President-Purchasing and Distribution,
Human resource and Administration:
C.P. Seven Eleven Plc.

Relationship -

Training by the Thai Institute of Directors Association (IOD)

2006 Finance for non-finance director

2006 Director Certification Program (DCP)

(%) shareholding

0.004907

Mr. Suwit Kingkaew

58 years old

Position Senior Vice President-General Management

Education Master Degree in Business Administration

Bachelor Degree in Economics Kasetsart University

Experience

1996-1998 Assistant Vice President-General Management :
C.P. Seven Eleven Plc.

Relationship -

Training by the Thai Institute of Directors Association (IOD)

2005 Director Certification Program (DCP)

(%) shareholding

0.012565

Mr. Kosa Pongsupath

57 years old

Position Vice President-Information Technology

Education Bachelor Degree in Statistics Kasetsart University

Experience

2000-2001 Assistant Vice President –Information Technology :
C.P. Seven Eleven Plc.

Relationship -

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

(%) shareholding

0.000000

Life is better with all



“สวัสดีครับ..สวัสดีค่ะ”

ด้วยคำกล่าวทักทายอบอุ่นเป็นกันเอง
สายตาที่เป็นมิตร รอยยิ้มที่น่าประทับใจ พร้อมให้บริการ ด้วยความเต็มใจอย่างยิ่งตลอดเวลา
กับเพื่อนบ้านที่ไม่เคยหลับใหลเลยเช่น.. เซเว่นอีเลฟเว่น
ด้วยปณิธานอันแน่วแน่ “คุณ” คือคนสำคัญของ “เรา”
เพื่อทุกคนที่ดียิ่งขึ้น

“Sawasdee krub... Sawasdee ka”

*with warm and hospitable welcome
Friendly looks and impressive smiles, ready to provide whole-hearted service all the time
With a neighbor that never sleeps... like 7-Eleven
With the commitment that
“You” are Important to “Us”
With the intention that a healthy society will lead to a strong society
Life is better with all*



เพื่อนที่รู้ใจ... ใกล้ๆ คุณ

[← Contents →](#)

Nature of **Business**



Overview of Business Operations

C.P. Seven Eleven Public Company Limited, formerly C.P. Convenience Store Company Limited, was established in 1988. To support future growth and expansion, C.P. Seven Eleven Plc. has changed the name to the Registrar of Ministry of Commerce to CP All Plc. (the “Company”) in October 19, 2007. The Company was established in 1988 by the Charoen Pokphand Group to operate the convenience store business in Thailand under the “7-Eleven” trademark. The Company was granted a license to use the trademark from 7-Eleven, Inc., USA. In 1989, the first 7-Eleven outlet in Thailand was opened on Patpong Road.

At the end of the year 2007, the Company had a total of 4,279 7-Eleven stores nationwide, making Thailand the country with the fourth largest 7-Eleven network in the world after Japan, the USA and Taiwan. Of the total 2,210 stores are in Bangkok and vicinity (52 percent) and 2,069 stores are in provincial areas (48 percent). According to type of store, there are 2,462 corporate stores (58 percent), 1,562 franchise stores (36 percent) and 255 sub-area license stores (6 percent). Presently, an average of 4.5 million customers visit 7-Eleven stores each day.

In 2008, the Company plans to establish another 400-450 new outlets both as stand-alone stores and stores located in PTT

gas stations to reach more target customers both in Bangkok, the vicinity and provincial areas. At the end of 2007, the Company had 3,665 stand-alone stores (86 percent) and 614 stores in PTT gas stations (14 percent).

In addition, the Company has continuously invested in businesses supporting the convenience store business in Thailand. In 1994, the Company invested in Counter Service Company Limited (“CS”), a bill payment service business. In 1996, the Company set up C.P. Retailing and Marketing Company Limited (CPRAM) to manufacture and sell frozen food and bakery. In 1999, the Company established Retailink (Thailand) Company Limited (RTL) to distribute and repair retail equipment.

The Company has also invested in other related businesses. In collaboration with its business alliances, the Company established Thai Smart Card Company Limited (TSC) in 2001 to offer product and service payment through Smart Purse electronic cash cards. In 2003, GOSOFT (Thailand) Company Limited (GOSOFT) was formed to provide information technology services. In the same year, MAM Heart Company Limited (MAM) was set up to provide marketing consulting services and Dynamic Logistics Management Company Limited (DM) was established to provide logistics services.

ลักษณะการประกอบธุรกิจ Nature of Business



In 2004, the Company established Suksapiwat Company Limited to provide educational services through Panyapiwat Techno Business, a retailing vocational school, with the objective of supporting the government's policy to reform education, especially vocational education. The Company aims to improve the quality and standards of education as well as produce graduates to fulfill demand and expansion of the retail industry for the country's future development.

In 2005, the Company officially opened Panyapiwat Techno Business, the country's first vocational school for retail education. In addition, money transfer services through "Love Link" cards and product and service payment through Smart Purse digital cash cards were commenced. In 2006, the Company established Panyatara Co.,Ltd. to provide training and seminar services. In 2007, Panyapiwat Institute of Technology (PIT) has been set up which is an institute for higher education to support recruiting personnel in bachelor and master degrees concentrating on 3 majors: retailing business management, logistics management and food business management.

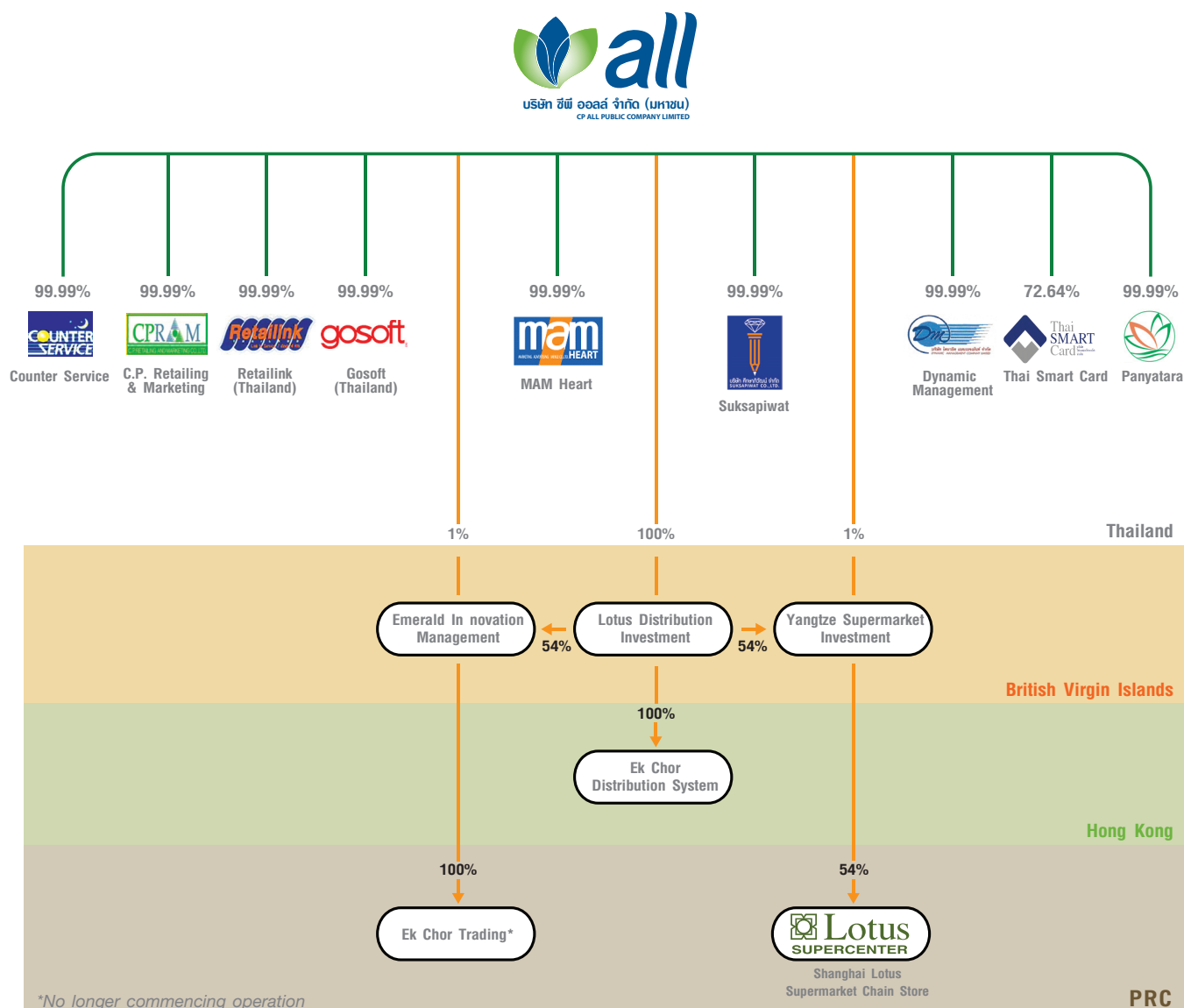
Besides investment in other businesses through subsidiaries and affiliates, the Company has also expanded its own business operations. In 1988, 7 Catalog Order was launched to expand the Company's distribution channel and provide an alternative for customers in purchasing products. 7 Catalog Order, derived from the mail order concept, has transformed from leaflets into catalog magazines. In 2001, Book Smile, formerly 7-Today, was introduced as a new distribution channel for books and magazines.

Group Structure of **CP ALL Public Company Limited**

As at December 31, 2007

The Company became a public company limited registration number 0107542000011 on March 12, 1999. As at December 28, 2007, the Charoen Pokphand Group held 43.65 percent of the Company's paid-up capital.

As at December 31, 2007, the group structure of the Company is as follows:





Revenue Structure

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

Groups of Business	2005*		2006*		2007*	
	Million Baht	%	Million Baht	%	Million Baht	%
Convenience store (7-Eleven)	51,080 ^{/1}	52	66,055	64	77,458	67
Supercenter (SLS)	28,945	29	30,887	30	29,932	26
Other businesses ^{/2}	18,328	19	6,458	6	7,800	7
Total Net Sales and Service Income	98,353	100	103,400	100	115,190	100

* Before elimination

^{/1} Include phone card sales since September 2005

^{/2} Consists of CPRAM frozen and bakery business, goods and bill payment collection service of CS, and sale and repair business for retail equipment of RTL and other income from other subsidiaries

Business Objectives

The Company aims to be the leader in the convenience store business in Thailand that can satisfy the ever-changing demands of customers. The Company will focus on its strength, offering "convenience" to customers in purchasing goods and services through 7-Eleven outlets that expand across the country and most of which are open 24 hours a day. The Company plans to further open 400-450 new outlets per year in 2008 and 2009. The Company places great importance on the location of every 7-Eleven store, making it a superior convenience store that provides fully-integrated food and beverage services. Greater emphasis is given to selling food and beverages than selling consumer non-food products as food and beverages have higher margins. This also enables 7-Eleven to differentiate itself from other types of retail stores. At the same time, the Company will

use 7-Eleven's expansive store network to offer numerous value-added services to provide greater customer convenience such as bill payment services through Counter Service and product order through 7-Catalog.

For supercenter business in the PRC in which facing with the loss over the past 3 years, the Company divests its assets and investments in subsidiary and the Company will receive CTEI convertible bonds (CB) in return. The Company believes that the financial status will be improved and it no longer carries the loss in accordance with the best benefit to the Company and shareholders. In addition, the Company has an upside gain if CTEI can enhance the value from acquisition of the supercenter business in the PRC in the future.

Nature of Business



Nature of Business

Convenience Store Business

Types of Products and Services

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

In the past, the Company managed the business as a network of stores scattered in communities such as residential areas, offices, educational institutes, tourist attractions and gas stations, having coverage over Bangkok, suburban, and provincial nationwide. In 2007, there were 7-Eleven stores with a total of 4,279 outlets.



Types of 7-Eleven Stores

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

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

2) Franchise Stores: The Company offers an opportunity for any person including employees to operate their own 7-Eleven store under a franchise system. The Company will offer close assistance in management and administration, product assortment and the financial system. The Company has regular nationwide promotional and advertising campaigns and provides advisory on new management techniques in person. A franchisee can either choose a new location or an existing store. In case a franchisee has his own location, the Company will help with the feasibility study without any charges. The term of the franchise agreement and the benefits depend on the type of franchise.

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

Types of 7-Eleven Stores

(Unit : stores)	2005	2006	2007	No. of new stores opening in 2007
Corporate Stores	1,931	2,119	2,463	344
Franchise Stores	1,191	1,449	1,561	112
Sub-Area License Stores	189	216	255	39
Total	3,311	3,784	4,279	495

Nature of Business



Product Mix

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

Products in 7-Eleven stores are categorized into the following 2 major groups: Foods & Beverage accounting for 49% and non-food products including phone card accounting for 51%. In addition, 7-Eleven stores provide other services for customer convenience such as payment service for as many as 395 services, ATM machines at 2,960 branches, money transfer through "Love Link" card, catalog order, and distributing life assurance in order to fully meet and respond to the customer's need in terms of convenience. The Company continuously strives to expand its alliance partners to provide a wider range of services.

Marketing and Competition

a) Nature of Customers

The Company provides purchasing convenience to customers through its store network which is scattered in every community. Customers are communities located near 7-Eleven stores, including people of every gender and age. Therefore, customers are segmented into children and teenagers who are still students, do not have their own income, purchase for their own personal use, and like trendy things, and adults and working people, the main customer group, who earn their own income, have expenses and stress value for money and product quality. In addition, the Company has expanded its target group to motorists and passengers who frequently use PTT gas stations. On average, a total of 4.5 million customers nationwide per day

purchased products and services from 7-Eleven stores in 2007, increasing from 4.0 million customers nationwide per day in 2006.

b) Business Operating Conditions

Consumers have ever-changing demands. Due to economic conditions in 2007, there was a slowdown in the growth of income and purchasing power. Consumers had increased expenses, including higher product prices and higher utility expenses, which caused them to be more careful about spending. Consumers compared prices and quality more before purchasing, emphasized value for money, and had higher expectations. Therefore, the Company engaged in research to discover factors which affected the changes in consumers' purchasing behavior. Aware of the major factors influencing different customer groups to use convenience store services, the Company used this information to set challenges and changes in order to prosper under fierce competition with a myriad of retail stores. It also sets unique strategies to cater to the demands of different customer groups.

c) Responding to Customers' Demands

The Company learns about and listens to customers' demands through various channels – store employees, Call Service and regularly customer surveys in order to effectively and continuously manage customer satisfaction, meet customer expectations, and provide value added to customers.

The Company utilizes Retailer Initiative (RI) to follow mechanisms or systems used in the management of customer satisfaction which is related to all processes that create value for customers. The Company also evaluates customer satisfaction and promotes learning and exchange of experiences in creating satisfaction for customers.

Nature of Business



○ Development of Services from Employees

Customers are most concerned about service and expect excellent service. The Friendly Service Project is an important project that encourages employees to provide courteous and caring service to customers throughout Bangkok and its vicinities as well as in every province across the country. The project also provides an opportunity for Share Learning among employees in order to improve services provided by employees. In addition, a customer satisfaction survey was regularly conducted.

To deliver convenience to customers, the Company has continuously developed employee competency in providing services through training for staff at all levels, from store employees to store managers. The Company has 2 training centers in Bangkok: Tara Park and Lat Phrao 80 Training Centers and 8 smaller training centers located in different regions across the country to provide training to 60,000 people annually. A variety of instructional methods are used such as classroom training, on-the-job training/coaching, self-learning, computer based training and Mobile Unit training. There is also job rotation to develop competency to rapidly respond to customer changes. In 2007, the Friendly Service Project was initiated to increase customer satisfaction towards services provided by employees.

Furthermore, the Company developed the Complaint Handling system to allow customers to easily send in complaints; to respond and solve problems within 24 hours; to decentralize authority enabling store employees to contact and solve customers' problems immediately; to check the satisfaction of customers who issued complaints to ensure that their problems have been solved; and to analyze customer complaints to find the causes and preventive measures. Besides, the Company brought customer's suggestion into consideration to find out the root cause and to prevent repetitive occurrences.

○ Acquirement of Differentiated Products and Services

Different demands of various customer groups have led to the selection and development of products and services to satisfy each customer group. The process starts with recognizing customers' needs, creating a product concept, developing the taste, and testing in model stores to receive feedback from the target group and to confirm successful store management in order to solve management problems before actual implementation at every branch.

The Company selects churning items and adopts the FBO product strategy (First sold in 7-Eleven stores, Best Selection, Only sold in 7-Eleven stores). Product development is undertaken in cooperation with Team Merchandising, research and specialists to obtain a good quality and differentiated products which are corresponding to customer demand.

Furthermore, the Company selected and added more products to the 7-Eleven stores to better satisfy customer needs such as Catalog Order, books and printed matters (Book Smile) including special products provision (Kudsan).

○ Increasing Efficiency of Product Management

Consumers demand a wide variety of products and services. At the same time, their demands are ever-changing. Since the store area of 7-Eleven is limited, the Company strives to improve product and store management, from product assortment in each store, making sufficient product orders to meet the demands of customers, to product placement in order to enable customers to easily locate products. The Company has used product management principles to learn about product assortment and increase efficiency in area utilization such as decreasing the space between shelves in order to gain more shelf space and expanding shelf space for best-selling products and new products.

Nature of Business



Improvement of Store Environment

The Company has improved both the internal and external store environment by initiating the project “New and Modern Store with Prompt Service” to differentiate from the competitor’s stores. The store layout and equipment are arranged to enable customers to easily locate products, to facilitate employees’ work, and to provide light and safety. Importance is also given to hygiene, cleanliness and prevention of waste water to remain good surroundings in each community that 7- Eleven stores are located. Technology and innovation was implemented to reduce energy consumption resulting in the lower operating cost of each store. This is also to support the energy conservation program of the government.

Giving Importance to Product Quality Guarantee

The Company determines to maintain Food Safety standard through developing a supply chain management system to improve product quality from manufacturing, logistics, to store management in order to deliver premium-quality and fresh products to customers and to prepare for future expansion into the food business. The Company selects and monitors manufacturers with acceptable standards and provides knowledge on improving manufacturing quality standards. Moreover, the Company trains store employees on quality management of products especially those in the food category. For example, the experts from the Food and Drug Administration (FDA) provide training to the Company’s employees on food safety. Random inspection of foods and beverages also guarantees quality and makes employees more aware of food safety.

Development and Learning to Create Value for Customers

The Company has learned about customers’ demands and

has developed methods for store employees to study the demands of their target customers. Each store selects and orders products to cater to the needs of their customers. Products are displayed according to the recommendations from the head office. Moreover, employees exchange knowledge to promote innovation. This knowledge is also used to develop new training courses related to sales techniques in line with customers’ demands. The Company also organizes training to teach store employees to use customer data effectively and to motivate them to manage the stores properly.

With the customers at the center, the Company strives to develop management processes in different areas (convenience; good, fast and time-saving services; fresh quality products; and store environment) to have interconnectivity. In addition, the Quality Store System Standard (QSS Standard) covering the areas of service, store environment, product quality and product display is implemented to create and deliver value, confidence and good impressions for customers.

The multitude of things that the Company has developed and created for customers is reflected in the Customer Satisfaction Index towards the Company that has risen in the past five years. At the same time, the Company has used customer comments for improvement, to develop products and services to better meet customers’ demands, and to set strategies to keep existing customers and win new customers in the future.

With the corporate philosophy “Through happy employees, we desire to see smiles from our customers”, the Company places importance on following up on mechanisms or systems used to create customer satisfaction, which is related to all processes that create value for customers. The Company evaluates customer satisfaction, customer loyalty and relationships with customers and employees. In 2007, the



Company conducted Satisfaction Survey which studies the opinions and relationships of customers and employees and used the research results to improve its services.

d) Market Conditions and Competition

In 2007, the retail business slightly grew from 2006 due to many factors that had not improved or had intensified. Escalating oil prices affected the prices of products, services and utilities. The uncertain political situation and policies also affected investment. At the same time, the slowdown of the world and US economic growth and the appreciation of the Thai baht directly affected the Thai export sector. These factors had an impact on purchasing power and consumer confidence. The consumer confidence index was lower than 100 for 42 consecutive months.

With consumers worried about the economic conditions and expenses coupled with consumer confidence that has not revived, in 2007 the retail industry value in the tax system is expected to grow 3 percent, or Baht 2.4 trillion in terms of value, amid intense competition especially in modern retailing under the chain store format, both in terms of store expansion and marketing tactics employed to attract consumers. Presently,

consumers are more careful in purchasing products and give more consideration for value for money.

Higher oil prices also have affected the lifestyles of consumers, as can be seen in the growth of condominiums, apartments and flats which reflect the demand for convenience and reduced traveling time and expenses. Meanwhile, consumers' consumption behaviors have also changed. Consumers have reduced purchasing frequency, buy only necessity items and purchase from retail outlets near home or the office.

Moreover, due to the uncertainty of the Retail Business Act, large-scale retail stores which may be affected by the zoning law have adapted themselves by reducing the size of their new stores and testing new retail formats which are smaller and can better reach the communities. Consequently, community malls and small-scale retail stores which can reach the communities, especially in the form of convenience stores, have been able to expand and has become an interesting segment for investment by both current retailers and retailers from other segments. Convenience store expansion has been accomplished through both corporate stores and franchise stores. In 2007, there was an increase of 780 convenience stores under the chain store format.

Number of convenience stores

Type of Stores	2004	2005	2006	2007
Stand alone convenience stores	4,155	5,307	5,997	6,681
• 7-Eleven stores	2,530	2,878	3,279	3,665
• Others	1,625	2,429	2,718	3,016
Convenience stores in gas stations	1,541	1,665	1,741	1,842
• 7-Eleven stores	331	433	505	614
• Others	1,210	1,232	1,236	1,228
Total convenience stores	5,696	6,972	7,738	8,523

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



Out of the total, 495 stores were 7-Eleven stores.

Despite intense competition in the expansion of small-scale retail stores, there is still opportunity for continued outlet expansion in communities to serve consumers who increasingly demand convenience and speed. Government policy to support investment in public utilities and expansion of development into communities is another factor supporting small-scale retail store expansion into communities.

Amid economic slowdown, tight government control, reduced customers' purchasing power and confidence, and rapidly changing demands and expectations from customers, retailers have implemented various strategies to attract consumers through selection of products and services to serve the needs of each community and business alliances to create value and distinction in the eyes of customers. In addition, operators have engaged in social activities to minimize protest from communities in their store expansion. Despite fierce competition, the Company has been able to expand continuously due to improved internal management under the concept of satisfying customers' demands while developing its human resources to be able to keep up with the market and customer changes, adjust and respond to the changing situation faster and better than its competitors.

From continuous store expansion to reach all customer groups, the Company has pushed the concept of appropriate store assortment and has recognized the necessity of studying the lifestyles of customers according to demographics, consumption, profession, income and attitude. The Company discovers the needs and wants of each customer group according to their behavior and details above in order to develop and select products and services to effectively meet their demands, differentiate itself from competitors and increase sales opportunities.

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

Delivery of Products and Services

The Company strives to continuously develop its value chain to deliver the best to customers. In the area of product distribution which is an important part of the value chain, the Company has continuously made developments. The Company has expanded the number of distribution centers in strategic areas and has developed temperature control and appropriate delivery frequency upon each product category in order to accommodate new store expansion and distribute products efficiently and effectively. In addition, the Company has introduced new equipment and tools such as the Digital Picking system to assist with product arrangement, making it more accurate and faster.

Presently, the Company has 2 main distribution centers (DC) in the Greater Bangkok: Bang Bua Thong DC, Nonthaburi located on the northern of Bangkok for both general products and products requiring controlled temperature and Lat Krabang DC located on the eastern of Bangkok for general products only. Strict quality control at every single process, on-time delivery and increased delivery frequency ensures complete, correct and timely delivery of products to stores and product quality is maintained until reaching customers. Also, the Company managed to certify Good Manufacturing Practice (GMP) standard at the distribution center to guarantee the products in terms of quality and safety before delivery to customers.



Large-scale Retail Business “Supercenter”

Nature of Business

Realizing the market potential of the PRC with both economic and purchasing power growth, the Company expanded investment into the country since 1997. The Company operates a large-scale retail business, “Lotus Supercenter,” by effectively investing 29.7 percent in Shanghai Lotus Supermarket Chain Store Co., Ltd. (“SLS”) through its affiliate, Yangtze Supermarket Investment Limited.

At the end of 2007, SLS operates altogether 42 Lotus Supercenters in which 20 branches are in Shanghai and the other 22 branches in other cities around Yangtze Basin region such as Jiangsu, Zhejiang, Hubei, Sichuan, Anhui, and Hunan.

Lotus Supercenters are open everyday from 8.00 hrs. to 22.00 hrs. At present, approximately 7,100 customers per day are recorded at each branch. Lotus Supercenter’s target customers are people with medium to low income who prefer one - stop shopping. For the past five years, the sales volume of Lotus Supercenters according to the consolidated financial statement has increased continuously, from Baht 16,857 million in 2003 to Baht 29,932 million in 2007, expanding 15.4 percent per year. This growth is higher than PRC’s average retail growth over the last 5 years of 13.0 percent.

Product Mix

Lotus Supercenter tries to select a wide variety of products and constantly changes the products to cater to the demands of its target customers. In 2007, the Company offered a variety of products about 26,700 items which were classified into 4 main categories as follows;

1. Dry Groceries accounts for approximately 47 percent of total sales.
2. Fresh Food accounts for approximately 22 percent of total sales.
3. Hard Lines accounts for approximately 20 percent of total sales.
4. Apparel accounts for approximately 11 percent of total sales.

Market conditions and competition

a. Nature of Customers

Lotus Supercenter’s target customers are people with medium to low income who prefer one-stop shopping. At present, approximately 7,100 customers per day are recorded at each branch.

b. Pricing Policy

Lotus Supercenter uses the Every Day Low Price (“ELDP”) pricing policy as its selling point to attract customers. It focuses on offering everyday low prices rather than offering promotions from time to time together with an emphasis on quality and unique products to boost up the potential competitiveness. It also offers good-quality and low-priced house brand products in a wider range under trademark “Lotus Supercenter”, “Smart Choice”, “Great Saving” or “Truly”.

c. Market Conditions and Competition in the retail business in the PRC

The retailing business in the PRC continues to expand in line with economic and consumption growth. The government’s policy to open up trade since December 2004 has attracted continuous investment in the PRC. In addition, the PRC’s 11th Economic Development Policy (2006 -2010) highlights stimulation of domestic consumption and individual income improvement in urban and non-urban areas. This significantly affects an increase in income and purchasing power and consumer behavior has been moved towards modernization and an increasing consumption. Consequently, the retailing sector in the PRC was highly growing at 11.8% per annum during year 2001–2006 and it was expected to steadily grow by 16% in 2007.

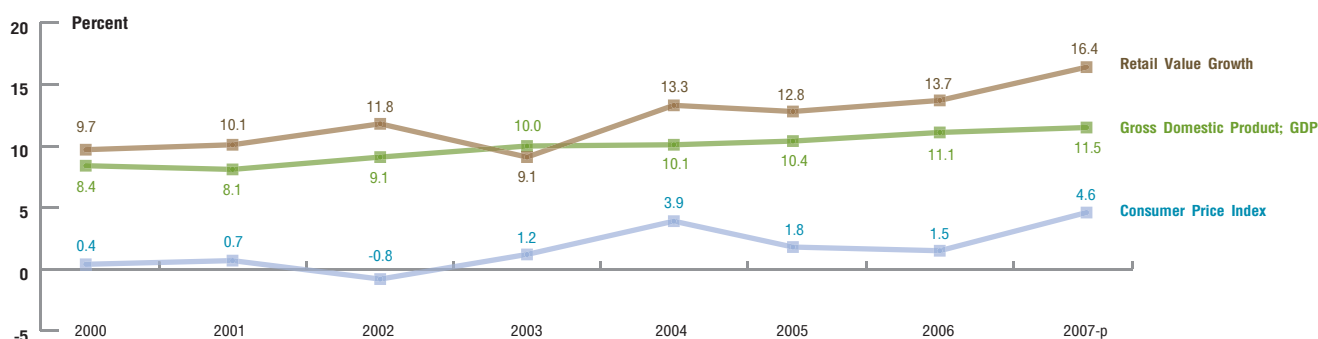
Increased demands and expectations from consumers in the areas of health, services, product and service variety, convenience and trend are also bringing about change in the PRC retail industry. It may cause fierce competition in store expansion and sales and marketing strategies.

Changes in consumer behavior can be seen from an increasing number of consumers shopping at modern retail outlets. Survey results of a leading research company showed that the modern retail sector in the PRC expanded from 42 percent of total retail sales in 2002 to 54 percent of total retail sales in 2006, while the traditional grocery sector shrank.

In the modern retail sector, hypermarkets and supermarkets recorded high growth rates and played an important role in Chinese spending compared to other types of retail businesses.

growth; however, the upcoming Olympic Games in 2008 is still a factor supporting income growth and purchasing power. In addition, consumer demand is increasing, and in turn attracting increased investment in the PRC retail industry from both foreign and local players. As a result, competition is expected to intensify. In 2007 and continuing 2008, large retail operators especially foreign chain started to increase their market shares in many different ways, including expansion of new store formats or merger with other retailers for stronger commercial base. This could be seen in the case of Wal-mart acquired Trust-mart or Beijing Wu-mart acquired Beijing Meilianmei Supermarket.

Lotus Supercenter's competitors include local operators such as NGS and Century-mart and foreign operators such as Trust-mart, Carrefour, Wal-mart, RT-mart and Auchan. Indirect



SOURCE: State Information Center and National Bureau of Statistic of China

The consumer survey in major cities of a leading research company found that there was a close portion of consumer spending between hypermarkets and supermarkets. In 2007 customers do shopping around 43 percent in hypermarket down from 46 percent in 2006; whereas, spending in supermarket has increased from 36% to 49% in 2007. Such a rise was partly due to a rapid expansion of giant supermarket operators in the form of chain store in major cities and suburban areas.

Industry Outlook and Competition in 2008

The PRC retail industry in 2008 is expected to grow at a decreasing rate with the effects from inflation, export and government policy control towards an immense economic

competitors, which are supermarkets, include Lianhua and Jiadeli.

Delivery of Products and Services

Most of the products sold in Lotus Supercenter are supplied by local manufacturers or distributors in the PRC whereas some are imported to better serve consumer demand looking for modern and unique products. The head office in Shanghai sets the policy on product procurement and distribution to each branch. Approximately 59 percent of the products available are distributed by SLS distribution center. In addition, a leading consulting company has been selected to provide advice on improving management efficiency.



ตลอด 20 ปี

ที่พวกเรามุ่งมั่นสร้างสรรค์สินค้าและบริการอันหลากหลาย
ที่พร้อมตอบสนองทุกความต้องการของผู้บริโภคตลอดเวลา
ด้วยความคาดหวังที่ว่าร้านค้าเซเว่นอีเลฟเว่น คือ
ร้านค้าในดวงใจของคนไทยทุกคน
เพื่อทุกวันที่ดีของทุกคน

For 20 years

*we have strived to deliver a vast variety of products and services
To cater to every demand of all consumers
With the goal of 7-Eleven becoming
the store in the hearts of all Thais
Life is better with all*



เพื่อนที่รู้ใจ... ใกล้ๆ คุณ

[← Contents →](#)

Life is better with all

Risk Factors



1. Risk from 7-Eleven Trademark Termination

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

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

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

The Company’s Risk Management

With 19 years of good business relationship, the Company has never had any critical conflict with 7-Eleven, Inc. Furthermore, the Company has followed the regulations as per the agreement since signed date. The Company believes that the relationship of itself and CPG with 7-Eleven, Inc. remains good and that its business operation under the “7-Eleven” trademark is of mutual interest. So far, the business relationship and assistance have been satisfactory. The chance that such relationship will turn sour is unlikely. At present, there is no reason to believe that there would be any event that may negatively affect the relationship of the Company and CPG with 7-Eleven, Inc.



2. Risk from Distribution Center Error or Problem

Most of the products in 7-Eleven outlets are delivered via the Company's distribution center. The distribution center plays a vital role in 7-Eleven's business. Damages to the distribution center due to natural disasters, communication system and information technology failure, or any force majeure will have an adverse impact on the supply of products to 7-Eleven outlets and may negatively affect the Company's operating performance.

The Company's Risk Management

The Company has prepared measures to protect against various risks and has formulated an appropriate back-up plan should there be any damages to the distribution center. Furthermore, the Company has already set up a new main distribution center in Bangkok and plan to establish additional sub-distribution centers in the provinces. The Company has also taken out insurance against damages which may be caused by such risks as deemed appropriate. However, there are still risks which various plans and insurance may not completely prevent and compensate. Besides, the Company still has to depend on manufacturers and suppliers to deliver their products to the

3. Risk from Information Technology Error or Problem

The Company has invested in various information technology systems such as the store management system and the distribution center management system. Information technology has played a major role in assisting the Company to achieve higher efficiency in dealing with inventory, purchasing, and data storage and analysis. Therefore, an error or problem in the information technology systems will affect the Company's ability to manage the 7-Eleven outlets on a normal basis and may negatively affect the Company's operating performance.

The Company's Risk Management

The Company realizes the importance of information technology at both the store and head office level and has established a prevention and back-up system that meets generally-accepted standards. The Company has set up its second computer center in the Chaengwattana area to diversify and reduce risks. However, the Company cannot fully guarantee that this will absolutely prevent any damages that may occur.



4. Risk from Overseas Investment

The Company's affiliate, Shanghai Lotus Supermarket Chain Store Co., Ltd. ("SLS"), operates a supercenter business in the People's Republic of China ("PRC"). There may be risks from changes in the political, legal or economic conditions in the PRC which may affect the revenues of this business.

Under the agreement made with the World Trade Organization ("WTO"), the PRC government revised laws and regulations to accommodate business expansion in the country. With regards to the retail business, since December 11, 2004, the PRC government has lifted the foreign ownership limit by allowing foreign investors to own more than 50 percent shareholding, compared to not over 49 percent in the past. This may result in an increase in the percentage of shareholding in SLS by the Company.

The Company's Risk Management

The Company has set a policy and system to monitor and control its overseas business as well as has sent management representatives to supervise operations in the PRC. In addition, regular meetings are held at least once every quarter to update and discuss operating performance and management strategies to ensure continued efficiency.



5. Risk from Controlling Influence of the Charoen Pokphand Group

The Charoen Pokphand Group has direct and indirect control over the Company. In the Consent Agreement with 7-Eleven, Inc., CPG agrees to maintain its minimum shareholding ratio as well as its power to appoint and control the majority of the Company's directors. As at December 28, 2007, companies in the Charoen Pokphand Group continue to hold an aggregate 43.65 percent stake. Therefore, the Charoen Pokphand Group will be able to appoint the majority of the directors and remain influential to the management and administration of the Company, including consideration of or support for matters that require approval from the Company's shareholders.

At present, there is no agreement between the Company and the Charoen Pokphand Group and its affiliates that will prohibit the Charoen Pokphand Group to expand businesses or invest in other retail operations. Therefore, there may be a risk that the Charoen Pokphand Group will not consider granting opportunities and resources that will be of best interest to the Company and its shareholders.

The Company's Risk Management

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

Shareholding Structure and **Management**



Securities of the Company

As at 31 December 2007, the Company's registered capital was at Baht 4,500,000,000, of which Baht 4,470,224,988 has been paid up. The paid-up capital comprises 4,470,224,988 ordinary shares with a par value of Baht 1 per share. The remaining 29,774,512 ordinary shares with a par value of Baht 1 per share have been reserved to support the exercise of rights to purchase ordinary shares pursuant to the warrants under the Employee Stock Option Plan (ESOP).

Shareholders

Major Shareholders	As at December 28, 2007	
	No. of shares	%
1. C.P. Merchandising Co.,Ltd.*	1,007,682,100	22.54
2. Charoen Pokphand Group Co., Ltd.*	845,582,900	18.92
3. American International Assurance Company, Limited-Di-Life	400,000,000	8.95
4. Thai NVDR Company Limited	283,834,014	6.35
5. State Street Bank and Trust Company	200,356,771	4.48
6. Government of Singapore Investment Corporation	188,558,285	4.22
7. Albouys Nominees Limited	182,476,400	4.08
8. Goldman Sachs	137,941,400	3.09
9. HSBC (Singapore) Nominee PTE Ltd.	101,043,000	2.26
10. Bangkok Produce Merchandising Plc.*	98,005,200	2.19
11. Others	1,024,744,918	22.92
Total	4,470,224,988	100.00

* Denotes companies in the Charoen Pokphand Group which hold a combined shareholding of 43.65 percent of the total paid-up capital

Shareholding Structure and Management



Dividend Policy

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

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

Management Structure

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

(a) Board of Directors

Consisting of: Non - Executive Directors 10 persons (Independent Directors 3 persons) Executive Directors 3 persons

The name of the Board of Directors:

- | | |
|----------------------------------|-----------------------------|
| 1. Prof. Dr. Komain Bhatrabhirom | <i>Independent Director</i> |
| 2. Mr. Pridi Boonyoung | <i>Independent Director</i> |
| 3. Mr. Padoong Techasarintr | <i>Independent Director</i> |
| 4. Mr. Dhanin Chearavanont | <i>Chairman</i> |
| 5. Mr. Korsak Chairasmisak* | <i>Vice Chairman</i> |
| 6. Mr. Soopakij Chearavanont** | <i>Director</i> |

- | | |
|-----------------------------------|-----------------|
| 7. Mr. John Sian-Zu Lin** | <i>Director</i> |
| (Resigned on November 1, 2007) | |
| 8. Mr. Adirek Sripratak** | <i>Director</i> |
| 9. Mr. Umroong Sanphasitvong** | <i>Director</i> |
| 10. Mr. Narong Chearavanont** | <i>Director</i> |
| 11. Mr. Prasert Jarupanich** | <i>Director</i> |
| 12. Mr. Pittaya Jearavisitkul* | <i>Director</i> |
| 13. Mr. Piyawat Titasattavorakul* | <i>Director</i> |

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

The Company's qualifications of an independent director are similar to that of the Securities and Exchange Commission and the Stock Exchange of Thailand, but more stringent with regards to holdings of the Company's shares as follows:

1. Not an employee nor an advisor on retainer or receiving any benefit from the Company, an affiliated company, a subsidiary or an associated company
2. Hold no more than 0.5 percent of the paid-up capital of the Company, an affiliated company, a subsidiary or an associated company, including shares held by a spouse or minor children
3. Able to look after the interests of all shareholders equitably
4. Able to prevent conflicts of interests between the Company and management, major shareholders or other related companies with the same management or major shareholders
5. Able to attend the Board of Directors' Meetings regularly and make decisions on the Company's major activities

Shareholding Structure and Management



Scope of Authority and Duties of the Board of Directors

The Board of Directors is responsible for carrying out the Company's business in compliance with the laws, the objectives, the Articles of Association of the Company, and the resolutions of shareholders' meetings. The Board of Directors may appoint one or more directors or other persons to carry out any act on behalf of the Board.

Appointment and Removal of Members of the Board

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

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

(b) Audit Committee

The Audit Committee is appointed by the Board of Directors and consists of 3 independent directors as follows:

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

Note : Mr. Kidsada Euapiyachart is the Secretary of the Audit Committee.

Roles and Responsibilities of the Audit Committee

The Audit Committee has the following major roles and responsibilities:

1. Reviewing that the Company has financial reports that are correct and provide sufficient disclosure
2. Reviewing that the Company has appropriate and effective internal control and internal audit systems
3. Reviewing that the Company has complied with the laws on securities exchange, regulations of the Stock Exchange of Thailand, and other laws related to the Company's business
4. Considering, selecting and proposing the appointment and remuneration of the Company's auditor
5. Considering the correct and complete disclosure of corporate data in case there is any related transaction or item that may lead to possible conflicts of interests
6. Preparing the Audit Committee's Report to be published in the Company's annual report
7. Performing other duties as appointed by the Board of Directors

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

(c) Chief Executive Officer

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

Shareholding Structure and Management



- (1) The sale or transfer of all or partial portions of the Company's business to other persons
- (2) The purchase or takeover or transfer of business from other companies or private companies
- (3) The execution, amendment and termination of agreements concerning the leasing out of all or substantial parts of the Company's business, the delegation of authority to other persons to manage the business of the Company or consolidation with other persons for the purpose of sharing of profit and loss
- (4) The amendment of the Memorandum or Articles of Association of the Company
- (5) The increment or decrement of capital, the issuance of debentures, the consolidation or dissolution of the Company
- (6) The approval of balance sheets or income statement
- (7) The appropriation of profits and payment of dividends
- (8) The borrowing of money or the guaranteeing of loans or creation of obligations to the Company with financial institutions or other companies in the amount exceeding Baht 200 million per time in a year
- (9) The lending of money to other companies in the amount exceeding Baht 200 million per time in a year
- (10) The investment, joint-venture, increment of capital in subsidiaries, affiliates or other companies in the amount exceeding Baht 200 million per time in a year
- (11) The expenses for investment in large projects or the acquisition of assets of the Company where the cost of such a project or the value of assets exceeds Baht 200 million per time in a year
- (12) The sale or disposal of fixed assets of the Company at a sale and disposal price exceeding Baht 200 million per time in a year
- (13) The operation plan and annual budget of the Company

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

Appointment and Removal of the Chief Executive Officer

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

(d) Executive Committee

As at 31 December 2007, the Company's Executive Committee consists of the following persons:

1. Mr. Korsak Chairasmisak
Chief Executive Officer
2. Mr. Pittaya Jearavisitkul
Deputy Chief Executive Officer
3. Mr. Piyawat Titasattavorakul
Managing Director
4. Mr. Suraphan Pussadej
Assistant Chief Executive Officer, Human Resource
5. Mr. Tanin Bhuranamanit
Executive Vice President, Operation and Marketing
6. Mr. Taweesak Kaewrathtanapattama
Senior Vice President, Accounting and Finance



7. Mr. Chuan Nimkittikul
Senior Vice President, Purchasing and Distribution
8. Mr. Suwit Kingkaew
Senior Vice President, General Management
9. Mr. Kosa Pongsupath
Vice President, Information Technology

Selection of Directors and Executives

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

Furthermore, the directors and executives must have required qualifications and must not have characteristics which are prohibited under the Public Limited Company Act and the Notification of the Securities and Exchange Commission as follows:

1. Has been subject to the court's receiving order or declared by any court as an insolvent person
2. Was convicted by a local or international government organization for serious offence
3. Has been denounced or has been tried in any criminal proceedings instituted by authorities in the offences of unfair trading practices in securities or derivatives, or fraudulent or dishonest management
4. Has or used to have any behavior that shows lack of fiduciary duties

Remuneration for Directors and Executives

(a) Cash Remuneration

2007	Type of Remuneration	Total (Million Baht)
Directors		
Chairman of the Audit Committee	Remuneration for Directors	1.20
Independent Director		
Audit Committee and Independent Director (2 persons)	Remuneration for Directors	1.92
Chairman	Remuneration for Directors	1.20
Vice Chairman	Remuneration for Directors	0.96
Executive Directors (2 persons)	Remuneration for Directors	0.96
Non-executive Directors (6 persons)	Remuneration for Directors	2.88
Total 13 directors		9.12
Executives Directors and Executive Officers (9 persons)	Salary and bonus	103.30
Total remuneration for Directors and Executives		112.42

(b) Other Remuneration

In 2007, the directors and executives of the Company and its subsidiaries exercised rights to purchase the Company's ordinary shares pursuant to the warrants under the Employee Stock Option Plan (ESOP) Program for 2 times. The first exercise was on 15 March 2007. A total of 10,427,803 units were exercised at a price of Baht 4.149, worth a total of Baht 43.26 million. The second exercise was on 15 September 2007. A total of

Shareholding Structure and Management



12,834,535 units were exercised at a price of Baht 4.113, worth a total of Baht 52.79 million.

Under the ESOP Program, the warrants have a maturity of 5 years with the last exercise date on 15 September 2008. The exercise price is equal to the initial public offering (IPO) price and the price after the rights are adjusted according to the conditions of the distribution of stock dividends and changes in the par value of the ordinary shares and dividend payout of more than 65% of net profit

Auditor's Remuneration

(a) Audit Fee

In the fiscal year ended 2007, the Company paid the audit fees to the Company's auditor, Mr.Charoen Phosamritlert Certified Public Accountant Registration No. 4068 of KPMG Phoomchai Audit Ltd., in the amount of Baht 3.80 million. Moreover, KPMG Phoomchai Audit Ltd. audited the Company's subsidiary in Thailand of 11 companies and the aboard subsidiary of 1 company in the amount of Baht 4.30 million.

The remaining foreign subsidiary of 7 companies paid the audit fees to KPMG Huazhen Shanghai Co., Ltd. in the amount of Baht 9.67 million.

(b) Non-audit Service Fee

- None

Personnel

2007	Convenience Store Business	Supercenter Business
Store employees (persons)	19,194	4,436
Head office staff (persons)	5,660	1,347
Total (persons)	24,854	5,783
Total Remunerations (Million Baht)	5,762	2,402

Internal Control

The Company realizes the importance of risk management and effective internal control systems which will ensure the Company's management system is correct, transparent and verifiable and can reduce or prevent possible damages. The Company has continuously developed its internal control system to be effective and efficient. In addition, the Company has an Internal Audit Department which is independent from management in auditing and reviewing work systems and evaluating the effectiveness of the performance various departments. The Internal Audit Department ensures that all employees have performed their duties in compliance with the Company's internal control system and reports to the Audit Committee and the Board of Directors for their consideration and revision. In 2007, there were no material deficiencies that affected the performance of the Company and its subsidiaries.

The Company gives importance to risk management and has established the Risk Management Committee and Risk Management Working Group to analyze possible risks that may affect the Company's business operations; find measures to eliminate, prevent and control risks; evaluate the effectiveness of risk management; closely monitor changing situations and risk factors; and report to the Audit Committee and the Board of Directors twice a year. Furthermore, a Treatment Plan has been designed to reduce risks to acceptable levels.



เพื่อความยั่งยืนขององค์กร

ซีพี ออลล์ มุ่งมั่นพัฒนาบุคลากรภายในให้มีคุณภาพ
ตอบสนองทุกความต้องการของลูกค้าที่เปลี่ยนแปลงตลอดเวลา
ด้วยการส่งเสริมให้เกิดการแลกเปลี่ยนเรียนรู้ อันจะเป็นการยกระดับให้องค์กรเติบโตอย่างยั่งยืน
ภายใต้การทำงานอย่างมีความสุข ดังปรัชญาองค์กรที่ว่า
“เราปรารถนารอยยิ้มจากลูกค้า ด้วยทีมงานที่มีความสุข”
เพื่อทุกคนที่ดียิ่งขึ้น

For sustainable development,

*CP All strives to develop high caliber employees
To satisfy the ever-changing demands of customers
By promoting knowledge sharing to ensure sustainable organizational growth
Working happily like the corporate philosophy
“Through happy employees, we desire to see smiles from our customers”
Life is better with all*



เพื่อนที่รู้ใจ... ใกล้ๆ คุณ

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Life is better with all

Compliance with Good Corporate Governance Principles

CP ALL Public Company Limited is committed to operating its business according to the principles of good corporate governance which is the key to the achievement of the Company's ultimate objective, that is, maximizing shareholders' value. Good corporate governance will improve the Company's performance, enabling it to achieve sustainable growth as well as promote the management team's transparency and efficiency. In addition, the Company recognizes the importance of responsibility to society for the greatest benefit of all stakeholders and the overall society. The Company has continuously received high evaluation and ranking from corporate governance bodies since it became a public company limited and listed its shares on the Stock Exchange of Thailand at the end of 2003.

The Board of Directors clearly advocates continuous development of the Company's corporate governance, utilizing recommendations from organizations that have evaluated the Company and internationally accepted corporate governance principles, such as the OECD Principles of Corporate Governance, as guidelines for improvement. With the aim to be a modern, world-class company with standards accepted by both the private and government sectors in Thailand and abroad, the Company has pursued the following corporate governance practices in 2007:

1. Shareholders' Rights

The Board of Directors respects the rights of all shareholders and will not violate or curtail shareholders' rights, including

- The right to receive and inspect information from the Company that is correct, complete and sufficient, timely and appropriate for decision-making. In addition, the Board has not prevented access to this information.
- The right to express opinions, provide suggestions and propose various matters to the Board for their

consideration for the management of the Company resulting in the highest benefits.

- The right to ask questions during the shareholders' meetings and to send in questions ahead of the meetings.
- The right to express opinions, provide suggestions and vote at the shareholders' meeting in the case of any change in the Company's important policies.
- The right to elect and remove any member of the Board and consider the directors' remuneration.
- The right to consider and approve dividend payment.
- The right to appoint the Company's external auditor and determine their compensation.

Besides the basic rights of shareholders as stipulated by the law, the Company ensures that the shareholders can use their rights as follows:

1. Shareholders' Meetings

The Company sends the invitation to the shareholders' meeting and accompanying documents to the shareholders at least 14 days prior to the meeting. Furthermore this information is posted on the Company's website before being sent out to shareholders. Each agenda item clearly states whether the agenda item is for acknowledgment or approval, the facts and reasons, the Board's opinion, the number of votes needed for the resolution, and the voting rules and procedures according to the Company's regulations. The Company also provides a map of the meeting venue and all types of proxy forms according to the regulations of the Ministry of Commerce. To protect the rights of shareholders to participate in the shareholders' meeting, the invitation letter clearly states the required documents that the shareholders need to bring to the meeting. The Company also encourages the shareholders to attend the meeting and use their voting rights.

Compliance with **Good Corporate Governance Principles**



To facilitate shareholders' attendance, an easily accessible venue that can sufficiently accommodate shareholders is arranged. Registration is open 2 hours before the meeting time and barcodes are used during registration to provide convenience for shareholders. Furthermore, an appropriate reception is organized for shareholders who attend the meeting.

Before the meeting commences, the Secretary of the Meeting informs the shareholders of the Company's voting procedures. A shareholder of the Company's ordinary shares has one vote for each share of which he/she is the holder. As for the right to receive dividend payment, the Company has a clearly stated dividend policy and provides all details of the dividends that the Company must pay to its shareholders. The Company's shareholding structure is straightforward, as there is no sophisticated cross-holding. The directors hold shares in an aggregate amount of 0.31% of paid-up capital, which accounts for a non-material proportion.

In addition, the Board may call an extraordinary meeting anytime. Likewise, the shareholders may petition the Board to call a shareholders' meeting anytime, according to the Company's regulations. In this case, the Board must organize a shareholders' meeting within one month after receipt of the petition from shareholders.

The Chief Executive Officer, Deputy Chief Executive Officer and Managing Director give high importance to the shareholders' meetings and were present in all the meetings. Members of the Executive Committee were invited to the meetings to provide information and answer shareholders' questions. Moreover, the Company invited representatives from outside organizations such as the Stock Exchange of Thailand and its external auditor to observe the meeting proceedings.

The Chairman of the Meeting allocated sufficient time for shareholders to express their opinions and raise questions in each

agenda item. In addition, the questions and answers were carefully recorded to enable shareholders who were unable to attend to be informed of the issues discussed during the meeting.

The Company received a rating of "Excellent" from the Annual General Shareholders' Meeting (AGM) Assessment 2007 organized by the Securities and Exchange Commission. The Company received a score of 97.50 out of the grand total of 110 points, while the mean score was 74.00. This assessment is considered a part of good corporate governance.

2. Examination of Company Information

The Company has an Investor Relations Department which is responsible for disclosing important information to investors and preparing the quarterly Investor Information Release as well as financial and operating results in the form of powerpoint presentations to explain the Company's status and operating performance. Investors may download this information from the Company's website www.cpall.co.th/corp/investorzone_main.php.

2. Equitable Treatment for Shareholders

The Company is committed to providing equitable treatment to every shareholder, without segregating whether the shareholder is an executive or non-executive, foreigner or Thai, or a minority shareholder.

The Company facilitates minority shareholders to propose agenda items in advance by providing this information on its website and informing investors through the channels of the Stock Exchange of Thailand. There are clear and reasonable regulations in adding proposed agenda items to the meeting agenda. In addition, the Board has a policy not to add uninformed agenda items to the meeting agenda unless necessary so that investors can sufficiently study information before decision-making.

Compliance with **Good Corporate Governance Principles**



In case a shareholder is unable to attend the shareholders' meeting in person, he/she may appoint someone as his/her proxy to attend the meeting and vote on his/her behalf or authorize one of the Company's directors or independent directors as his/her proxy to attend the meeting and vote on his/her behalf. The Company sends all 3 types of proxy forms by the Department of Business Development, Ministry of Commerce to shareholders.

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

In the appointment of directors, the Company provides opportunities for shareholders to use their right to select individual directors. The invitation to the shareholders' meeting will include details of each director's background, the percentage of their shareholding in the Company's shares, and the record of their attendance at the Board of Directors' Meetings.

Furthermore, the Company has established procedures to prevent directors and management from using inside information to seek benefits for themselves or persons related to them, which is considered as unfair to other shareholders. Directors and management shall not engage in trading of the Company's shares 1 month prior to the release of financial statements to the public. In addition, directors and management must report any purchase, sale or transfer of the Company's shares to the Securities and Exchange Commission (SEC) within 3 working days so that the SEC can disseminate this information to the general public through the SEC website.

3. **Role of Stakeholders**

The Board places importance on the rights of all stakeholders in order to foster continued good relationships in the operation of its business. Therefore, the Company has the following policy on the treatment of stakeholders:

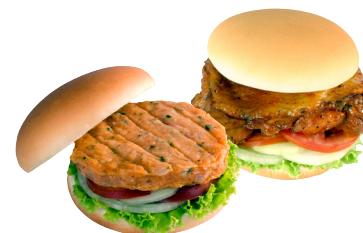
Customers : The Company provides several channels for customers to search for information, make business appointments and send complaints via store branches, post, the Company's website and Call Center. Moreover, the Company is determined to create satisfaction and confidence in receiving high quality services at appropriate prices for customers.

Employees : The Company's employees are a valuable resource and key to the Company's operations. Therefore, the Company provides continuous training for employees at all levels as well as numerous employee rights such as the right to take leave and transfer. Channels for communication between employees and high level management have been established to allow management to understand and directly listen to various problems and suggestions from employees. This in turn creates employee confidence in and loyalty to the Company.

In the area of employee welfare, the Company focuses on the quality of working conditions and treats all employees equitably. An employee satisfaction survey is regularly conducted by research experts. Based on the survey, benefits have been set to meet the diversified demands of employees such as loans for in-patient hospital admission, housing loans, health insurance for employees and their family, and the Employee Stock Option Plan.

Business Partners : The Company is dedicated to operating its business with integrity, transparency and fairness to its business partners. The Company values equality and common interests shared with its business partners, without decisions being made based on personal relationships.

Compliance with **Good Corporate Governance Principles**



Competitors : The Company considers business competitors as one of the factors which stimulate development of products and services in creating the highest satisfaction for consumers. The Company is committed to operating its business with integrity and will not take advantage of its competitors through unlawful means.

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

Government Sector : The Board has managed the Company's business in compliance with the laws, rules and regulations.

Society and Environment : The Company recognizes its responsibility to society, communities, and the environment. One of the Company's main missions is to create social projects and activities that are beneficial to ensure shareholders that the Company operates its business with concern for society, communities and the environment in achieving sustainable development.

The Company also has various channels for all types of stakeholder groups to provide feedback through its internal audit department which reviews the information according to the Company's procedures and reports the results to the Audit Committee and the Board.

4. Information Disclosure and Transparency

1. The Company disseminates financial and non-financial information in compliance with related laws in a correct, complete, timely and transparent manner via the Stock Exchange of Thailand and the Company's website. This information is regularly updated.

2. The Company has disclosed its Policy on Corporate Governance which has been approved by the Board on its website so that shareholders and interested persons may have access any time.

3. The Company provides the Board of Directors' Statement of Responsibility for Financial Reports and the Audit Report of Certified Public Accountant in its annual report.

4. The Company has disclosed the remuneration for directors and executives in the annual report under the "Management" section. This remuneration is the same rate that has been used for many years and is an appropriate rate for the role and responsibilities of the each of Company's directors. The remuneration is comparable to that of other companies in the same industry.

5. The Company has disclosed each director's attendance at the Board of Directors' Meeting in 2007 in the annual report and Form 56-1.

5. Responsibilities of the Board of Directors

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

Furthermore, in order to increase the directors' working effectiveness and efficiency, the Company has a policy to support directors' participation in courses offered by the Thai Institute of Directors Association (IOD) and other institutions. These courses enhance the directors' knowledge in various areas, which will be beneficial in carrying out their duties as a director. The Secretariat of the Company liaises with the directors for their consideration in participating in courses and seminars throughout the year.

Compliance with **Good Corporate Governance Principles**



The Board of Directors has appointed the Audit Committee to assist with overseeing that the Company's business is conducted in a transparent manner. The Audit Committee is comprised of 3 independent directors and has independence in performing its duties. The Audit Committee consults with the Company's auditor for its opinion on the Company's financial reports and internal control and reports the results and suggestions to the Board of Directors' Meeting every quarter as per the details in the Audit Committee's Report. The Company has immediately used the suggestions provided by the Audit Committee and the Company's auditor for improvement and will report on the improvement results at the next Board of Directors' Meeting.

1. Structure of the Board of Directors

- 1.1. The Company's Board of Directors consists of
 - a. Three (3) Independent Directors
 - b. Three (3) Executive Directors
 - c. Six (6) Non-Executive Directors

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

1.3. The Company has determined the qualifications of "Independent Directors" in detail, which is more stringent than the minimum requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand. This information is disclosed in the annual report under the "Management" section.

1.4. The Chairman of the Board of Directors is not the same person as the Chief Executive Officer and is a Non-Executive Director with authority according to the law. The authority of the Chief Executive Officer has been clearly determined by the Board of Directors.

1.5. The Corporate Secretary Office is responsible for providing legal advice to the Board and informing them of various

regulations. It is also responsible for overseeing the activities of the Board and coordinating with other departments to ensure that the resolution of the Board is strictly followed.

2. Committees

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

3. Roles and Responsibilities of the Board of Directors

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

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

3.3 The Company has published the Codes of Business Ethics as guidelines for directors, management and employees to perform their appointed duties with high standards and quality and in good faith, upholding employee reputation and pride and leading to an organization with good corporate governance. Shareholders, investors and interested persons may find the Code of Business Ethics on the Company's website.

Compliance with **Good Corporate Governance Principles**



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

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

3.6 The Company has a risk management system that covers the entire organization. The Risk Management Committee and Risk Management Working Group analyze possible risks that may affect the Company's business operations; find measures to eliminate, prevent and control risks; evaluate the effectiveness of risk management; and closely monitor changing situations and risk factors. Moreover, Crisis Management has been set up to create preparedness in case of emergencies.

4. Board of Directors' Meetings

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

4.2 In 2007, a total of five Board of Directors' Meetings were held which was appropriate for the duties and

responsibilities of the Board and the management of the Company in the previous year.

4.3 The meeting invitation, agenda and relevant documents were sent to the directors at least 7 days prior to the meeting date to allow sufficient time for the directors to study the information before decision-making.

4.4 In every meeting, the management were asked questions and careful judgment was encouraged. The Chairman also provided sufficient time for directors to discuss problems and possible solutions. Management related to the presented agenda item were invited to the meeting to provide additional details and answer questions. The minutes of the meeting were prepared, approved by the Board and filed at the Corporate Secretary Office for future reference and verification by directors and related persons.

5. Remuneration

5.1 Remuneration for Directors

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

5.2 Remuneration for Executives

The Company has a policy to set remuneration that is comparable to other companies in the same industry and appealing enough to attract and retain quality executives. Remuneration is determined by duties and responsibilities, individual performance as well as the Company's performance and is adjusted accordingly.

Compliance with **Good Corporate Governance Principles**



6. Development of Directors and Executives

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

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

6.3 The Company has a work development and succession plan and has created a learning organization to ensure that the business continues to operate smoothly.

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

1. Prevention of Conflicts of Interest

The Board considers prevention of conflicts of interest as an important duty. Directors, management, employees, their families and those under the same roof shall not engage in transactions that have conflicts of interest with the Company, whether directly or indirectly and whether conducted by themselves, with members of their family or close persons, in order to prevent possible inappropriateness. The Board has stipulated the disclosure of the relationship of family members and other persons that may cause conflicts of interest. In case there is a necessity to engage in the related transaction, the transaction must be conducted with transparency and fairness like conducting transactions with outside parties and for

the Company's best interests. In the approval of related transactions, directors or management with vested interests shall be excluded from attending the meeting and voting.

In 2007, the Board of Directors approved 5 connected transaction regarding acquiring and disposing assets between the Company ("the Company" or "CPALL") or its subsidiary with related parties as followed:

1. On February 27, 2007, the Company approved the connected transaction between C.P. Retailing and Marketing Co., Ltd., a subsidiary operating the business of manufacturing and sale of frozen foods and bakery, and K.S.P. Equipment Co., Ltd., a contractor, regarding construction project which is putting in the pile as a fence foundation and construction on 30 rai of land in the area of frozen food factory located at ladlumkaew, Patumthani. The transaction value is approximately Baht 6.44 million.

2. On May 14, 2007, the Company approved the entering into the connected transaction and the disposition of the Supercenter business aboard of the Company and its subsidiary by CPALL and Lotus Distribution Investment Limited (LDI), a subsidiary of CPALL, disposing of total interests in Shanghai Lotus Supermarket Chain Store Co., Ltd. (SLS) collectively referred to as "the SLS Interests", consisting of equity interests (1% held directly by CPALL and 54% held indirectly through LDI) and loan interest in SLS, held through Yangtze Supermarket Investment Co., Ltd. (YSI) (YSI operates as a holding company) to Chia Tai Enterprises International limited (CTEI). The disposition of SLS interests will be conducted through a combination of transactions as follows:

2.1 The reorganization of SLS by disposing of its 22 non-performing stores from SLS to C.P. Holding (BVI) Investment Company Limited (CPH) and

Compliance with **Good Corporate Governance Principles**

2.2 The sale of the SLS interests to CTEI. In consideration to CPALL and LDI in relation to the sale of SLS Interests under this item 2.1 and 2.2, CTEI will issue the convertible bond to CPALL and LDI in the amount of HKD 891.2 million (approximately Baht 3,918.0 million).

The fulfillment of the transaction under this item 2.1 and 2.2 will be subject to several condition precedents. The following condition precedent that should be noted are the approval of the independent shareholder meeting of CTEI to approve the purchase of the SLS Interests from CPALL and LDI, and obtaining any and all other approvals, consents and waivers required by any applicable law or rules or regulations, or by governmental, administrative or regulatory bodies, necessary or otherwise appropriate for the parties to consummate the transactions contemplated by the relevant agreement. In addition, it is agreed that contemporaneously with the completion of transaction under this item 2.1 and 2.2, CPALL agrees to subscribe for, or procure the subscription of, convertible bonds to be issued by CTEI as per details described in item 2.3 below.

2.3 Approved CPALL or the person designate by the Company to subscribe for the convertible bonds to be issued by CTEI in the amount of HKD 156.4 million (approximately Baht 687.6 million).

3. On October 9, 2007, the Company approved the transaction regarding the receipt of financial assistance of Shanghai Lotus Supermarket Chain Store Co., Ltd., the Company's subsidiary, from Shanghai Taintai Leasing Co., Ltd., Shanghai Zunrong Yingyi Real Estate Management Co., Ltd. and Chia Tai Land Co., Ltd. The transaction size is the interest amount of Baht 73.64 million per annum.

4. On November 14, 2007, the Company approved the transaction between C.P. Retailing and Marketing Co., Ltd. and K.S.P. Equipment Co., Ltd., which are related parties, regarding construction project which is constructing an education building and an employee dormitory in the food factory located at ladlumkaew, Patumthani. The transaction value is approximately Baht 89.45 million.

5. On November 14, 2007, the Company approved the connected transaction regarding compensation charge from the receipt of financial assistance of Shanghai Lotus Supermarket Chain Store Co., Ltd. from Chia Tai International Finance Co., Ltd. and from Charoen Pokphand Group Company Limited, which are related parties, Transaction size is the guarantee fee amounting of approximately Baht 18 million per annum.

The Board of Directors considered all transactions above without the participation of directors with a stake in the matter under consideration and carefully approved that every transaction was transparent, reasonable and for the Company's best interest. After the meetings, the Company prepared the minutes and immediately disclosed the Board's resolutions to the Stock Exchange of Thailand.

2. Control of Internal Information Use

The Company is highly concerned about the use of the Company's inside information for personal interests. The Company has emphasized to directors and management not to engage in the trading of the Company's shares 1 month prior to the release of financial statements to the public.

3. Internal Control and Internal Audit Systems

The Company values the importance good internal control which will ensure that the Company's management system is correct, transparent and verifiable and can reduce or prevent possible damages. The Company has continuously developed its internal control system to be effective as well as efficient.

The Company's Internal Audit Department is independent from management in auditing and reviewing work systems and evaluating the effectiveness of the performance various departments. The Internal Audit Department ensures that all employees have performed their duties in compliance with the Company's internal control system and reports to the Audit Committee and the Board of Directors for their consideration and revision. In 2007, there were no material deficiencies that affected the performance of the Company and its subsidiaries.



Rapid changes due to globalization and modern technology forcing the world into the digital age have affected the state of the economy, society and environment, resulting in fiercer competition. In addition, customers' expectations and behaviors are changing faster than the business sector's ability to respond. Fully aware of these changes, the Company is determined to satisfy customers' demands, develop its personnel to be abreast of the market and customers' changes, and be able to adapt itself and meet customers' demands faster and better than its competitors.

The Company foresees the importance of these changes and has utilized continuous research and development to determine customers' needs and wants as well as differentiate its products and services. This will lead to improvement of the Company's internal business processes, enabling it to keep pace with customers' changes, maintain its customer base, acquire new customers and create opportunities for business expansion. Ultimately, the Company will be able to effectively fulfill the expectations of all its stakeholders.

In the previous year, the Company has improved its research and development projects in order to develop both existing and new internal business processes.

Research and **Development**

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

○ Customer & Market Intelligence Project

Due to competitive environment, growth of stores and new business expansion, the Company needs information for learning about and understanding customers' needs and wants, forecasting future demand, analyzing market and sales opportunities, and making business decisions. Therefore, the Company must engage in research and development to improve its information system and management of its customer and market database, including acquisition of in-depth data in various perspectives and development of analytical tools, in order to meet customer and market demand. This will lead to constant learning and improvement of processes that create customer satisfaction in order to continuously and successfully fulfill customers' expectations and create value added for customers today and in the future.

Furthermore, the Company has continuously reviewed and developed channels to listen to and learn about customers' expectations with emphasis on channels in which customers can communicate with the Company conveniently, easily and any time. At the same time, the Company has developed channels in which it can more effectively learn about customers' demands.

○ Customer Relationship Study and Customer & Employee Engagement Projects

The Customer Relationship Study Project is one of the channels which provide information about customers' opinions and demands. It is a research project that the Company gives priority to and commissions annually. An external research company is employed to conduct customer satisfaction surveys in various areas, including customer loyalty, in order to analyze the Company's strengths, weaknesses and opportunities for product and service improvement to meet customer demands to the utmost and to

Research and Development



establish strategies to maintain present customers and acquire new customers in the future.

To better the quality of customer surveys in terms of detail and depth, the Company is testing the Customer & Employee Engagement Project which will measure the results and study customer and employee data in depth. This will enable the design of a process to build customer – store relationships and employee – organization relationships to provide value for customers, leading to long-lasting commitment. The Company has hired an external consultant with expertise in this area to help advise on the project.

B. Development and Assortment of Products and Services

- The Company places high importance on store assortment and has developed processes to facilitate implementation of the concept among its employees. It has laid a foundation and trained its employees to observe and use information from various sources to systematically analyze in order to select, remove and place products according to their target customer group. This will enable the store to differentiate itself as well as create sales opportunities.

From continuous store expansion to reach the maximum number of customers and different target groups, the Company realizes the necessity of studying customers' lifestyles according to demographics, purchasing behavior, occupation, income, and views. This includes finding out customers' needs and wants through their behavior and details above in order to segment customers and develop and assort products and services to effectively cater to their demands.

- Product innovation is one of the processes in attracting new customers and stimulating existing customers to repeat purchases. The Company has set up Team Merchandising to search for, select and develop quality products that are different from those of

competitors. Meeting customers' demands is set as the goal when developing new products with manufacturers or creating innovations. The Company shares and learns from best practices of 7-Eleven stores worldwide and its business alliances, in order to deliver differentiated, high quality products and services.

The Chilled Food Project is a good example of the Company's determination to develop products and services to meet the demands of modern day Thai consumers who do not have time to cook and require convenience and fresh, clean and delicious food. The project also follows the Company's strategic policy to enter the food business. However, since the Company does not have experience in developing chilled foods, it has learnt know how and best practices from international experts and adapted this knowledge to meet the demands of Thai consumers. The Company focuses on freshness and popular dishes. At present, the Company is still learning about and developing chilled foods. The chilled food project has been introduced in some stores and the interest and response from customers has been satisfactory.

- The Data Sharing & Joint Working Project is another project for studying, learning and developing by using information related to customers' changing demands, purchasing behavior and use of necessity items which is exchanged with suppliers. This information is analyzed to find market opportunities and develop plans to work together in creating new products and services, using the FBO (First Best Only) concept to differentiate itself from competitors and build customer loyalty. The project also follows up on the results jointly with suppliers and evaluates the results compared to the established plan and targets, resulting in a learning process and continuous improvement.

- In terms of business innovation, the Company has developed its business and services, including new store models with a wider variety of products and services to provide greater

Research and Development



choice for consumers. Examples are the Third Room Project which combines 7-Eleven and Book Smile, Bakery Yuri Project, and Pharmacy Project.

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

C. Organizational and Human Resource Development

- 7-Eleven has continuously placed importance on human resource development as it is the key to sustainable business growth. The Company therefore promotes education and training to develop high quality staff to support its store expansion and enable it to compete successfully amid intense competition. Human resource development is provided through the bilateral education system, or learning from both coursework and real-life experience, which was developed in cooperation with the Office of the Vocational Education Commission. The bilateral education system, which has been in practice for 19 years, eventually led to the establishment of Panyapiwat Techno Business School in March 2005 to provide vocational education. To provide greater accessibility to students in different communities, the school established 20 training centers

in 2007. Moreover, to expand the level of education, in March 2007, Panyapiwat Institute of Technology was established to provide Bachelor's and Master's degree programs.

- To create motivation, search for opportunities for business development, and improve human resource management, the Company has conducted employee satisfaction surveys annually. The survey provides opportunities for employees at all levels from the head office, operations and distribution to express their opinions and rate their satisfaction and important factors in work motivation. This information is very important in the planning and development of the Company's human resource management. Furthermore, the Company is in the process of testing the Customer & Employee Engagement Project which will measure and evaluate customer and employee data in depth. An external consultant provides advice on the design of the process to build employee-organization relationships so that employees have happiness in their work.

- The Company has established a project to promote innovation to strengthen its business as it realizes that innovation is the heart of the development of new businesses, products and services which will create competitive advantages. The Company also aims to be a learning organization and encourages its employees to constantly learn as well as transfer and share their knowledge, working experiences and best practices with other employees, experts and advisors to promote innovation within the organization. Moreover, the Company encourages employees at all levels to utilize the TQM (Total Quality Management) Concept and PDCA (Plan-Do-Check-Action) in order to improve work processes.

Future *Projects*



1. Expansion and Renovation of 7-Eleven Stores

In 2008, the Company plans to open another 400-450 stores to cover densely-populated areas in Bangkok and the provinces, both as stand-alone stores and stores in PTT gas stations, depending on location and competition. At present, initial investment of new stores requires approximately Baht 3.0 million per outlet. The Company has a policy to invest only in store equipment and to lease the property from external parties. The lease averages 3 years and can be extended as per agreed condition. The Company expects 25 percent gross margin of sales value at store level (depending on product mix and competition). The breakeven point for each store is expected at around 3-4 years. The expected total investment for new store expansion is Baht 1,200-1,400 million which the Company look forward to be able to augment sales and profit in the future.

In addition, the Company plans to renovate 400-450 stores which have been opened for 6 years. The renovation and equipment replacement will enable the Company to maintain its sales volume and customer base. Approximately Baht 1.4 million is required for each store renovation. The expected renovation cost in 2008 is approximately Baht 600 million.

2. Disposition of the Supercenter business abroad of the Company and its subsidiaries

The Company was approved from the Extraordinary General Meeting of Shareholders held on June 27, 2007 for the entering into the connected transaction regarding disposition of the Supercenter business abroad of the Company and its subsidiaries. The approval involved the Company and Lotus Distribution Investment Limited (LDI), a subsidiary of the Company, disposing of their total interests in Shanghai Lotus Supercenter Chain Store Co., Ltd. (SLS) collectively referred to as “the SLS interests,” consisting of (1) equity interests (1% held directly by the Company and 54 % held indirectly through LDI) and (2) loan interests in SLS, the Company and LDI invested through Yangtze Supermarket investment Co., Ltd. (YSI), which operates as a holding company, to Chia Tai Enterprises International Limited (CTEI). The disposition of SLS interests will be conducted through a combination of transactions as follows:

2.1 The reorganization of SLS by disposing of its 22 non-performing stores from SLS to C.P. Holding (BVI) Investment Company Limited (CPH) and



2.2 The sale of the SLS interests to CTEI

In consideration to the Company and LDI relating to the sale of SLS interests under 6.2.1 and 6.2.2, CTEI will issue the convertible bonds that can be converted to the CTEI shares to the Company and LDI in the amount of HKD 891.2 million (approximately Baht 3,918.0 million).

The Summary of CB Terms and Conditions

Principal Amount HKD 891.2 million (approximately Baht 3,918.0 million)

Par Value HKD 50.0 million

Maturity/ Redemption 3 Year from the date of completion of the relevant agreement unless;

- 1) previously redeemed, converted or purchased and cancelled before the date falling on the 3rd anniversary of the date of completion of the relevant agreement, or
- 2) (if mutually agreed in writing between CTEI and the bondholders), the date falling on the 5th anniversary of the date of completion of the relevant agreement

Coupon Rate 1% per annum, however, unless previously converted or purchased or redeemed, CPALL, on the maturity date, shall received such amount which would (if aggregated with all interest previously paid on the convertible bond being redeemed) resulting in the bondholder receiving a 3.5% per annum yield to maturity on the principal amount of the Bond being redeemed from the date of issue of the Bonds to the Maturity Date.

Conversion

The holders of the convertible bonds shall have the right to convert any convertible bond into CTEI shares during the conversion period. In addition, the convertible bonds will be automatically converted if either of the following events occur:

- (a) the closing price of the CTEI shares as quoted on the Hong Kong Stock Exchange is equal to or higher than HKD 0.43 (as adjusted for stock splits, stock combination, stock dividends, reclassifications and similar corporate actions) on at least 15 consecutive trading days; or
- (b) the average of the closing prices of the CTEI shares as quoted on the Hong Kong Stock Exchange on not less than 20 consecutive trading days is HKD 0.43 or higher (as adjusted for stock splits, stock combination, stock dividends, reclassifications and similar corporate actions).

Conversion Price HKD 0.39 per share

In addition, the Company will subscribe convertible bonds to be issued by CTEI in the amount of HKD 156.4 million (approximately Baht 687.6 million). Terms and conditions of this bond are the same as prescribed above.

The transactions are expected to be completed by 15 May 2008.

For entering such transaction, the Company expects that its financial status will be strengthened and no longer carries the loss which is for the best benefit to the Company and the shareholders. In addition, the Company has an upside gain if CTEI can enhance value from acquiring the Supercenter business in the PRC.

Other Information

Company History in Brief

1988

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

1990

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

1994

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

1996

- Established C.P. Retailing and Marketing Co., Ltd. ("CPRAM") to operate the business of manufacturing and sale of frozen foods and bakery
- Joined with the Friendship Group, the PRC to establish Shanghai C.P. Friendship Enterprise Development Co., Ltd. ("SFC")

1997

- Officially opened DC4, a distribution center in Pathumtanee Province

1998

- Established Lotus Distribution Investment Limited ("LDI")
- Became a public company and changed the Company's name to C.P. Seven Eleven Public Company Limited
- Celebrated the 1,000th 7-Eleven store in Thailand

1999

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

2000

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

2001

- Incorporated Thai Smart Card Co., Ltd. ("TSC") with 8 alliances

2002

- Celebrated the 2,000th 7-Eleven store in Thailand
- Co-operated with PTT Public Co., Ltd. to exclusively open 7-Eleven stores in PTT gas stations
- Received ISO 9001 : 2000 certification from SGS (Thailand)

2003

- Established Gosoft (Thailand) Co., Ltd. ("GOSOFT")
- Established MAM Heart Co., Ltd. ("MAM")
- Established Dynamic Management Co., Ltd. ("DM")
- Offered shares to the public (IPO) and listed the Company on the Stock Exchange of Thailand under the trading ticker CP7-11

2004

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

2005

- Celebrated the 3,000th 7-Eleven store in Thailand
- Changed the subsidiary's name from "Shanghai C.P. Friendship Enterprise Development Co., Ltd." to "Shanghai C.P. Jing Cheng Enterprise Development Co., Ltd."
- Officially opened Panyapiwat Techno Business School, a vocational school focused on retailing

2006

- Officially opened a new distribution center (DC5) at Lat Krabang
- Officially launched "Smart Purse" card and became the first convenience store in Thailand to offer payment of products and services with Smart Purse, a digital cash card
- Established Panyatara Co., Ltd. to provide training and business seminar services
- Received ISO 9000 : 2000 certification in convenience store management from Management System Certification Institution
- Celebrated the 5000th Counter Service kiosk in Thailand

2007

- Established Panyapiwat Institute of Technology, an institute for higher education concentrating in 3 majors: retailing business management, logistics management and food business management
- Disposed total investment in Shanghai C.P. Jing Cheng Enterprise Development Co., Ltd.
- Disposed the assets and investment of Supercenter business in the PRC
- Changed the Company's name from "C.P. Seven Eleven Public Company Limited" to "CP ALL Public Company Limited" and changed trading symbol from "CP7-11" to "CPALL"



เพราะเราคือส่วนหนึ่งของสังคม

เซเว่นอีเลฟเว่น ร่วมสรรสร้างอาชีพให้กับเยาวชนคนไทย

โดยเปิดโอกาสให้ได้รับการศึกษา ควบคู่ไปกับการปฏิบัติงานจริง อันจะพัฒนาคุณภาพชีวิตให้ดีขึ้น

อีกทั้งยังให้ความสำคัญกับ “ครู” ผู้ประสิทธิ์ประสาทวิชาความรู้ สร้างคนดีเคียงคู่สังคมไทย
ด้วยเจตนารมณ์ที่มุ่งหวังว่า เมื่อสังคมแข็งแรง ย่อมสร้างความแข็งแกร่งให้กับสังคม

เพื่อทุกคนที่ดีของทุกคน

Because we are a part of society

7-Eleven helps create professions for Thai youth

Provides educational opportunities with real-life work experience to improve living standards

And recognizes the importance of “teachers” who impart knowledge and create good people for Thai society

With the intention that a healthy society will lead to a strong society

Life is better with all



เพื่อนที่รู้ใจ... ใกล้เคียง คุณ

[← Contents →](#)

Life is better with all



CP ALL for *Thai Society*



Weaving Relationships, Building Society

Since 1993, CP All Public Company Limited has collaborated with both the public and private sectors to create various social projects in the areas of education, arts and culture, ethics as well as services for other social benefits. These social projects drive to make Thai society more pleasant to live in.

Opening the World of Reading, Writing and Learning Outstanding School that Loves Reading

Since 2002, the Company, in collaboration with the Bangkok Department of Education, has supported the School that Loves Reading Project to promote and instill a love for reading among students and to teach students to use reading as a tool in effective learning. To date, a total of 385 schools have received the School that Loves Reading sign.

Following the success of the project, the Company launched the "Outstanding School that Loves Reading Project" in 2006 to encourage the 385 schools that received the School that Loves Reading sign to continuously and effectively develop their program. Currently, seven schools have received the Outstanding School that Loves Reading plaque.

7 Book Awards

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

"Literature Seeds" and "7-11 Discovers Dream Cartoonist"

To expand on the 7 Book Award as well as to further promote the quality of the entries sent in by the youth, the Company and partnering organizations-Srinakharinwirot University, the Writers Association of Thailand, the Association of Thai-Language Teachers of Thailand and the Thai Cartoons Association- established the Literature Seeds Project and 7-11 Discovers Dream Cartoonist Project. The year 2007 was the 4th time that both projects were organized. More than 150 youths, Thai-language teachers and art teachers were selected to join the projects. Thirty-seven renown writers, cartoonists and experts



such as Naowarat Pongpaiboon, Assistant Professor Amnaj Yensabai, Professor Dr. Kanchana Naksakul, Chamaiporn Sangkrajang, Raj Lersuang, Sear Thai Raj, Ohm Ratchavej and Kouad Daily News came to share their knowledge and experiences in writing novels and drawing cartoons with the participants.

“Regional Reading and Learning Promotion Camp”

The Company in cooperation with the Ministry of Education, Kamphaengphet Provincial Administration Organization and Kamphaengphet Historical Park established the “Reading and Learning Promotion Camp, Inheriting Thai Culture on the Auspicious Occasion of His Majesty the King’s 80th Birthday Anniversary Project”. The Company also joined with the Rural Lives Development Foundation to establish the “San Kam Phaeng Youth ‘Love Cooperative’ Camp Project” with the aim of encouraging youth and teachers to recognize the importance of good reading habits, the quest for knowledge, the use of local wisdom, and love of one’s roots. This will lead to love of cultural heritage and conservation of natural resources.

Elder Leads Younger Around Bangkok

The Company and Thai Pure Drinks Company Limited organized the “2nd Elder Leads Younger Around Bangkok Project” which took 143 children from the Redemptorist Children’s Home in Banglamung, Chonburi to experience traveling on the skytrain and underground subway before learning about wildlife at Safari World. The objective of this project is to provide learning opportunities for youths. Thirty-six of the Company’s employees volunteered to take care of the youths who participated in the project.

Love of Thai Heritage

On the auspicious occasion of the 60th Anniversary of His Majesty’s Accession to the Throne in 2006, the Company in cooperation with the Thai Library Association Under the Royal Patronage of Her Royal Highness Princess Maha Chakri Sirindhorn set up the “Thai Poem Publishing Project” in honor of His Majesty’s support of this tradition. The project will disseminate Thai culture to other countries as well as preserve Thai heritage for future generations.



Developing Intelligence

Promoting the Go Game

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

In addition, Go Game competitions are organized to continuously develop the skills of participants who join the project and select youths to represent Thailand in international competitions. As a result, more than 2 million people in Thailand now know and play the Go Game. In 2006, the Go Game was accepted as one of the sports in the National Sports Competition. Most recently, in 2007, the Go Game was selected as one of the demonstration sports at the 24th SEA Games in Nakhon Ratchasima Province.

Education Through Direct Experiences

Bilateral Education Project

The Bilateral Education Project, which supports the development of a modern curriculum in the field of retailing, was developed in cooperation with the Ministry of Education since 1993. This project provides an opportunity for interested students to learn from real-life experience through working in 7-Eleven stores near their home or school 4 days per week and study basic courses at school 2 days per week. Most important, the project provides graduates an opportunity to join the Company after graduation and promising career prospects.

Furthermore, the Company has established “Panyapiwat Techno Business School” (to provide vocational education) and “Panyapiwat Institute of Technology” (to provide education at the Bachelor’s and Master’s level). The objective is to create retail professionals to support the expansion of the retail industry and at the same time help society by molding the new generation of vocational students to have 3 distinct attributes: learning through real working experience, earning income while studying and being employed after graduation.



Promoting Buddhism

Developing Buddhism Instructors

Since 1996, the Company has collaborated with the Ministry of Education, the Bangkok Department of Education and other partners to implement the Buddhism Instructors Development Project. The objective of this project is to enhance the confidence, knowledge and understanding of Buddhist principles, and teaching motivation of Buddhism instructors so that they can effectively convey knowledge to their students. To date, a total of 9,595 Buddhism teachers have received training from this project.

Relocating Temples to 7-Eleven

For 12 years, the Buddhism Wisdom Club of CP All Public Company Limited has implemented the Relocating Temples to 7-Eleven Project to encourage the Company's staff and the general public to listen to Buddhist teachings. Monks and qualified speakers are invited to give sermons and Buddhist teachings every Friday during lunchtime at the 11th floor meeting room of C.P. Tower, Silom. The tape is broadcast via the Phuttapanyapirom program every Sunday at 07.00 hrs and re-run at 16.00 hrs and the following Saturday on True Visions News 24 channel.

Related Transactions

CP All Public Company Limited has a policy to provide disclosure that is sufficient, transparent, in compliance with the principles of good corporate governance, and in accordance with the laws and regulations of governing bodies to investors. In 2007, the Company and its subsidiaries conducted several transactions with related parties. These inter-company transactions were made and agreed as a normal business transaction at general market prices and commercial terms. (Details are provided in Note 4 of the Company's financial statements for the year ended December 31, 2007.) The Audit Committee has reviewed that all transactions were reasonable and transparent and complied with the rules and regulations under the notification of the Stock Exchange of Thailand regarding related transactions of a listed company. The related transactions incurred in 2007 were as follows :

Trade Accounts Receivable

As at December 31, 2007, the Company and its subsidiaries had a trade accounts receivable balance with related parties in the amount of Baht 77.43 million or 8.74 percent of the Company and its subsidiaries' total trade accounts receivable.

Other Accounts Receivable

As at December 31, 2007, the Company and its subsidiaries had an other accounts receivable balance with related parties in the amount of Baht 124.84 million or 14.97 percent of the Company and its subsidiaries' total other receivables.

Trade Accounts Payable

As at December 31, 2007, the Company and its subsidiaries had a trade accounts payable balance with related parties in the amount of Baht 1,919.08 million or 7.71 percent of the Company and its subsidiaries' total trade accounts payable.

Other Accounts Payable

As at December 31, 2007, the Company and its subsidiaries had an other accounts payable balance with related parties in the amount of Baht 66.44 million or 2.66 percent of the Company and its subsidiaries' total other payables.

Sales of Goods

In 2007, the transactions for sales of goods with the Company's related parties were determined and agreed on a normal course of business at general market prices and commercial terms. These transactions for the fiscal year ended December 31, 2007 amounted to Baht 795.64 million or 0.72 percent of the Company and its subsidiaries' total sales.

Purchases of Goods

In 2007, the transactions for purchases of goods with the Company's related parties were determined and agreed on a normal course of business at general market prices and commercial terms. These transactions for the fiscal year ended December 31, 2007 amounted to Baht 10,157.50 million or 11.79 percent of the Company and its subsidiaries' total cost of sales.

Other Operating Income

In 2007, the Company and its subsidiaries recognized other income from related parties in the amount of Baht 456.70 million or 10.20 percent of the Company and its subsidiaries' total other income.

Rental and Service Fees

In 2007, the Company and its subsidiaries paid rental and service fees according to the lease agreements to related parties. The rental and service fees were made and agreed at standard rates advised by the lessor. These fees for the fiscal year ended December 31, 2007 amounted to Baht 54.24 million.

Purchases of Fixed Assets

In 2007, the Company and its subsidiaries had fixed assets purchase transactions with related parties at prices determined and agreed on a normal course of business at general market prices and commercial terms. These transactions for the fiscal year ended December 31, 2007 amounted to Baht 36.82 million.

Technical Service Fees

In 2007, the Company and its subsidiaries paid technical service fees to related parties based on contract prices. The technical service fees for the fiscal year ended December 31, 2007 amounted to Baht 9 million or 0.03 percent of the Company and its subsidiaries' total selling and administrative expenses.

Other Expenses

In 2007, the Company and its subsidiaries paid other remunerations to related parties in the amount of Baht 110.32 million or 0.38 percent of the Company and its subsidiaries' total selling and administrative expenses.

Procedures for the Approval of Related Transactions

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

In reference to transactions with possible conflicts of interests or related transactions, the Audit Committee will review and ensure that transactions comply with the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission. The policy on conflicts of interests is clearly stated in the Company's Code of Business Ethics for the directors and employees to correctly follow. In addition, the Related Transactions Review Committee has been established to monitor that these transactions are in accordance with the notifications of the Securities and Exchange Commission.

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

Policy on Related Transactions

The Board of Directors has a policy that clearly states that related transactions may occur under the ordinary course of business but these transactions must be necessary and have prices comparable to prevailing market rates for the best interests of the Company. There shall be no transfer of benefits between the Company and related companies or persons.

As the Company and its subsidiaries operate a retail business and must purchase and sell goods and services with other companies as well as related companies, the Company expects related transactions for the purchase and sale of goods and services will still exist in line with the Company and its subsidiaries' business expansion. Other types of transactions will depend on business necessity. Short-term loans to related companies will depend on the short-term financial needs of the related companies and the Company's policy on cash flow management.

Management Discussion and Analysis of Financial Status and Operating Results

Overview of Operations

To support future growth and expansion, the Company has changed the name to the Registrar of Ministry of Commerce to CP All Plc. The Company still operates the convenience store business in Thailand under trademark “7-Eleven” which is its main business and remains important as a primary source of income. For over 19 years of operation, 7-Eleven stores have been well accepted and are highly recognizable by customers. The Company believes that the strength of business operations belongs to our nationwide store network of over 4,200 stores. Other businesses operated by its subsidiaries which support the convenience store business in Thailand use the 7-Eleven store network to add value to the Company’s products and services. Meanwhile, the supercenter business in the PRC is one of the Company’s investment alternatives for future potential in a large economy. However, the Company restructured such investment by disposing of assets and its investment in supercenter business in PRC which has generated losses for the past 3 years.

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

In 2007, concerning the benefits of shareholders, the Company has changed its dividend policy at the approximate payout of 50 percent of the net profit generated from operations

after income tax deduction and statutory reserves from consolidated to the separate financial statement. This change is believed to provide satisfactory dividend yield to shareholders as well as will allow the Company to efficiently manage its surplus liquidity and capital. Furthermore, the Company always determines to grow sustainably on continuous store expansion and same store sales/store/day.

From the divestment of the supercenter business in the PRC, the Company will receive CTEI convertible bonds (CB) in return. The Company believes that the financial status will be improved and it no longer carries the loss in accordance with the best benefit to the Company and shareholders. In addition, the Company has an upside gain if CTEI can enhance the value from acquisition of the supercenter business in the PRC.

Analysis of Operating Results for the Year Ended December 31, 2007 Compared to the Operating Results for the Year Ended December 31, 2006

In 2007, the Company and its subsidiaries’ total revenues was Baht 115,358 million, improving 11.7 percent from that of 2006. The growth in total revenues was primarily attributable to higher net sales and service income, which increased 11.5 percent from that of 2006 to Baht 110,625 million in 2007.

Net sales and service income before elimination of Baht 115,190 million originated from three main businesses, (1) convenience store business accounting for 67 percent of total net sales and service income, (2) supercenter business accounting for 26 percent of total net sales and service income and (3) other businesses in Thailand such as manufacture and sales of frozen food, payment service, distributing and maintenance of retailing equipment, etc. accounting for 7 percent of total net sales and service income.

The growth in net sales and service income was mainly due to the expansion of 495 7-Eleven outlets, which exceeded the target of 450 stores. In addition, improvement in the average same store sales/store/day of 7-Eleven and increase in other income such as royalties and income from marketing support contributed to higher total net sales and service income, having a rise in average same store sales/store/day including phonecard of 7-Eleven from Baht 65,607 million in 2006 to Baht 66,809 million in 2007. The average same store sales/store/day of Lotus Supercenter declined from RMB 476,000 in 2006 to RMB 437,000 in 2007.

Gross Profit

In 2007, the Company and its subsidiaries' gross profit was Baht 24,468 million, a rise of 14 percent year-on-year. The growth in gross profit was due to higher sales and service income. In addition, as a result of the improvement in the product selection process, the Company was able to increase a gross profit margin of 1.3 percent in 2007 to be 22.1 percent, comparable to that of the previous year.

Selling and Administrative Expenses

In 2007, the Company and its subsidiaries' selling and administrative expenses were Baht 29,099 million, increasing 13.8 percent year-on-year due to new store expansion of 7-Eleven.

The increase in selling and administrative expenses came from three major areas.

(1) Personnel expenses, which accounted for 29.6 percent of the total SG&A, increased to Baht 8,603 million as a result of 7-Eleven store expansion and higher personnel costs of Lotus Supercenter.

(2) Rental expenses, which accounted for 15.4 percent of the total SG&A, increased to Baht 4,474 million following the rise

in the number of stores and higher lease rates in some specific areas.

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

Net Profit

In 2007, the Company and its subsidiaries net profit was Baht 1,460 million, or Baht 0.33 per share, increasing Baht 128 million or 9.6 percent when compared to 2006 net profit of Baht 1,332 million, or Baht 0.30 per share. Return on shareholders' equity was 21.4 percent in 2007, compared to 14.4 percent in 2006.

Operating Results of the Convenience Store Business

In 2007, the convenience store business had net sales and service income of Baht 77,458 million, an increase of Baht 11,403 million or 17.3 percent from the previous year. The growth in net sales and service income was mainly due to store expansion and higher same store sales/store/day. Sales of the convenience store business continued to grow in line with store expansion of 495 stores, or an increase of 13.1 percent from 2006 and an average of 5.9 percent same store sales growth excluding phone card.

The cost of sales of the convenience store business was decreasing to 75.5 percent of sales in 2007 compared with 75.8 percent in 2006 due to a product mix. Its gross profit rises to Baht 18,990 million in 2007, an increase of Baht 2,976 million or 18.6 percent from 2006. Operating expenses increased Baht 3,569 million or 21.5 percent from 2006 due to store expansion.

Other income also increased. For example, royalties fee and rental income and income from marketing support also rose due to store expansion.

The convenience store business had an operating profit of Baht 3,133 million in 2007, up 9.4 percent from 2006.

Operating Results of the Supercenter Business

In 2007, the supercenter business had net sales and service income of Baht 29,932 million, decreasing Baht 418 million or 1.4 percent from the prior year. Decline in net sales and service income mainly resulted from the appreciation of Thai Baht. In terms of Renminbi (RMB), net sales and service income of 2007 grew 3.6 percent. The cost of sales was 86.2 percent of the total sales in 2007, slightly increasing from 86.1 percent in 2006 due to a product mix. The gross profit of the superstore business amounted to Baht 4,141 million in 2007, reducing Baht 85 million or 2.0 percent from the previous year. Operating expenses decreased from Baht 8,678 million in 2006 to Baht 8,618 million in 2007 or a decrement of 0.7 percent. Other revenues like marketing support increased from Baht 1,131 million in 2006 to Baht 1,245 million in 2007 or an increment of 10.1 percent yoy.

The supercenter business experienced an operating loss of Baht 3,242 million in 2007, a decrease of Baht 79 million or 2.4 percent from 2006 which posted the operating loss of Baht 3,321 million.

Operating Results of Other Businesses

Other businesses comprise of bill payment services, manufacturing and sale of frozen foods and bakery, distribution and maintenance of retail equipment, product and service payment through Smart Card, and other businesses, etc. In 2007, the operating profit generated from other businesses was Baht 569 million, decreasing by 21 percent from 2006 due to higher

operating expenses in subsidiaries and shareholding increase of loss generating Smart Card business from 37.2 percent in 2006 to 61.0 percent in 2007.

Analysis of the Company and its Subsidiaries' Financial Status for the Year Ended December 31, 2007

Total Assets

As at December 31, 2007, the Company and its subsidiaries reported total assets of Baht 45,220 million, an increase of 5.2 percent compared to the previous year, with details as follows:

1. an increase in cash and cash equivalents of Baht 2,130 million or 21.4 percent from the end of 2006 as a result of an increase in free cash flow,
2. an increase in fixed assets of Baht 1,032 million or 5.8 percent from the end of 2006 as a result of investment in store expansion of 7-Eleven, store renovation and investment in subsidiaries.

Total Liabilities

As at December 31, 2007, the Company and its subsidiaries had total liabilities of Baht 39,589 million, increasing 13.3 percent from the previous year mainly due to an increase in bank overdrafts and short-term borrowings from financial institutions of foreign subsidiaries.

Total Shareholders' Equity

As at December 31, 2007, consolidated total shareholders' equity was Baht 5,631 million, down 29.9 percent from the previous year. This was due to negative minority interests of investment in foreign subsidiaries.

Analysis of Statements of Cash Flows, Liquidity and Sources of Funds of the Company and its Subsidiaries for the Year Ended December 31, 2007 Compared to the Year Ended December 31, 2006

Liquidity

As at December 31, 2007, the Company's liquidity was healthy with consolidated cash and cash equivalents of Baht 12,082 million, an increase of 21.4 percent from the end of 2006 due to the following activities:

Cash Flow from Operating Activities

In 2007, net cash flow from operating activities totaled Baht 6,027 million, slightly down 1.1 percent from 2006. The Company still has negative cash cycle of 62 days in 2007, resulting from shorter inventory period from 37 days in 2006 to 33 days in 2007 and longer payable period of 98 days in 2007, up from 96 days in 2006.

Cash Flow from Investing Activities

In 2007, net cash flow used in investing activities amounted to Baht 3,859 million, decreasing 43.0 percent from 2006. The main investments were store expansion of 7-Eleven in Thailand, store renovation, decreased bank overdrafts and increased investment in subsidiaries: Suksapiwat and Thai Smart Card.

Cash Flow from Financing Activities

In 2007, net cash flow used in financing activities totaled Baht 16 million, decreasing 101 percent year-on-year due to interest expenses of foreign subsidiaries amounting to Baht 580 million and dividend payment of Baht 1,114 million to shareholders.

Factors Which May Impact Operating Results and Financial Status of the Company and its Subsidiaries in the Future

The constantly evolving demand of consumers is a major factor that affects the Company's revenues and profits. If the Company is able to offer products and services that meet customers' needs, its customer base will expand, enabling higher sales and enhanced gross margin. With regards to the convenience store business, offering "convenience" to customers implies a wide variety of products and services that meet customers' demands and easy-to-access locations. In addition, the Company plans to increase the sales proportion of food products in order to gain higher frequency of visits and better profit margins. In addition, the Company's policy is to continue store expansion to reach more population density. The Company expects that investment in store expansion of 7-Eleven and right product offerings to customers are driving factors to increase sales and operating profit in the future.

On the supercenter business side, the Company will dispose the assets of subsidiaries and receive the CB of CTEI in return. The Company expects an upside gain since CTEI plans to restructure its business by acquiring 19 performing stores operated by Shanghai Lotus Supermarket Chain Store Co.,Ltd. (SLS) and disposing 11 non performing stores of its own. Post restructuring, the supercenter business of CTEI will operate only performing stores of 40 with nationwide presence over China.

Audit Committee's Report

The company's Board of Directors appointed the Audit Committee consisting of the three independent directors and entrusting them with the key duties and responsibilities; i.e., reviewing the financial statements, reviewing and ensuring an appropriate as well as efficient internal control system, assessing the risk management, reviewing the related transactions, overseeing the good corporate governance according to its principle and company's ethic and scrutinizing appointment of the external auditors.

During the year 2007, the Audit Committee had 13 meetings and the main topics of the meetings have been summarized and reported to the company Board of Directors for every three months which included the following:

Reviewing the Financial Statements: The Audit Committee reviewed the quarterly and annually financial statements for the year 2007 to ensure that the financial reports of the company and its subsidiaries were correctly prepared in accordance with the accounting standards with complete and sufficient disclosure of information and reliability.

The Internal Control System: The Audit Committee reviewed and endorsed the internal auditing plan for the year 2007. The committee suggested to adjust some plans to be complied with the company's policy and to ensure effective and efficient operations. These included continually following up on remedial actions concerning important issues indicated in the auditing reports. The scope of work had been expanded to cover the subsidiary companies both local and abroad.

Risk Management: The Audit Committee reviewed and assessed the risk management according to the laid down policies and procedures. It was found that the Management has consistently emphasized on this matter by periodically reporting the assessment of the risk factors and the suitable plans in managing risks to the company's Board of Directors.

Related Transactions: The Audit Committee reviewed the related transactions including all the transactions which might

cause conflict of interests in order to ensure that they were clearly and sufficiently disclosed in accordance with the announcement of the Stock Exchange of Thailand.

Good Corporate Governance: The Audit Committee supported the Management in emphasizing on managing the work in accordance with the good corporate governance guidelines for transparency and good ethic in order to build up confidence of the shareholders and all other involved parties.

Work according to the laws and the government regulations: The Audit Committee found that the Management had a clear approach in working according to the Securities and Exchange Act as well as the regulations of the Stock Exchange of Thailand and all the laws which are relevant to the company's business. A staff has been designated to be directly responsible for this matter. No problem concerning this was found.

Appointment of the External Auditors: The Audit Committee reviewed and expressed the opinion to the Management to be submitted for approval at the General Meeting of the Shareholders appointment of Mr. Charoen Phosamritlert, Ms. Somboon Supasiripinyo, Ms. Panthip Gulsantithamrong or Mr. Vairoj Jindamaneeptak of KPMG Phoomchai Audit Ltd. as the company's external auditors for the year 2008.

The Audit Committee has independently conducted their assignments and has been receiving good cooperation from the Management. They had meetings with the external auditors to discuss and to seek comments and/or observations regarding to the financial statements and the internal control of accounting and information technology. There were no irregularities and significant errors.

March 3, 2008

On behalf of the Audit Committee

Komain Bhatarabhirom

(Prof. Dr. Komain Bhatarabhirom)

Chairman of the Audit Committee

Board of Directors' Statement of Responsibility for Financial Reports

The Board of Directors is responsible for the financial statements of CP All Public Company Limited and its subsidiaries, which are prepared according to generally accepted accounting standards of Thailand. The Board of Directors has selected and consistently followed an appropriate accounting policy. The aforementioned financial statements are prepared using careful judgment and the best estimation. In addition, important information is adequately disclosed in the Notes to the Financial Statements. The financial statements have been examined by an independent external auditor and the auditor has expressed an unqualified opinion. Therefore, the financial statements accurately and transparently reflect the Company's financial status and operating performance in the past year and can be used for the benefit of shareholders and investors.

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

The Board of Directors believes that the Company's overall internal control system is able to create credibility and reliability for the financial statements of CP All Public Company Limited and its subsidiaries for the period ended December 31, 2007.



(Mr. Dhanin Chearavanont)

Chairman



(Mr. Korsak Chairasmisak)

Chief Executive Officer

Audit Report of Certified Public Accountant

To the shareholders of CP All Public Company Limited (Formerly C.P. Seven Eleven Public Company Limited)

I have audited the accompanying consolidated and separate balance sheets as at 31 December 2007 and 2006, and the related statements of income, changes in shareholders' equity and cash flows for the years then ended of CP ALL Public Company Limited and its subsidiaries, and of CP ALL Public Company Limited respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits. I have not audited the financial statements of certain foreign subsidiaries included in the preparation of the consolidated financial statements for the year ended 31 December 2006 which had total assets as at 30 December 2006 totaling Baht 16,954 million and total revenues for the year then ended totaling Baht 33,243 million. The financial statements of the foreign subsidiaries have been audited by an other auditor whose reports have been furnished to me, and my opinion, insofar as it relates to the amounts for the foreign subsidiaries included in the consolidated financial statements for the year ended 31 December 2006, is based solely on the reports of the other auditor.

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

In my opinion, based on my audits and the reports of the other auditor as referred to in the first paragraph, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position as at 31 December 2007 and 2006 and the results of operations and cash flows for the years then ended of CP ALL Public Company Limited and its subsidiaries, and of CP ALL Public Company Limited, respectively, in accordance with generally accepted accounting principles.

As described in note 30 to the financial statements, the Company's financial statements for the year ended 31 December 2006 have been restated for the effects of the change in accounting policy for investment in subsidiaries and a former associate from the equity method of accounting to the cost method, and are now termed "separate financial statements".



(Charoen Phosamritlert)
Certified Public Accountant
Registration No. 4068

KPMG Phoomchai Audit Ltd.
Bangkok
28 February 2008



งบการเงิน *Financial Statements*



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Balance Sheet

As at 31 December 2007 and 2006

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		2007	2006	2007	2006
					(Restated)
		(in Baht)			
<i>Current assets</i>					
Cash and cash equivalents	5	12,082,388,523	9,952,269,134	9,035,760,581	6,078,148,606
Current investments	6	427,454,955	702,180,653	304,054,955	652,180,653
Trade accounts receivable	7	885,787,771	978,984,721	73,076,428	82,837,889
Other accounts receivable	8	834,132,887	1,231,248,267	602,271,635	544,286,181
Inventories	4, 9	7,698,762,559	7,672,184,291	4,273,023,479	3,826,827,827
Other current assets	10	1,290,092,304	1,264,197,861	1,157,235,771	910,740,409
Total current assets		23,218,618,999	21,801,064,927	15,445,422,849	12,095,021,565
<i>Non-current assets</i>					
Long-term investments	11	-	-	4,308,027,511	3,060,982,043
Long-term loans to related parties	4	-	-	690,000,000	1,166,170,339
Property, plant and equipment	4, 12	18,898,830,185	17,866,821,997	8,672,226,484	7,238,066,317
Intangible assets	13	1,296,576,990	1,179,806,002	514,478,740	567,219,998
Restricted deposits at financial institutions	14	1,067,760,424	1,453,987,413	-	-
Other non-current assets		738,138,206	668,690,260	705,896,740	607,868,803
Total non-current assets		22,001,305,805	21,169,305,672	14,890,629,475	12,640,307,500
Total assets		45,219,924,804	42,970,370,599	30,336,052,324	24,735,329,065

Balance Sheet

As at 31 December 2007 and 2006

Liabilities and shareholders' equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		2007	2006	2007	2006
					(Restated)
		(in Baht)			
Current liabilities					
Overdrafts and short-term borrowings					
from financial institutions	15	7,858,934,775	6,752,412,229	-	-
Trade accounts payable	16	24,887,738,208	22,010,656,800	11,287,633,331	9,551,952,587
Income tax payable		293,498,450	337,349,135	184,132,947	198,103,866
Other current liabilities	17	4,712,460,460	4,545,574,209	7,140,102,181	4,881,446,040
Total current liabilities		37,752,631,893	33,645,992,373	18,611,868,459	14,631,502,493
Non-current liabilities					
Long-term borrowings from					
related parties	4	772,319,273	379,702,661	-	-
Other non-current liabilities	18	1,063,898,222	908,508,864	901,568,222	767,288,863
Total non-current liabilities		1,836,217,495	1,288,211,525	901,568,222	767,288,863
Total liabilities		39,588,849,388	34,934,203,898	19,513,436,681	15,398,791,356
Shareholders' equity					
Share capital	19				
Authorised share capital		4,500,000,000	4,500,000,000	4,500,000,000	4,500,000,000
Issued and paid-up share capital		4,470,224,988	4,446,962,650	4,470,224,988	4,446,962,650
Reserves	20				
Share premium		1,612,957,500	1,540,166,433	1,612,957,500	1,540,166,433
Currency translation changes		75,183,295	62,342,932	-	-
Revaluation surplus		626,400	-	-	-
Retained earnings					
Appropriated					
Legal reserve	20	450,000,000	450,000,000	450,000,000	450,000,000
Unappropriated		2,554,540,930	2,208,421,531	4,289,433,155	2,899,408,626
Total equity attributable to the					
Company's shareholders		9,163,533,113	8,707,893,546	10,822,615,643	9,336,537,709
Minority interest		(3,532,457,697)	(671,726,845)	-	-
Total shareholders' equity		5,631,075,416	8,036,166,701	10,822,615,643	9,336,537,709
Total liabilities and shareholders' equity					
		45,219,924,804	42,970,370,599	30,336,052,324	24,735,329,065

หมายเหตุประกอบงบการเงินเป็นส่วนหนึ่งของการงบการเงินนี้

Balance Sheet

As at 31 December 2007 and 2006

Liabilities and shareholders' equity	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006 (Restated)
(in Baht)					
Shareholders' equity					
Share capital	19				
Authorised share capital		4,500,000,000	4,500,000,000	4,500,000,000	4,500,000,000
Issued and paid-up share capital		4,470,224,988	4,446,962,650	4,470,224,988	4,446,962,650
Reserves	20				
Share premium		1,612,957,500	1,540,166,433	1,612,957,500	1,540,166,433
Currency translation changes		75,183,295	62,342,932	-	-
Revaluation surplus		626,400	-	-	-
Retained earnings					
Appropriated					
Legal reserve	20	450,000,000	450,000,000	450,000,000	450,000,000
Unappropriated		2,554,540,930	2,208,421,531	4,289,433,155	2,899,408,626
Total equity attributable to the					
Company's shareholders		9,163,533,113	8,707,893,546	10,822,615,643	9,336,537,709
Minority interest		(3,532,457,697)	(671,726,845)	-	-
Total shareholders' equity		5,631,075,416	8,036,166,701	10,822,615,643	9,336,537,709
Total liabilities and shareholders' equity		45,219,924,804	42,970,370,599	30,336,052,324	24,735,329,065

หมายเหตุประกอบงบการเงินเป็นส่วนหนึ่งของการงบการเงินนี้

Statements of income

For the years ended 31 December 2007 and 2006

		Consolidated financial statements		Separate financial statements	
	Note	2007	2006	2007	2006 (Restated)
		(in Baht)			
Revenues	4				
Revenue from sale of goods and rendering of services		110,624,932,460	99,232,688,803	77,458,477,246	66,055,457,067
Interest income		256,555,890	196,597,907	226,891,870	228,552,941
Dividend income		5,618,658	1,236,565	320,616,318	199,236,133
Net foreign exchange gain		137,197,208	18,307,946	-	5,989,994
Other income	22	4,333,705,260	3,826,810,106	3,801,236,199	3,008,509,081
Total revenues		115,358,009,476	103,275,641,327	81,807,221,633	69,497,745,216
Expenses	4				
Cost of sale of goods and rendering of services	9	86,157,192,323	77,761,182,488	58,467,890,513	50,041,334,654
Selling and administrative expenses	9, 23	29,090,329,726	25,560,485,623	20,183,355,694	16,584,358,858
Net foreign exchange loss		-	-	14,172,866	-
Directors' remuneration		9,040,000	9,120,000	9,040,000	9,120,000
Share of losses from investments in a former associate accounted for using the equity method	11	-	36,440,081	-	-
Total expenses		115,256,562,049	103,367,228,192	78,674,459,073	66,634,813,512
Profit (loss) before interest and income tax expenses		101,447,427	(91,586,865)	3,132,762,560	2,862,931,704
Interest expense	25	(634,304,275)	(310,563,747)	(27,858,596)	(18,724,021)
Income tax expense	26	(828,817,135)	(864,742,697)	(600,531,822)	(628,393,157)
Profit (loss) after income tax expense		(1,361,673,983)	(1,266,893,309)	2,504,372,142	2,215,814,526
Net loss of minority interest		2,822,143,335	2,599,294,896	-	-
Net profit		1,460,469,352	1,332,401,587	2,504,372,142	2,215,814,526
Earnings per share (Baht)	27				
Basic earnings per share		0.33	0.30	0.56	0.50
Diluted earnings per share		0.33	0.30	0.56	0.50

หมายเหตุประกอบงบการเงินเป็นส่วนหนึ่งของการเงิน

Statements of changes in shareholders' equity

For the years ended 31 December 2007 and 2006

	Note	Consolidated financial statements						Total equity attributable to the Company's shareholders	Minority interest	Total shareholders' equity
		Issued and paid-up share capital	Share premium	Reserves	Revaluation surplus	Legal reserve (in Baht)	Retained earnings			
				Currency translation changes			Unappropriated			
Balance at 1 January 2006		4,423,538,610	1,465,841,463	229,928,287	-	450,000,000	2,206,391,736	8,775,700,096	1,746,292,898	10,521,992,994
Changes in shareholders' equity for 2006										
Translation gain (loss) relating to foreign operations		-	-	(167,585,355)	-	-	-	(167,585,355)	903,070	(166,682,285)
Net income recognised directly in shareholders' equity		4,423,538,610	1,465,841,463	62,342,932	-	450,000,000	2,206,391,736	8,608,114,741	1,747,195,968	10,355,310,709
Net profit (loss)		-	-	-	-	-	1,332,401,587	1,332,401,587	(2,599,294,896)	(1,266,893,309)
Total recognised income and expense		4,423,538,610	1,465,841,463	62,342,932	-	450,000,000	3,538,793,323	9,940,516,328	(852,098,928)	9,088,417,400
Dividends	29	-	-	-	-	-	(1,330,371,792)	(1,330,371,792)	-	(1,330,371,792)
Issue of share capital	19	23,424,040	74,324,970	-	-	-	-	97,749,010	-	97,749,010
Equity of minority interest of subsidiary before acquisition		-	-	-	-	-	-	-	180,372,083	180,372,083
Balance at 31 December 2006		4,446,962,650	1,540,166,433	62,342,932	-	450,000,000	2,208,421,531	8,707,893,546	(671,726,845) *	8,036,166,701
Changes in shareholders' equity for 2007										
Net surplus on land revaluation		-	-	-	626,400	-	-	626,400	-	626,400
Translation gain (loss) relating to foreign operations		-	-	12,840,363	-	-	-	12,840,363	(101,626,517)	(88,786,154)
Net income (expense) recognised directly in shareholders' equity		4,446,962,650	1,540,166,433	75,183,295	626,400	450,000,000	2,208,421,531	8,721,360,309	(773,353,362)	7,948,006,947
Net profit (loss)		-	-	-	-	-	1,460,469,352	1,460,469,352	(2,822,143,335)	(1,361,673,983)
Total recognised income and expense		4,446,962,650	1,540,166,433	75,183,295	626,400	450,000,000	3,668,890,883	10,181,829,661	(3,595,496,697)	6,586,332,964
Dividends	29	-	-	-	-	-	(1,114,349,953)	(1,114,349,953)	-	(1,114,349,953)
Issue of share capital	19	23,262,338	72,791,067	-	-	-	-	96,053,405	-	96,053,405
Proceeds from issue of ordinary shares of subsidiary		-	-	-	-	-	-	-	63,039,000	63,039,000
Balance at 31 December 2007		4,470,224,988	1,612,957,500	75,183,295	626,400	450,000,000	2,554,540,930	9,163,533,113	(3,532,457,697) *	5,631,075,416

* As at 31 December 2007 and 2006 minority interest was debit balance because the minority interest has a binding obligation to a subsidiary based on the percentage of the direct and indirect holdings and the minority interest is able to make an additional investment to cover the loss of the subsidiary

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

Statements of changes in shareholders' equity

For the years ended 31 December 2007 and 2006

Separate financial statement (Restated)							Total equity attributable to the Company's shareholders
Reserves			Retained earnings				
Note	Issued and paid-up share capital	Share premium	Currency translation changes	(in Baht)		Unappropriated	
				Legal reserve			
30	4,423,538,610	1,465,841,463	229,928,287	450,000,000	2,206,391,736	8,775,700,096	
	-	-	(229,928,287)	-	(192,426,276)	(422,354,563)	
	4,423,538,610	1,465,841,463	-	450,000,000	2,013,965,460	8,353,345,533	
	-	-	-	-	2,215,814,526	2,215,814,526	
29	4,423,538,610	1,465,841,463	-	450,000,000	4,229,779,986	10,569,160,059	
	-	-	-	-	(1,330,371,360)	(1,330,371,360)	
	23,424,040	74,324,970	-	-	-	97,749,010	
	4,446,962,650	1,540,166,433	-	450,000,000	2,899,408,626	9,336,537,709	
30	4,446,962,650	1,540,166,433	62,342,932	450,000,000	2,208,421,531	8,707,893,546	
	-	-	(62,342,932)	-	690,987,095	628,644,163	
	4,446,962,650	1,540,166,433	-	450,000,000	2,899,408,626	9,336,537,709	
	-	-	-	-	2,504,372,142	2,504,372,142	
29	4,446,962,650	1,540,166,433	-	450,000,000	5,403,780,768	11,840,909,851	
	-	-	-	-	(1,114,347,613)	(1,114,347,613)	
	23,262,338	72,791,067	-	-	-	96,053,405	
	4,470,224,988	1,612,957,500	-	450,000,000	4,289,433,155	10,822,615,643	

Statements of cash flows

For the years ended 31 December 2007 and 2006

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2007	2006	2007	2006
					(Restated)
		(in Baht)			
Cash flows from operating activities					
Net profit		1,460,469,352	1,332,401,587	2,504,372,142	2,215,814,526
Adjustments for					
Depreciation charges	12	2,766,042,108	2,640,480,921	1,798,093,410	1,483,884,929
Amortisation charges	13	222,090,080	157,642,927	166,132,639	122,698,446
Interest income		(256,555,890)	(196,597,907)	(226,891,870)	(228,552,941)
Dividend income		(5,618,658)	(1,236,565)	(320,616,318)	(199,236,133)
Interest expense	25	634,304,275	310,563,747	27,858,596	18,724,021
Income tax expense	26	828,817,135	864,742,697	600,531,822	628,393,157
Provision for legal claims		207,186,798	351,890,804	-	-
Provision for employees' severance pay		64,659,767	50,000,000	54,500,000	50,000,000
Allowance for (reversal of allowance for)					
losses on slow-moving inventories		123,359,139	(16,185,280)	151,575,824	11,906,209
Allowance for (reversal of allowance for)					
doubtful accounts		(6,922,347)	64,146,183	-	-
Impairment losses of property, plant					
and equipment		186,491,570	101,053,766	-	-
Unrealised (gains) losses on exchange rates		(47,766,310)	(6,007,591)	-	85,059,788
Loss on disposal and write-off of					
property, plant and equipment		297,365,973	81,228,331	37,123,053	10,301,350
Share of loss from investment in a former					
associate accounted for using the equity					
method	11	-	36,440,081	-	-
Net loss of minority interest		(2,822,143,335)	(2,599,294,896)	-	-
Loss (gain) on disposal of long-term					
investment in subsidiary		6,119,694	(145,275)	44,223,001	-
		3,657,899,351	3,171,123,530	4,836,902,299	4,198,993,352

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Statements of cash flows

For the years ended 31 December 2007 and 2006

	Consolidated		Separate	
	financial statements		financial statements	
Note	2007	2006	2007	2006
				(Restated)
	(in Baht)			
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	50,553,523	(137,449,140)	9,761,461	29,452,668
Other accounts receivable	360,254,690	98,306,439	(57,085,478)	(76,709,758)
Inventories	(272,147,045)	(21,709,611)	(597,771,476)	(537,796,466)
Other current assets	(81,559,567)	295,766,030	(262,129,734)	(25,968,539)
Other non-current assets	(34,172,609)	(289,975,260)	(98,027,937)	(74,479,101)
Trade accounts payable	2,895,615,631	2,527,467,569	1,735,680,744	844,992,610
Other current liabilities	172,042,590	1,093,457,820	2,215,035,655	1,472,656,584
Other non-current liabilities	155,389,358	174,232,093	134,279,359	144,272,093
	6,903,875,922	6,911,219,470	7,916,644,893	5,975,413,443
Income tax paid	(876,906,923)	(819,019,330)	(614,502,741)	(629,305,856)
Net cash provided by operating activities	6,026,968,999	6,092,200,140	7,302,142,152	5,346,107,587
<i>Cash flows from investing activities</i>				
Interest received	275,857,424	184,206,898	241,626,266	182,204,548
Dividends received	5,618,658	1,236,565	320,616,318	199,236,133
Purchase of current investments	-	(235,224,550)	-	(455,224,550)
Purchase of long-term investments	II -	-	(591,961,000)	(855,506,260)
Net cash inflows on acquisition of subsidiary	II -	6,676,857	-	-
Cash and cash equivalents of disposed subsidiary	II (279,317,445)	-	-	-
Decrease (increase) in long-term loans to related parties	-	-	(541,307,229)	246,767,902
Decrease (increase) in restricted deposits at financial institutions	370,985,454	(1,487,926,483)	-	-
Purchase of property, plant and equipment	(4,898,043,110)	(4,971,960,633)	(3,358,930,686)	(2,765,295,614)
Sale of property, plant and equipment	262,517,147	35,892,907	78,800,893	59,512,092

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Statements of cash flows

For the years ended 31 December 2007 and 2006

		Consolidated		Separate	
		financial statements		financial statements	
<i>Note</i>		2007	2006	2007	2006
					(Restated)
		<i>(in Baht)</i>			
Purchase of intangible assets		(360,537,478)	(311,411,794)	(113,391,381)	(212,698,177)
Proceeds from disposal of current investments		274,725,697	-	348,125,698	-
Proceeds from disposal of long-term investment in subsidiary		489,654,132	2,352,004	318,170,099	-
Net cash used in investing activities		(3,858,539,521)	(6,776,158,229)	(3,298,251,022)	(3,601,003,926)
<i>Cash flows from financing activities</i>					
Interest paid		(579,895,145)	(288,807,007)	(27,984,947)	(18,597,670)
Dividends paid	29	(1,114,349,953)	(1,330,371,792)	(1,114,347,613)	(1,330,371,360)
Increase in overdrafts and short-term borrowings from financial institutions		1,093,519,886	3,407,706,986	-	-
Proceeds from issue of ordinary shares and share premium	19	96,053,405	97,749,010	96,053,405	97,749,010
Proceeds from issue of ordinary shares of subsidiary		63,039,000	-	-	-
Increase in long-term borrowings from related parties		425,660,003	392,292,729	-	-
Net cash provided by (used in) financing activities		(15,972,804)	2,278,569,926	(1,046,279,155)	(1,251,220,020)
Net increase in cash and cash equivalents		2,152,456,674	1,594,611,837	2,957,611,975	493,883,641
Cash and cash equivalents at beginning of year		9,952,269,134	8,580,692,556	6,078,148,606	5,584,264,965
Effect of exchange rate changes on balances held in foreign currencies		(22,337,285)	(223,035,259)	-	-
Cash and cash equivalents at end of year	5	12,082,388,523	9,952,269,134	9,035,760,581	6,078,148,606

Supplemental disclosure of cash flows information:

Non-cash transaction

During the third quarter of 2007, the Company's board of directors approved the increase of capital and the increase in investment in Lotus Distribution Investment Limited at the amount of U.S. Dollars 29.7 million or approximately Baht 1,017.5 million by converting debt to equity (see note 11 to the financial statements).

Notes to the financial statements

For the years ended 31 December 2007 and 2006

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 28 February 2008.

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 major shareholder of the Company during the financial year was Charoen Pokphand Group Co., Ltd. (incorporated in Thailand), which owned 28% interest through direct and indirect shareholdings (2006: 28%).

The principal businesses of the Company and its subsidiaries are operating convenience stores, retail superstores, 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 2007 was 4,279 locations (2006: 3,784 locations).

	2007 (number of locations)	2006
The Company owns and manages convenience stores	2,462	2,119
The Company franchises the license to other retailers under management agreements	1,562	1,449
The Company franchises the license to other retailers under sub-license agreements	255	216
Total	4,279	3,784

Details of the Company’s subsidiaries are as follows:

Name of the entities	Type of business	Country of incorporation	Ownership interest (%)	
			2007	2006
Direct subsidiaries				
Lotus Distribution Investment Limited	Holding company	British Virgin Islands	100.00	100.00
Counter Service Co., Ltd.	Bill payment services and distributor of all types of commercial cards and tickets	Thailand	99.99	99.99
Retailink (Thailand) Co., Ltd.	Distributor of equipment for retailing and software development	Thailand	99.99	99.99
C.P. Retailing and Marketing Co., Ltd.	Frozen food plant and bakery	Thailand	99.99	99.99
Gosoft (Thailand) Co., Ltd.	Information system design and development services	Thailand	99.99	99.99

Name of the entities	Type of business	Country of incorporation	Ownership interest (%)	
			2007	2006
MAM Heart Co., Ltd.	Marketing activities planning services	Thailand	99.99	99.99
Dynamic Management Co., Ltd.	Logistics and distribution of merchandises services	Thailand	99.99	99.99
Suksapiwat Co., Ltd.	Educational institution	Thailand	99.99	99.99
Panyatara Co., Ltd.	Training center	Thailand	99.99	99.99
Thai Smart Card Co., Ltd.	Smart purse card services	Thailand	72.64	61.03
Indirect subsidiaries				
Ek Chor Distribution System Co., Ltd.	Holding company	Hong Kong	100.00	100.00
Ek Chor Trading (Shanghai) Co., Ltd. (ceased its commercial activities in 2002)	International trading	The People's Republic of China	55.00	55.00
Shanghai Lotus Supermarket Chain Store Co., Ltd.	Retail superstore	The People's Republic of China	29.70	29.70
Thai Smart Terminal Co., Ltd.	Distributor of terminal equipment	Thailand	72.64	61.03
Panyapiwat Institute of Technology	Educational institution	Thailand	99.99	-
Direct and indirect subsidiaries				
Shanghai C.P. Jing Cheng Enterprise Development Co., Ltd.	Department store	The People's Republic of China	-	100.00
Emerald Innovation Management Co., Ltd.	Holding company	British Virgin Islands	55.00	55.00
Yangtze Supermarket Investment Co., Ltd.	Holding company	British Virgin Islands	55.00	55.00

The financial statements of all subsidiaries included in the preparation of the consolidated financial statements for the years ended 31 December 2007 and 2006 were based on the financial statements of those subsidiaries audited by the Company's auditors, except for the financial statements of certain foreign subsidiaries for the year ended 31 December 2006, which have been audited by an other auditor. The consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2006 reflect the total of the foreign subsidiaries' assets (after the elimination of the outstanding intra-group balances) as at 31 December 2006 totaling Baht 16,954 million and the foreign subsidiaries' total revenues (after the elimination of intra-group transactions) for the year then ended totaling Baht 33,243 million.

2 Basis of preparation of the financial statements

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

The financial statements are prepared in accordance with Thai Accounting Standards (“TAS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”) and with generally accepted accounting principles in Thailand.

During 2007, the FAP issued the revised TAS, TAS 44 (revised 2007) *Consolidated and Separate Financial Statements* relevant to the Group’s operations and effective for accounting periods beginning on or after 1 January 2007. The adoption of the revised TAS has resulted in a change in the Company’s accounting policy for interests in subsidiaries and a former associate in the separate financial statements of the Company. The effects of this change are disclosed in note 30 to the financial statements.

In addition to the above revised TAS, the FAP has issued during 2007 a number of other new and revised TAS which are only effective for financial statements beginning on or after 1 January 2008 and have not been adopted in the preparation of these financial statements. The new and revised TAS, which are related to the Company and local subsidiaries’ operations, are disclosed in note 36 to the financial statements.

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

The preparation of financial statements in conformity with TAS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Accordingly, actual results of the carrying amounts of assets and liabilities may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

3 Significant accounting policies

(a) Basis of consolidation

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

Significant intra-group transactions between the Company and its subsidiaries are eliminated on consolidation.

Subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company 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.

Associates

Associates are those companies in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Business combinations

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

(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 balance sheet date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income.

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

Foreign entities

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

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

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

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

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

(c) *Hedge of future foreign currency transactions*

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

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

(d) *Cash and cash equivalents*

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

Time deposits that have a restriction on use are presented separately in the account "Restricted deposits at financial institutions" under the caption "Non-current assets" in the balance sheet.

(e) *Trade and other accounts receivable*

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

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

(f) *Inventories*

Raw materials, work in progress and finished goods

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

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

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

(g) Investments

Investments in subsidiaries and associates

Investments in subsidiaries and associates in the separate financial statements of the Company are accounted for using the cost method. This is a change of accounting policy, the effects of which are disclosed in note 30 to the financial statements. Investments in associates in the consolidated financial statements are accounted for using the equity method.

Investments in other debt and equity securities

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

Debt securities that the Group intends and is able to hold to maturity are stated at amortised cost less 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 being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity. The exceptions are impairment losses and foreign exchange gains and losses, which are recognised in the statement of income. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the statement of income. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the statement of income.

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

Disposal of investments

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

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

(h) Property, plant and equipment

Owned assets

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

Depreciation

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

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

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

(i) Intangible assets

Goodwill

Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Negative goodwill arising on acquisition represents the excess of the fair value of the Group's share of the identifiable net assets acquired over the cost of acquisition.

Goodwill and negative goodwill are stated at cost less accumulated amortisation and impairment losses for the separate financial statements. Goodwill and negative goodwill arising on acquisition of shares in subsidiaries and associates are included in investments.

The gain or loss on disposal of an entity includes the net balance of goodwill and negative goodwill relating to the entity disposed of.

Other intangible assets

Other intangible assets comprising technology, computer software, trademarks, leasehold rights and property-use-rights acquired by the Group. They are stated at cost less accumulated amortisation and impairment losses.

Amortisation

Amortisation is charged to the statement of income on a straight line basis from the date that intangible assets are available for use over the estimated useful lives of the assets, unless such lives are indefinite. Intangible assets with an indefinite useful life are not amortised but are systematically tested for impairment at each balance sheet date. The estimated useful lives are as follows:

Goodwill	10 and 30 years
Negative goodwill	30 years
Technology and computer software	5, 10 and 30 years
Trademarks	5, 10 and 30 years
Leasehold rights and property-use-rights	30 years

The Company amortises the cost of leasehold rights on a straight line basis over the periods of the lease agreements. A foreign subsidiary has rights to use property for a period of 40 years and amortises the cost of its property-use-rights using a straight line basis over the shorter of the term of the property-use-rights or the subsidiary's operating period of 30 years.

Goodwill, technology, and trademarks acquired from the purchasing of Lotus Superstores in The People's Republic of China are amortised over the period of 30 years, based on the investment agreements and the period granted for operating the Lotus Superstores from the Government of The People's Republic of China.

(j) *Impairment*

The carrying amounts of the Group's assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and when indicators of impairment are identified.

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

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

Calculation of recoverable amount

The recoverable amount is the greater of the asset's net selling price and value in use. 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 held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through the statement of income. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of income, the impairment loss shall be reversed, with the amount of the reversal recognised in the statement of income.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. However, an impairment loss in respect of goodwill is not reversed.

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.

(k) Interest-bearing liabilities

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

(l) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(m) Employee benefits

Defined contribution plans

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

(n) Provisions

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

(o) Revenues

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

Sales of goods and services rendered

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

Initial fees, royalties and exclusive fees

The Company recognises the initial fee obtained under the Management Agreements of the 7-Eleven convenience stores upon completion of the required services for the franchisees. The Company recognises the royalty fee arising from the license for operating its 7-Eleven convenience stores over the period of the Management Agreements.

The Company has agreements with certain merchandise suppliers to purchase their products as specified in the agreements to distribute in the 7-Eleven convenience stores. Under the terms of the agreements, the Company is entitled to charge a non-refundable exclusive fee. The Company recognises the exclusive fee as income over the agreement period.

Other income

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

(p) Expenses

Operating leases

Payments made under operating leases are recognised in the statement of income on a straight line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease payments made. Contingent rentals are charged to the statement of income for the accounting period in which they are incurred.

Interest and other expenses

Interest and other expenses are charged to the statement of income for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

(q) Income tax

Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly in equity.

Current tax

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

4 Related party transactions and balances

Related parties are those parties linked to the Group and the Company by common shareholders or directors who have a significant control or influence. Transactions with related parties are conducted at prices based on market prices or, where no market prices exist, at contractually agreed prices.

The followings are relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Group.

Name of the entities	Country of incorporation	Nature of relationships
Charoen Pokphand Group Co., Ltd.	Thailand	Ultimate parent company of the group and some common directors
Lotus Distribution Investment Limited	British Virgin Islands	Direct subsidiary, 100% shareholding
Counter Service Co., Ltd.	Thailand	Direct subsidiary, 99.99% shareholding
Retailink (Thailand) Co., Ltd.	Thailand	Direct subsidiary, 99.99% shareholding
C.P. Retailing and Marketing Co., Ltd.	Thailand	Direct subsidiary, 99.99% shareholding
Gosoft (Thailand) Co., Ltd.	Thailand	Direct subsidiary, 99.99% shareholding
MAM Heart Co., Ltd.	Thailand	Direct subsidiary, 99.99% shareholding
Dynamic Management Co., Ltd.	Thailand	Direct subsidiary, 99.99% shareholding
Suksapiwat Co., Ltd.	Thailand	Direct subsidiary, 99.99% shareholding
Thai Smart Card Co., Ltd.	Thailand	Direct subsidiary, 72.64% shareholding
C.P. Merchandising Co., Ltd.	Thailand	Charoen Pokphand Group Co., Ltd. is a major shareholder and 1 common director
True Money Co., Ltd.	Thailand	Charoen Pokphand Group Co., Ltd. is a major shareholder
True Distribution and Sales Co., Ltd.	Thailand	Charoen Pokphand Group Co., Ltd. is a major shareholder
CPF Food Products Co., Ltd.	Thailand	Charoen Pokphand Group Co., Ltd. is a major shareholder and 1 common director
C.P. Meiji Co., Ltd.	Thailand	Charoen Pokphand Group Co., Ltd. is a major shareholder and 1 common director
C.P. Packaging Industry Co., Ltd.	Thailand	Charoen Pokphand Group Co., Ltd. is a major shareholder
Vee Food Products Co., Ltd.	Thailand	Charoen Pokphand Group Co., Ltd. is a major shareholder
K.S.P. Equipment Co., Ltd.	Thailand	Charoen Pokphand Group Co., Ltd. is a major shareholder and 1 common director
C.P. Land Co., Ltd.	Thailand	Charoen Pokphand Group Co., Ltd. is a major shareholder and 1 common director
Xian Lotus Supermarket Chain Store Co., Ltd.	The People's Republic of China	2 common directors
Zhengzhou Lotus Supermarket Chain Store Co., Ltd.	The People's Republic of China	Indirect subsidiary of Charoen Pokphand Group Co., Ltd.

Name of the entities	Country of incorporation	Nature of relationships
Beijing Lotus Supermarket Chain Store Co., Ltd.	The People's Republic of China	Charoen Pokphand Group Co., Ltd. is a major shareholder and 2 common directors
Chia Tai Commercial Real Estate Management Co., Ltd.	The People's Republic of China	Charoen Pokphand Group Co., Ltd. is a major shareholder and 2 common directors
Qingdao Chia Tai Co., Ltd.	The People's Republic of China	Charoen Pokphand Group Co., Ltd. is a major shareholder
Chia Tai Food Oil Enterprises Development Co., Ltd.	Hong Kong	Charoen Pokphand Group Co., Ltd. is a major shareholder
Chia Tai Land Co., Ltd.	The People's Republic of China	Charoen Pokphand Group Co., Ltd. is a major shareholder and 2 common directors
Dignity Group Limited	British Virgin Islands	Charoen Pokphand Group Co., Ltd. is a major shareholder and 2 common directors
Shanghai Zunrong Yingyi Real Estate Management Co., Ltd.	The People's Republic of China	Charoen Pokphand Group is a major shareholder
Shanghai Tiantai Leasing Co., Ltd.	The People's Republic of China	Charoen Pokphand Group Co., Ltd. is a major shareholder and 3 common directors
Lotus Distribution International Limited	British Virgin Islands	Charoen Pokphand Group Co., Ltd. is a major shareholder and 1 common director

The pricing policies for particular types of transaction 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 cost plus administrative expenses
Purchase of goods	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies
Rental and service fees	Standard rates advised by the lessor
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 insurer
Purchase of property, plant and equipment	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies

Significant transactions for the years ended 31 December 2007 and 2006 with related parties were summarised as follows:

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
<i>Ultimate parent company</i>				
Selling and administrative expenses	38	34	9	9
Purchases of goods and services	30	-	-	-
<i>Subsidiaries</i>				
Revenue from sale of goods and rendering of services	-	-	353	291
Interest income	-	-	72	100
Dividend income	-	-	315	198
Other income	-	-	558	344
Selling and administrative expenses	-	-	981	665
Purchases of goods and services	-	-	2,560	2,166
Purchases of property, plant and equipment	-	-	770	478
<i>Related companies</i>				
Revenue from sale of goods and rendering of services	796	912	-	-
Other income	457	105	394	100
Selling and administrative expenses	135	149	71	76
Interest expense	31	25	-	-
Purchases of goods and services	10,128	10,381	9,134	9,373
Purchases of property, plant and equipment	37	117	-	-
<i>Other related parties</i>				
Directors' remuneration	9	9	9	9

Balances as at 31 December 2007 and 2006 with related parties were as follows:

Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
<i>Related companies</i>				
Xian Lotus Supermarket Chain Store Co., Ltd.	-	106	-	-
Zhengzhou Lotus Supermarket Chain Store Co., Ltd.	-	100	-	-
C.P. Merchandising Co., Ltd.	26	27	-	-
Beijing Lotus Supermarket Chain Store Co., Ltd.	5	15	-	-
Other	48	60	-	-
Total	79	308	-	-
<i>Less allowance for doubtful accounts</i>	<i>(1)</i>	<i>(1)</i>	<i>-</i>	<i>-</i>
Net	78	307	-	-

Other accounts receivable

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	(in million Baht)			
Subsidiaries				
Counter Service Co., Ltd.	-	-	77	63
Other	-	-	74	74
Total	-	-	151	137
Related companies				
Chia Tai Commercial Real Estate Management Co., Ltd.	51	-	-	-
True Money Co., Ltd.	39	6	39	6
True Distribution and Sales Co., Ltd.	6	53	6	53
Other	29	64	16	26
Total	125	123	61	85
Grand total	125	123	212	222

Long-term loans

	Interest rate		Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006	2007	2006
	(% per annum)		(in million Baht)			
Subsidiaries						
C.P. Retailing and Marketing Co., Ltd.	5.875	6.50	-	-	431	251
Retailink (Thailand) Co., Ltd.	5.875	6.50	-	-	150	210
Dynamic Management Co., Ltd.	5.875	-	-	-	59	-
Gosoft (Thailand) Co., Ltd.	5.875	-	-	-	43	-
Suksapiwat Co., Ltd.	5.875	-	-	-	7	-
Lotus Distribution Investment Limited	-	U.S. Dollars LIBOR plus 3%	-	-	-	705
Total			-	-	690	1,166

The currency denomination of long-term loans as at 31 December 2007 and 2006 were as follows:

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	(in million Baht)			
Thai Baht	-	-	690	461
United States Dollars	-	-	-	705
Total	-	-	690	1,166

Movements during the years ended 31 December 2007 and 2006 were as follows:

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Subsidiaries				
At 1 January	-	-	1,166	1,462
Increases	-	-	602	279
Decreases	-	-	(1,078)	(575)
At 31 December	-	-	690	1,166

As at 31 December 2007 the loan balances with subsidiaries were without a fixed repayment term.

Trade accounts payable

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Subsidiaries				
C.P. Retailing and Marketing Co., Ltd.	-	-	80	55
Thai Smart Card Co., Ltd.	-	-	69	94
Total	-	-	149	149
Related companies				
True Money Co., Ltd.	431	71	431	71
True Distribution and Sales Co., Ltd.	428	541	428	541
CPF Food Products Co., Ltd.	394	188	276	126
C.P. Meiji Co., Ltd.	136	121	136	121
Chia Tai Food Oil Enterprises Development Co., Ltd.	124	50	-	-
C.P. Packaging Industry Co., Ltd.	92	87	92	86
Vee Food Products Co., Ltd.	75	51	34	31
Qingdao Chia Tai Co., Ltd.	43	70	-	-
Other	196	161	80	86
Total	1,919	1,340	1,477	1,062
Grand total	1,919	1,340	1,626	1,211

Other accounts payable

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Ultimate parent company				
Charoen Pokphand Group Co., Ltd.	10	24	-	-
Subsidiaries				
Counter Service Co., Ltd.	-	-	4,654	2,570
Retailink (Thailand) Co., Ltd.	-	-	82	71
Other	-	-	47	64
Total	-	-	4,783	2,705
Related companies				
K.S.P. Equipment Co., Ltd.	31	2	-	-
Other	25	28	-	-
Total	56	30	-	-
Grand total	66	54	4,783	2,705

Long-term borrowings

	Interest rate		Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006	2007	2006
	(% per annum)				(in million Baht)	
Related companies						
Chia Tai Land Co., Ltd.	6.84	5.58	689	300	-	-
Dignity Group Limited	7.37	-	67	-	-	-
Shanghai Zunrong Yingyi Real Estate Management Co., Ltd.	-	7.37	-	63	-	-
Shanghai Tiantai Leasing Co., Ltd.	7.37	7.37	10	10	-	-
Lotus Distribution International Limited	5.125	5.125	6	7	-	-
Total			772	380	-	-

The currency denomination of long-term borrowing as at 31 December 2007 and 2006 were as follows:

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	(in million Baht)			
China Renminbi	766	373	-	-
Hong Kong Dollars	6	7	-	-
Total	772	380	-	-

Movements during the years ended 31 December 2007 and 2006 were as follows:

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	(in million Baht)			
At 1 January	380	7	-	-
Increases	1,149	374	-	-
Decreases	(757)	(1)	-	-
At 31 December	772	380	-	-

As at 31 December 2007 the borrowings balances with related companies were unsecured and the management expects that the settlement will not be due within one year.

Significant agreements with related parties

As at 31 December 2007 the Group has the following agreements with related parties:

- Under a memorandum between the Company, Charoen Pokphand Group Co., Ltd. (“CPG”), an ultimate parent company, and Lotus Distribution Investment Limited (“LDI”), a foreign subsidiary, CPG arranged for Ek-Chai Distribution System Company Limited (“Ek-Chai”), to enter into the following agreements with LDI:

Licence Agreement and Service Mark Licence Agreement

Ek-Chai has granted to LDI a right to use certain operating and technology systems including service marks as illustrated in the agreements, for operating retail supermarkets and hypermarkets in The People's Republic of China. In addition, LDI can sublicense the right to use to its related parties as defined in the agreements with the condition that no charge is made to the related parties. In consideration thereof, LDI agrees to pay Ek-Chai a license fee at the agreed amount. These agreements continue in force until LDI or Ek-Chai terminates the licence agreement and service mark licence agreement.

Agency Agreements

Ek-Chai has appointed LDI as its agent for monitoring and controlling certain intellectual property of Ek-Chai used by licensees in The People's Republic of China. In consideration thereof, Ek-Chai agrees to pay LDI an agency fee at the agreed amount.

- (b) The Company and its local subsidiaries have lease and service agreements with C.P. Land Co., Ltd., 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 2 million, and place guarantee deposits with the related company totaling Baht 7.3 million. The guarantee deposits will be refunded to the Company and the subsidiaries upon the termination of the lease.
- (c) The Company and a local subsidiary have agreements covering technical advisory, management, technical assistances and the right to use the trademark and services of Charoen Pokphand Group Co., Ltd., an ultimate parent company. In consideration thereof, the Company and the subsidiary agree to pay a monthly service fee totaling Baht 0.8 million and a fee calculated at the rate 0.5% of total sales value of products stipulated in the agreements respectively.
- (d) The Company has services 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 in accordance with the types of service stipulated in the agreements.
- (e) 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 maintenance of computer hardware and equipment services to the Company. In consideration thereof, the Company is committed to pay an annual service fee at the amount stipulated in the agreement.
- (f) 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 as conditions stipulated in the agreement to the subsidiary. In consideration thereof, the subsidiary is committed to pay a service fee 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 any party has no intention to renew the agreement, a notification must be made to the other party at least 60 days before the expiry date of the agreement.

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Cash on hand	5,289	3,572	5,238	3,494
Cash at financial institutions - current accounts	360	285	213	134
Cash at financial institutions - savings accounts	4,939	5,158	2,685	2,028
Highly liquid short-term investments	1,494	937	900	422
Total	12,082	9,952	9,036	6,078

The currency denomination of cash and cash equivalents as at 31 December 2007 and 2006 were as follows:

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Thai Baht	10,327	8,219	9,036	6,078
United States Dollars	516	30	-	-
China Renminbi	1,237	1,701	-	-
Hong Kong Dollars	2	2	-	-
Total	12,082	9,952	9,036	6,078

6 Current investments

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Current				
Short-term deposits at financial institutions	-	100	-	100
Promissory notes	123	50	-	-
Equity securities held for trading	100	100	100	100
Debt securities available for sale	100	300	100	300
Government bonds	104	152	104	152
Total	427	702	304	652

The interest rates of current investments as at 31 December 2007 and 2006 are presented in note 31 to the financial statements.

All current investments of the Group as at 31 December 2007 and 2006 were dominated entirely in Thai Baht.

7 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2007	2006	2007	2006
		(in million Baht)			
Related parties	4	79	308	-	-
Other parties		846	692	73	83
Total		925	1,000	73	83
Less allowance for doubtful accounts		(39)	(21)	-	-
Net		886	979	73	83
Allowance for doubtful accounts for the year		18	-	-	-

Aging analyses for trade accounts receivable were as follows:

		Consolidated financial statements		Separate financial statements	
	Note	2007	2006	2007	2006
		(in million Baht)			
Related parties					
Within credit terms		33	35	-	-
Overdue:					
Less than 3 months		45	59	-	-
3 - 6 months		1	25	-	-
6 - 12 months		-	12	-	-
Over 12 months		-	177	-	-
Total		79	308	-	-
Less allowance for doubtful accounts		(1)	(1)	-	-
Net	4	78	307	-	-
Other parties					
Within credit terms		687	555	62	72
Overdue:					
Less than 3 months		134	99	5	10
3 - 6 months		6	14	1	-
6 - 12 months		12	14	5	-
Over 12 months		7	10	-	1
Total		846	692	73	83
Less allowance for doubtful accounts		(38)	(20)	-	-
Net		808	672	73	83
Grand total		886	979	73	83

The normal credit terms granted by the Group are ranging from 7 days to 90 days.

The currency denomination of trade accounts receivable as at 31 December 2007 and 2006 were as follows:

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	(in million Baht)			
Thai Baht	699	597	73	83
China Renminbi	187	382	-	-
Total	886	979	73	83

8 Other accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2007	2006	2007	2006
		(in million Baht)			
Related parties	4	125	123	212	222
Other parties		756	1,180	394	326
Total		881	1,303	606	548
Less allowance for doubtful accounts		(47)	(72)	(4)	(4)
Net		834	1,231	602	544
Allowance for (reversal of allowance for) doubtful accounts for the year		(25)	64	-	-

Aging analyses for other accounts receivable were as follows:

		Consolidated financial statements		Separate financial statements	
	Note	2007	2006	2007	2006
		(in million Baht)			
Related parties					
Within credit terms		89	72	177	205
Overdue:					
Less than 3 months		36	44	35	17
3 - 6 months		-	7	-	-
Total	4	125	123	212	222
Other parties					
Within credit terms		576	785	248	234
Overdue:					
Less than 3 months		122	72	121	54
3 - 6 months		19	57	19	31
6 - 12 months		4	77	4	6
Over 12 months		35	189	2	1
Total		756	1,180	394	326
Less allowance for doubtful accounts		(47)	(72)	(4)	(4)
Net		709	1,108	390	322
Grand total		834	1,231	602	544

The normal credit terms granted by the Group are ranging from 7 days to 90 days.

The currency denomination of other accounts receivable as at 31 December 2007 and 2006 were as follows:

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Thai Baht	452	412	602	544
United States Dollars	33	35	-	-
China Renminbi	349	784	-	-
Total	834	1,231	602	544

9 Inventories

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Finished goods	7,789	7,700	4,467	3,870
Work in progress	25	14	-	-
Raw materials	121	77	-	-
Total	7,935	7,791	4,467	3,870
Less allowance for losses on slow-moving inventories	(236)	(119)	(194)	(43)
Net	7,699	7,672	4,273	3,827

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 and administrative expenses” in the statement of income for the year ended 31 December 2007 amounted to Baht 85,215 million (2006: Baht 77,014 million) and Baht 533 million (2006: Baht 264 million) respectively for the consolidated financial statements (“Cost of sale of goods and rendering of services” and “Selling and administrative expenses” in the statement of income for the year ended 31 December 2007 amounted to Baht 58,468 million (2006: Baht 50,041 million) and Baht 533 million (2006: Baht 264 million) respectively for the separate financial statements).

10 Other current assets

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Cash card	741	586	741	586
Accrued income	208	204	189	136
Prepaid expenses	87	109	38	67
Suspense input value added tax	47	55	33	40
Other	207	310	156	82
Total	1,290	1,264	1,157	911

11 Long-term investments

Movements during the years ended 31 December 2007 and 2006 were as follows:

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006 (Restated)
	<i>(in million Baht)</i>			
At 1 January	-	52	3,061	2,205
Share of loss of investment in a former associate accounted for using the equity method	-	(36)	-	-
Investment value of a former associate before acquisition	-	(16)	-	-
Acquisitions	-	-	592	856
Converting debt to equity	-	-	1,018	-
Disposals	-	-	(363)	-
At 31 December	-	-	4,308	3,061

Details of investment acquisitions during the years ended 31 December 2007 and 2006 were as follows:

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Thai Smart Card Co., Ltd.	-	-	337	350
Suksapiwat Co., Ltd.	-	-	255	255
C.P. Retailing and Marketing Co., Ltd.	-	-	-	250
Panyatara Co., Ltd.	-	-	-	1
Lotus Distribution Investment Limited	-	-	1,018	-
Total	-	-	1,610	856

- (a) During the first half-year of 2006, the Company invested an additional Baht 350 million in a former associate, Thai Smart Card Co., Ltd. (TSC). As a result, the ownership interest in TSC increased from 32.24% to 61.03%. The Company, however, did not include the accounts of TSC in the consolidated financial statements during the acquisition date to 30 September 2006 because at that time the Company planned to reduce its ownership interest in the near future to a level such that the Company will not have control over TSC's financial and operating policies. Subsequently in December 2006 the Company has cancelled the plan to reduce its ownership interest, therefore, the Company has included the accounts of TSC, starting from the acquisition date to 31 December 2006, in the consolidated financial statements for the year ended 31 December 2006.

TSC's net assets at the acquisition date comprised the following:

	<i>(in million Baht)</i>
Cash and cash equivalents	357
Trade accounts receivable	19
Inventories	15
Property, plant and equipment	125
Other assets	113
Trade accounts payable	(20)
Other liabilities	(141)
Net assets - minority interest's portion	(180)
Net assets	288
Excess of equity in net assets over the investment value	78
Investment value before acquisition	(16)
Consideration paid	350
Cash acquired	(357)
Net cash inflows	(7)

During 2007, the Company additionally invested in ordinary shares of TSC of Baht 337 million. As a consequence of the additional investments in ordinary shares, the percentage of holding in TSC has been increased from 61.03% to 72.64%.

- (b) During the third quarter of 2007, the Company's board of directors approved the increase of capital and the increase in investment in Lotus Distribution Investment Limited, in which the Company holds shares of 100%, at the amount of U.S. Dollars 29.7 million or approximately Baht 1,017.5 million by converting debt to equity. The investment has been increased from U.S. Dollars 30.9 million to U.S. Dollars 60.6 million.

During the second quarter of 2007, the Company and a foreign subsidiary, Lotus Distribution Investment Limited, sold their investments in Shanghai C.P. Jing Cheng Enterprise Development Co., Ltd. (CPJC) to the other party (U.S. Dollars 14.2 million) with a loss on sale of Baht 6 million in the consolidated financial statements for the year ended 31 December 2007 and Baht 44 million in the separate financial statements for the same period.

CPJC's net assets at the disposal date comprised the following:

	<i>(in million Baht)</i>
Cash and cash equivalents	279
Trade accounts receivable	21
Inventories	112
Property, plant and equipment	59
Other assets	79
Trade accounts payable	(14)
Other liabilities	(20)
Net assets	516
Net assets excluding cash and cash equivalents	(237)
Cash and cash equivalents	279

Investments as at 31 December 2007 and 2006 and dividend income for the years then ended were as follows:

Separate financial statements (Restated)

	Ownership interest 2007	Ownership interest 2006 (%)	Paid-up capital 2007 (in million US\$)	Paid-up capital 2006 (in million US\$)	Cost method 2007	Cost method 2006 (in million Baht)	Dividend income 2007 (in million Baht)	Dividend income 2006
Foreign subsidiaries								
Lotus Distribution Investment Limited	100.00	100.00	61	31	1,974	956	-	-
Shanghai C.P. Jing Cheng Enterprise Development Co., Ltd.	-	100.00	-	15	-	363	-	-
Emerald Innovation Management Co., Ltd.	55.00	55.00	3	3	1	1	-	-
Yangtze Supermarket Investment Co., Ltd.	55.00	55.00	0.0001	0.0001	22	22	-	-
Total					1,997	1,342	-	-

	Ownership interest 2007	Ownership interest 2006 (%)	Paid-up capital 2007	Paid-up capital 2006	Cost method 2007	Cost method 2006 (in million Baht)	Dividend income 2007	Dividend income 2006
Local subsidiaries								
C.P. Retailing and Marketing Co., Ltd.	99.99	99.99	600	600	600	600	-	-
Suksapiwat Co., Ltd.	99.99	99.99	810	555	810	555	-	-
Counter Service Co., Ltd.	99.99	99.99	70	70	61	61	280	189
Retailink (Thailand) Co., Ltd.	99.99	99.99	20	20	20	20	-	-
Dynamic Management Co., Ltd.	99.99	99.99	2	2	2	2	-	9
Gosoft (Thailand) Co., Ltd.	99.99	99.99	2	2	2	2	-	-
MAM Heart Co., Ltd.	99.99	99.99	1	1	1	1	15	-
Panyatara Co., Ltd.	99.99	99.99	1	1	1	1	20	-
Thai Smart Card Co., Ltd.	72.64	61.03	1,200	800	814	477	-	-
Total					2,311	1,719	315	198
Grand total					4,308	3,061	315	198

12 Property, plant and equipment

	Consolidated financial statements						
	Land	Buildings and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment <i>(in million Baht)</i>	Assets under construction and installation	Other	Total
Cost							
At 1 January 2006	1,267	8,753	6,237	6,462	1,109	1,317	25,145
Additions	83	1,625	1,171	1,217	2,141	347	6,584
Acquisition through business combinations	-	8	72	56	21	-	157
Disposals/transfers	-	(85)	(158)	(422)	(2,381)	(35)	(3,081)
Differences from translation of financial statements	-	(469)	(285)	(237)	(38)	(19)	(1,048)
At 31 December 2006	1,350	9,832	7,037	7,076	852	1,610	27,757
Additions	191	1,732	1,362	1,560	2,228	380	7,453
Disposals/transfers	(296)	(338)	(337)	(943)	(2,182)	(75)	(4,171)
Differences from translation of financial statements	-	(1)	(1)	(6)	(2)	-	(10)
At 31 December 2007	1,245	11,225	8,061	7,687	896	1,915	31,029



Consolidated financial statements

	Land	Buildings and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment (in million Baht)	Assets under construction and installation	Other	Total
Accumulated depreciation							
At 1 January 2006	-	(1,761)	(2,153)	(3,059)	-	(636)	(7,609)
Depreciation charge for the year	-	(589)	(764)	(1,089)	-	(198)	(2,640)
Impairment losses	-	-	-	(2)	(96)	-	(98)
Acquisitions through business combinations	-	(5)	(10)	(17)	-	-	(32)
Disposals/transfers	-	27	61	192	-	16	296
Differences from translation of financial statements	-	53	49	85	-	6	193
At 31 December 2006	-	(2,275)	(2,817)	(3,890)	(96)	(812)	(9,890)
Depreciation charge for the year	-	(676)	(880)	(970)	-	(240)	(2,766)
Impairment losses	-	(66)	(45)	-	(164)	-	(275)
Reversal of impairment losses	-	-	-	-	88	-	88
Disposals/transfers	-	70	145	461	-	46	722
Differences from translation of financial statements	-	(4)	(3)	(1)	(1)	-	(9)
At 31 December 2007	-	(2,951)	(3,600)	(4,400)	(173)	(1,006)	(12,130)
Net book value							
At 31 December 2006	1,350	7,557	4,220	3,186	756	798	17,867
At 31 December 2007	1,245	8,274	4,461	3,287	723	909	18,899

The gross carrying amount of certain property, plant and equipment items of the Group totaling Baht 3,316 million were fully depreciated as at 31 December 2007 (2006: Baht 2,600 million) but these items are still in active use.

Separate financial statements

	Land	Buildings and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment (in million Baht)	Assets under construction and installation	Other	Total
Cost							
At 1 January 2006	663	3,092	2,468	3,823	476	995	11,517
Additions	43	1,235	769	1,060	1,158	283	4,548
Disposals/transfers	-	(67)	(136)	(379)	(1,594)	(20)	(2,196)
At 31 December 2006	706	4,260	3,101	4,504	40	1,258	13,869
Additions	-	950	859	1,498	1,137	324	4,768
Disposals/transfers	-	(69)	(211)	(542)	(1,113)	(44)	(1,979)
At 31 December 2007	706	5,141	3,749	5,460	64	1,538	16,658
Accumulated depreciation							
At 1 January 2006	-	(1,139)	(1,427)	(2,285)	-	(539)	(5,390)
Depreciation charge for the year	-	(312)	(392)	(632)	-	(148)	(1,484)
Disposals/transfers	-	19	47	168	-	9	243
At 31 December 2006	-	(1,432)	(1,772)	(2,749)	-	(678)	(6,631)
Depreciation charge for the year	-	(386)	(503)	(719)	-	(190)	(1,798)
Disposals/transfers	-	35	114	272	-	22	443
At 31 December 2007	-	(1,783)	(2,161)	(3,196)	-	(846)	(7,986)
Net book value							
At 31 December 2006	706	2,828	1,329	1,755	40	580	7,238
At 31 December 2007	706	3,358	1,588	2,264	64	692	8,672

The gross carrying amount of certain property, plant and equipment items of the Company totaling Baht 2,451 million were fully depreciated as at 31 December 2007 (2006: Baht 2,100 million) but these items are still in active use.

13 Intangible assets

Consolidated financial statements						
	Goodwill	Negative goodwill	Technology and computer software	Trademarks	Leasehold rights and property-use-rights	Total
Cost						
At 1 January 2006	440	(187)	500	92	504	1,349
Additions	78	-	218	-	93	389
Acquisitions through business combinations	-	-	116	-	-	116
Differences from translation of financial statements	(50)	-	(20)	(11)	-	(81)
At 31 December 2006	468	(187)	814	81	597	1,773
Additions	-	-	279	-	82	361
Disposals/transfers	-	-	(1)	-	(5)	(6)
Differences from translation of financial statements	(24)	-	(3)	(5)	-	(32)
At 31 December 2007	444	(187)	1,089	76	674	2,096
Accumulated amortisation						
At 1 January 2006	(144)	54	(128)	(27)	(198)	(443)
Amortisation charge for the year	(18)	6	(64)	(3)	(79)	(158)
Acquisitions through business combinations	-	-	(15)	-	-	(15)
Differences from translation of financial statements	15	-	4	4	-	23
At 31 December 2006	(147)	60	(203)	(26)	(277)	(593)
Amortisation charge for the year	(19)	5	(124)	(2)	(82)	(222)
Disposals/transfers	-	-	1	-	5	6
Differences from translation of financial statements	8	-	1	1	-	10
At 31 December 2007	(158)	65	(325)	(27)	(354)	(799)
Net book value						
At 31 December 2006	321	(127)	611	55	320	1,180
At 31 December 2007	286	(122)	764	49	320	1,297

	Separate financial statements		
	Technology and computer software	Leasehold right (in million Baht)	Total
Cost			
At 1 January 2006	299	565	864
Additions	119	94	213
At 31 December 2006	418	659	1,077
Additions	31	82	113
Disposals/transfers	-	(5)	(5)
At 31 December 2007	449	736	1,185
Accumulated amortisation			
At 1 January 2006	(127)	(260)	(387)
Amortisation charge for the year	(43)	(80)	(123)
At 31 December 2006	(170)	(340)	(510)
Amortisation charge for the year	(84)	(82)	(166)
Disposals/transfers	-	5	5
At 31 December 2007	(254)	(417)	(671)
Net book value			
At 31 December 2006	248	319	567
At 31 December 2007	195	319	514

14 Restricted deposits at financial institutions

As at 31 December 2007 certain subsidiaries pledged their foreign currency (China Renminbi) time deposits with financial institutions totaling Baht 1,068 million (2006: Baht 1,454 million) as collateral of the following:

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	(in million Baht)			
Collateralised for:				
Short-term borrowings from financial institutions	924	1,294	-	-
Legal claims	144	144	-	-
Other	-	16	-	-
Total	1,068	1,454	-	-

15 Overdrafts and short-term borrowings from financial institutions

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Overdrafts - unsecured	-	8	-	-
Short-term borrowings from financial institutions				
- secured by related parties and time deposits	7,692	6,679	-	-
- unsecured	55	56	-	-
Total	7,747	6,735	-	-
Liabilities under trust receipts	112	9	-	-
Grand total	7,859	6,752	-	-

Secured short-term borrowings from financial institutions as at 31 December 2007 and 2006 were undertaken and guaranteed by the Company and the following related parties and time deposits.

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2007	2006	2007	2006
		<i>(in million Baht)</i>			
Undertaken by the Company and Charoen Pokphand Group Co., Ltd.		4,204	4,322	-	-
Undertaken by Charoen Pokphand Group Co., Ltd.		1,687	-	-	-
Guaranteed by Chia Tai International Finance Co., Ltd.		416	601	-	-
Time deposits (guarantee for borrowings of Baht 1,385 million in 2007 and Baht 1,756 million in 2006)	14	924	1,294	-	-
Total		7,231	6,217	-	-

Interest rates as at 31 December 2007 and 2006 were as follows:

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(interest rate per annum)</i>			
Overdrafts	-	7.00 - 10.75	-	-
Short-term borrowings from financial institutions	3.98 - 8.00	5.022 - 6.875	-	-
Liabilities under trust receipts	3.95 - 4.35	5.73 - 6.26	-	-

Under the terms of the trust receipt agreements, certain imported inventories have been released to certain local subsidiaries in trust of the financial institutions. Thus, the subsidiaries are accountable to the financial institutions for inventories or the proceeds from their sale.

As at 31 December 2007 the Group had unutilised credit facilities totaling Baht 397 million (2006: Baht 401 million).

The currency denomination of overdrafts and short-term borrowings from financial institutions as at 31 December 2007 and 2006 were as follows:

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Thai Baht	167	73	-	-
United States Dollars	6,747	4,322	-	-
China Renminbi	945	2,357	-	-
Total	7,859	6,752	-	-

16 Trade accounts payable

		Consolidated financial statements		Separate financial statements	
	Note	2007	2006	2007	2006
		<i>(in million Baht)</i>			
Related parties	4	1,919	1,340	1,626	1,211
Other parties		22,969	20,671	9,662	8,341
Total		24,888	22,011	11,288	9,552

The currency denomination of trade accounts payable as at 31 December 2007 and 2006 were as follows:

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Thai Baht	16,817	13,867	11,288	9,552
China Renminbi	8,071	8,144	-	-
Total	24,888	22,011	11,288	9,552

17 Other current liabilities

		Consolidated financial statements		Separate financial statements	
	Note	2007	2006	2007	2006
		<i>(in million Baht)</i>			
Other accounts payable to related parties	4	66	54	4,783	2,705
Other accounts payable to other parties		1,331	920	400	340
Deferred royalties income		584	597	572	591
Provision for legal claims		552	342	-	-
Accrued personnel expenses		494	530	415	421
Accrued royalties and other expenses		422	720	284	180
Accrued utilities expenses		221	189	147	131
Advance receipts from customers		123	52	-	-
Provision for employees' severance pay		115	50	105	50
Other		804	1,092	434	463
Total		4,712	4,546	7,140	4,881

Provision for legal claims

As at 31 December 2007 a subsidiary in The People's Republic of China has provided for legal claims, amounting to China Renminbi 120 million or approximately Baht 552 million (2006: China Renminbi 74 million or approximately Baht 342 million), in relation to the incompliance with some conditions stipulated in the contracts that the subsidiary entered with counterparties. The management, after taking appropriate legal advice, believes that the outcome of these legal claims will not give rise to any significant loss beyond the amount provided.

Provision for employees' severance pay

The Group has made provision for its liability under the severance pay plan for their employees who will retire during 2007 to 2012. The Company has accrued the provision for employees' severance pay based on management's best estimate of the liability measured at the present value of estimated future cash flows using a discount rate of 5% that is similar to the interest rate of government bonds.

18 Other non-current liabilities

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Guarantee deposits from franchisees	931	799	769	657
Other	133	110	133	110
Total	1,064	909	902	767

19 Share capital and share premium

Share capital

		Consolidated financial statements / Separate financial statements			
		2007		2006	
	<i>Par value per share (in Baht)</i>	<i>Number of shares</i>	<i>Baht (in million)</i>	<i>Number of shares</i>	<i>Baht</i>
Authorised					
At 1 January					
- ordinary shares	1	4,500	4,500	4,500	4,500
At 31 December					
- ordinary shares	1	4,500	4,500	4,500	4,500
Issued and paid-up					
At 1 January					
- ordinary shares	1	4,447	4,447	4,424	4,424
Creation of new ordinary shares	1	23	23	23	23
At 31 December					
- ordinary shares	1	4,470	4,470	4,447	4,447

During the years ended 31 December 2007 and 2006, the Company's employees exercised 23,262,338 units and 23,424,040 units of warrants under the Employee Stock Option Plan respectively. In this regard, the Company recorded the increases in share capital and share premium net of related expenses during the years ended 31 December 2007 and 2006 as follows:

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Share capital	23	24	23	24
Share premium	73	74	73	74
Total	96	98	96	98

20 Reserves

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

Currency translation changes

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

Legal reserve

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

21 Segment information

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

Business segments

The Group comprises the following main business segments:

- Segment 1: Convenience stores
- Segment 2: Retail superstores
- Segment 3: Other

Major activities of the retail superstores business are conducted in The People's Republic of China. The other's segment comprises principally of bill payment services, frozen food plant and bakery, and distribution of retailing equipment.

Geographical segments

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

The followings are main geographical locations:

- Segment 1: The People's Republic of China
- Segment 2: Thailand

The segment financial information of the Group for the years ended 31 December 2007 and 2006 were summarised as follows:

Business segment results

	Convenience stores		Retail superstores		Other		Eliminations		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	<i>(in million Baht)</i>									
Revenue from sale of goods and rendering of services	77,458	66,055	29,932	30,350	7,800	6,396	(4,565)	(3,568)	110,625	99,233
Interest income	227	229	73	17	28	46	(72)	(95)	256	197
Dividend income	321	199	-	-	-	-	(315)	(198)	6	1
Net foreign exchange gain	-	6	128	11	9	1	-	-	137	18
Other income	3,801	3,009	1,044	1,104	97	69	(608)	(355)	4,334	3,827
Total revenues	81,807	69,498	31,177	31,482	7,934	6,512	(5,560)	(4,216)	115,358	103,276
Cost of sale of goods and rendering of services	58,468	50,041	25,791	26,125	5,852	4,704	(3,954)	(3,109)	86,157	77,761
Selling and administrative expenses	20,197	16,585	8,627	8,677	1,513	1,088	(1,246)	(789)	29,091	25,561
Directors' remuneration	9	9	-	-	-	-	-	-	9	9
Share of losses from investments in former associate accounted for using the equity method	-	-	-	-	-	-	-	36	-	36
Total expenses	78,674	66,635	34,418	34,802	7,365	5,792	(5,200)	(3,862)	115,257	103,367



	Convenience stores		Retail superstores		Other		Eliminations		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
<i>(in million Baht)</i>										
Profit (loss) before interest and income tax expenses	3,133	2,863	(3,241)	(3,320)	569	720	(360)	(354)	101	(91)
Interest expense	(28)	(19)	(639)	(341)	(39)	(46)	72	95	(634)	(311)
Income tax expense	(601)	(628)	-	(3)	(228)	(234)	-	-	(829)	(865)
Profit (loss) after income tax expense	2,504	2,216	(3,880)	(3,664)	302	440	(288)	(259)	(1,362)	(1,267)
Net loss of minority interest	-	-	2,735	2,571	-	-	87	28	2,822	2,599
Net profit (loss)	2,504	2,216	(1,145)	(1,093)	302	440	(201)	(231)	1,460	1,332
Business segment financial position										
	Convenience stores		Retail superstores		Other		Eliminations		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
<i>(in million Baht)</i>										
Cash and cash equivalents	9,036	6,078	1,755	1,436	1,311	2,438	(20)	-	12,082	9,952
Trade accounts receivable	73	83	187	354	4,183	3,347	(3,557)	(2,805)	886	979
Inventories	4,273	3,827	2,908	3,341	535	509	(17)	(5)	7,699	7,672
Property, plant and equipment	8,672	7,238	7,362	8,341	3,027	2,441	(162)	(153)	18,899	17,867
Intangible assets	514	567	551	470	293	198	(61)	(55)	1,297	1,180
Other assets	7,768	6,942	1,511	2,662	2,109	290	(7,031)	(4,574)	4,357	5,320
Total assets	30,336	24,735	14,274	16,604	11,458	9,223	(10,848)	(7,592)	45,220	42,970
Overdrafts and short-term borrowings from financial institutions	-	-	7,693	6,679	166	73	-	-	7,859	6,752
Trade accounts payable	11,288	9,552	8,071	8,140	5,748	4,530	(219)	(211)	24,888	22,011
Other liabilities	8,225	5,847	2,511	2,861	1,649	1,347	(5,543)	(3,884)	6,842	6,171
Total liabilities	19,513	15,399	18,275	17,680	7,563	5,950	(5,762)	(4,095)	39,589	34,934

	Convenience stores 2007	Convenience stores 2006	Retail superstores 2007	Retail superstores 2006	Other 2007 (in million Baht)	Other 2006 (in million Baht)	Eliminations 2007	Eliminations 2006	Total 2007	Total 2006
Capital expenditure	4,881	4,761	978	1,219	2,055	1,353	(100)	(87)	7,814	7,246
Depreciation charges	1,798	1,484	700	995	354	229	(86)	(68)	2,766	2,640
Amortisation charges	166	123	28	22	29	14	(1)	(1)	222	158
Losses on disposal of property, plant and equipment	(37)	(10)	(258)	(67)	(2)	(4)	-	-	(297)	(81)

Geographical segment results

	The People's Republic of China		Thailand		Total	
	2007	2006	2007	2006	2007	2006
	(in million Baht)					
Revenue from sale of goods and rendering of services from external customers	29,990	30,497	80,635	68,736	110,625	99,233
Segment assets	14,273	17,163	30,947	25,807	45,220	42,970
Property, plant and equipment	7,362	8,403	11,537	9,464	18,899	17,867

22 Other income

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Income on royalties and other fees relating to licenses income	806	628	806	628
Sale promotion income	1,220	854	1,068	854
Other	2,308	2,345	1,927	1,527
Total	4,334	3,827	3,801	3,009

23 Selling and administrative expenses

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Personnel expenses	8,602	7,329	5,762	4,739
Rental fees	4,475	3,808	2,252	1,931
Utilities expenses	2,812	2,583	2,028	1,770
Depreciation and amortisation charges	2,730	2,635	1,964	1,607
Convenience store management fees	2,679	2,224	2,679	2,224
Advertising and sale promotion expenses	1,563	1,629	1,259	1,210
Other	6,229	5,352	4,239	3,103
Total	29,090	25,560	20,183	16,584

24 Personnel expenses

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Salaries, wages and bonus	8,505	7,210	5,213	4,359
Staff welfares	479	411	123	91
Contribution to provident fund	201	194	35	29
Contribution to social security fund	195	158	158	130
Training expenses	110	95	218	115
Other	37	49	15	15
Total	9,527	8,117	5,762	4,739

(number of employees)

Number of employees as at 31 December	39,047	32,962	24,854	20,876
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The Company and its local subsidiaries have jointly established a contributory registered provident fund to which the Company, subsidiaries and employees each contribute monthly at the rate of 2% of the employees' basic salaries. The Company's and the subsidiaries' contributions to the provident fund are recorded as expenses in the statement of income as incurred. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

All Chinese employees of The People's Republic of China subsidiaries participate in employee social security plans, including pension, medical, housing and other welfare benefits, organised and administered by the governmental authorities. The subsidiaries have no other substantial commitments to those employees.

According to the relevant regulations, the premiums and welfare benefit contributions that are borne by the subsidiaries are calculated based on percentages of the total employees' salaries, subject to a certain ceiling, and are paid to the labor and social welfare authorities. Contributions to the plans are either treated as a production cost or are expensed in the statement of income as incurred. The applicable percentages used to provide for insurance premium and welfare benefit funds are listed below:

Basic pension insurance	18-22%
Basic housing fund	6-10%
Basic medical insurance	5-12%
Unemployment insurance	2%
Basic bearing fund	0.5-1%
Basic staff harm fund	0.5-1%

25 Interest expense

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	(in million Baht)			
<i>Interest expense relating to:</i>				
Financial institutions	571	267	-	-
Related parties	29	25	-	-
Other parties	34	19	28	19
Total	634	311	28	19

26 Income tax expense

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	(in million Baht)			
Current tax expense				
Current year	829	865	601	628

The current tax expense in the consolidated statements of income for the years ended 31 December 2007 and 2006 was higher than the amount determined by applying the applicable income tax rate to the profit for the year principally because of losses made by certain subsidiaries, mainly subsidiaries incorporated in The People's Republic of China, which cannot be setoff against profits made by other subsidiaries in the computation of corporate income tax for the consolidated financial statements.

The current tax expense in the separate statements of income for the years ended 31 December 2007 and 2006 was lower than the amount determined by applying the applicable income tax rate to the profit for the year 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 under the condition promulgate by the Revenue Department.

Corporate income tax reduction

Royal Decree No. 387 B.E. 2544 dated 5 September 2001 grants companies listed on the Stock Exchange of Thailand after 6 September 2001 a reduction in the corporate income tax rate from 30% to 25% for taxable profit for the 5 consecutive accounting periods begins on or after enactment. The Company was listed on the Stock Exchange of Thailand on 14 October 2003, which was the day after the Royal Decree came into force and the Company has successfully complied with the rules, procedures and conditions identified therein. The Company has, accordingly, calculated income tax on its taxable profit for the years ended 31 December 2007 and 2006 at the 25% corporate income tax rate. The Company's subsidiaries, however, have calculated income tax on their taxable profit for those years at the rates ranging from 15% to 33% normal corporate tax rate.

27 Earnings per share

Basic earnings per share

The calculation of basic earnings per share of the consolidated and separate financial statements for the year ended 31 December 2007 was based on the consolidated and separate net profit attributable to ordinary shareholders for the said period of Baht 1,460 million and Baht 2,504 million respectively (2006: Baht 1,332 million and Baht 2,216 million respectively), and the weighted average number of ordinary shares outstanding during the year ended 31 December 2007 of 4,460 million shares (2006: 4,437 million shares).

Weighted average number of ordinary shares (basic)

	Consolidated financial statements/ Separate financial statements	
	2007	2006
	(in million shares)	
Issued ordinary shares at 1 January	4,447	4,424
Effect of ordinary shares issued during the year	13	13
Weighted average number of ordinary shares (basic)	4,460	4,437

Diluted earnings per share

The calculation of diluted earnings per share of the consolidated and separate financial statements for the year ended 31 December 2007 was based on the consolidated and separate net profit attributable to ordinary shareholders for the said period of Baht 1,460 million and Baht 2,504 million respectively (2006: Baht 1,332 million and Baht 2,216 million respectively), and the weighted average number of ordinary shares outstanding during the year ended 31 December 2007 of 4,476 million shares (2006: 4,457 million shares).

Weighted average number of ordinary shares (diluted)

	Consolidated financial statements/ Separate financial statements	
	2007	2006
	(in million shares)	
Weighted average number of ordinary shares (basic)	4,460	4,437
Effect of shares options on issue	16	20
Weighted average number of ordinary shares (diluted)	4,476	4,457

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. 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; and
- (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.

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

29 Dividends

At the annual general meeting of the shareholders of the Company held on 28 April 2006, the Company's shareholders approved the appropriation of dividends of Baht 0.30 per share for 4,434,571,200 ordinary shares, totaling Baht 1,330 million, from net profit of 2005. The dividends were paid to the Company's shareholders on 15 May 2006.

At the annual general meeting of the shareholders of the Company held on 26 April 2007, the Company's shareholders approved the appropriation of dividends of Baht 0.25 per share, for 4,446,962,650 ordinary shares, and the Company's shareholders who exercised the warrants in accordance with the Employee Stock Option Plan on 15 March 2007 of 10,427,803 shares, totaling Baht 1,114 million, from net profit of 2006. The dividends were paid to the Company's shareholders on 15 May 2007.

30 Changes in accounting policy

The following change of accounting policy by the Company has no effect on the consolidated financial statements of the Group.

Until 31 December 2006, the Company accounted for its investments in subsidiaries which are not classified as a "held for sale" investment using the equity method in the separate financial statements.

During 2007, the Federation of Accounting Professions issued the new Thai Accounting Standard (TAS) No.44 (revised 2007) *Consolidated and Separate Financial Statements* which is effective for accounting periods beginning on or after 1 January 2007.

The new TAS requires a parent company which has investments in a subsidiary company, an entity under joint control, or an associate company, which is not classified as a “held for sale” investment, to record such investments in accordance with either the cost method or with the recognition and measurement basis for financial instruments (when an announcement is made), instead of the equity method currently used.

Starting from 1 January 2007, the Company has, accordingly, changed its accounting policy for its investments in subsidiaries in the separate financial statements from the equity method to the cost method. The change in accounting policy has been applied retrospectively in the separate financial statements (the separate financial statements for the year ended 31 December 2006), which are included in the separate financial statements for the year ended 31 December 2007 for comparative purposes, have been restated accordingly.

The change in accounting policy has effected the separate financial statements as follows:

	Separate financial statements	
	2007	2006
	(in million Baht)	
<i>Investments in subsidiaries</i>		
Balance at 1 January before change in accounting policy	2,764	2,628
Increase (decrease) in retained earnings	691	(192)
Decrease in other non-current liabilities	(332)	-
Decrease in currency translation changes	(62)	(230)
Net increase (decrease)	297	(422)
Balance at 1 January after change in accounting policy	3,061	2,206
<i>Retained earnings</i>		
Balance at 1 January before change in accounting policy	2,208	2,206
Increase in dividend income from subsidiaries	584	386
Decrease (increase) in share of losses from investments accounted for using the equity method, net	107	(578)
Net increase (decrease)	691	(192)
Balance at 1 January after change in accounting policy	2,899	2,014
<i>Net profit</i>		
Net profit for the year before change in accounting policy	1,460	1,332
Increase in dividend income from subsidiaries	315	198
Gain on disposal of investment accounted for using the equity method	(4)	-
Loss on disposal of long-term investment - at cost	(44)	-
Decrease in share of losses from investments accounted for using the equity method, net	777	686
Net increase	1,044	884
Net profit for the year after change in accounting policy	2,504	2,216
Increase in earnings per share (Baht)	0.23	0.20

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.

Interest rate risk

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

As at 31 December 2007 and 2006 the Group had financial assets and financial liabilities exposed to interest rate risk as follows:

	Consolidated financial statements					Floating interest rate	Total
	Fixed rate (% per annum)	Floating rate	Fixed interest rate maturing in:				
			1 year or less	Over 1 to 5 years	More than 5 years		
(in million Baht)							
2007							
Financial assets							
- Cash equivalents (excluding overdrafts and cash on hand)	2.25-3.99	0.25-3.42	1,494	-	-	4,939	6,433
- Current investments	2.25-3.15	-	427	-	-	-	427
- Restricted deposits at financial institutions	-	0.81-3.87	-	-	-	1,068	1,068
Financial liabilities							
- Short-term borrowings from financial institutions	-	3.98-8.00	-	-	-	7,747	7,747
- Liabilities under trust receipts	-	3.95-4.35	-	-	-	112	112
- Guarantee deposits from franchisees	-	2.25-4.00	-	-	-	917	917
- Long-term borrowings from related parties	-	5.125-7.37	-	-	-	772	772
2006							
Financial assets							
- Cash equivalents (excluding overdrafts and cash on hand)	4.00-5.25	0.13-5.00	707	-	-	5,388	6,095
- Current investments	4.25-5.40	4.25-5.125	550	-	-	152	702
- Restricted deposits at financial institutions	-	0-5.00	-	-	-	1,454	1,454
Financial liabilities							
- Overdrafts	-	7.00-10.75	-	-	-	8	8
- Short-term borrowings from financial institutions	-	5.022-6.875	-	-	-	6,735	6,735
- Liabilities under trust receipts	-	5.73-6.26	-	-	-	9	9
- Guarantee deposits from franchisees	-	0.50-4.00	-	-	-	772	772
- Long-term borrowings from related parties	-	5.125-7.37	-	-	-	380	380

Separate financial statements							
	Fixed rate	Floating rate	Fixed interest rate maturing in:			Floating interest rate	Total
			1 year or less	Over 1 to 5 years	More than 5 years		
	(% per annum)				(in million Baht)		
2007							
Financial assets							
- Cash equivalents (excluding overdrafts and cash on hand)	3.00-3.40	0.25-2.75	900	-	-	2,685	3,585
- Current investments	2.75-3.15	-	304	-	-	-	304
- Long-term loans to related parties	-	5.875	-	-	-	690	690
Financial liability							
- Guarantee deposits from franchisees	-	4.00	-	-	-	755	755
2006							
Financial assets							
- Cash equivalents (excluding overdrafts and cash on hand)	4.00-5.00	0.50-5.00	400	-	-	2,050	2,450
- Current investments	4.25-5.125	4.25-5.125	500	-	-	152	652
- Long-term loans to related parties	-	6.5-7.71063	-	-	-	1,166	1,166
Financial liability							
- Guarantee deposits from franchisees	-	3.00	-	-	-	631	631

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales 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 balance sheet date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

As at 31 December 2007 and 2006 the Group had foreign currency forward contracts as follows:

		Consolidated financial statements		Separate financial statements	
	Currency	2007	2006	2007	2006
		(in million)			
Foreign currency forward contracts for hedging the financial assets (equivalent to Baht 106.9 million in 2007 and Baht 786.6 million in 2006)	USD	-	20.2	-	20.1
	POUND	1.6	0.7	-	-
Foreign currency forward contracts for hedging the financial liabilities (equivalent to Baht 30.0 million in 2007 and Baht 33.8 million in 2006)	USD	0.5	0.3	-	-
	YEN	9.6	57.1	-	-
	EURO	0.2	0.1	-	-

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a 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 balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. However, due to the large number of parties comprising the Group's customer base, management does not anticipate material losses from its debt collection.

Liquidity risk

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

Fair values

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.

The Group estimates the fair value of financial instruments; cash and cash equivalents, trade accounts receivable and payable, other accounts receivable and payable, overdrafts and short-term borrowings from financial institutions, equal to their amounts carried in the balance sheet because of the short-term maturity of those financial instruments.

In respect of unquoted equity securities - the carrying amount approximates the estimated fair value based on the underlying net asset base for the investment.

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

Forward exchange contracts - the fair value approximates the expected amounts that can be traded in the current exchange rate market.

32 The change of the Company name

At the annual general meeting of the shareholders of the Company held on 26 April 2007, the Company's shareholders approved the change of the Company name from "C.P. Seven Eleven Public Company Limited" to "CP ALL Public Company Limited". The Company registered the change of the Company's name with the Ministry of Commerce on 19 October 2007.

33 Disposal of the Supercenter business

At the extraordinary shareholders' meeting of the Company held on 27 June 2007, the Company's shareholders approved the entering into the connected transaction regarding acquisition and disposal of the overseas Supercenter business of the Company and its subsidiaries. The approval involved the Company and Lotus Distribution Investment Limited ("LDI"), a foreign subsidiary of the Company, disposing of their total interests in Shanghai Lotus Supermarket Chain Store Co., Ltd. ("SLS") collectively referred to as "the SLS Interests", consisting of (a) equity interests (1% held directly by the Company and 54% held indirectly through LDI) and (b) loan interests in SLS, held through their investment holding company, Yangtze Supermarket Investment Co., Ltd. ("YSI"), an another foreign subsidiary, to Chia Tai Enterprises International Limited ("CTEI"). The disposal of SLS Interests will be conducted through a combination of transactions as follows:

- (1) The reorganization of SLS is made by disposing of its 22 non-performing stores from SLS to C.P. Holding (BVI) Investment Company Limited.
- (2) The sale of the SLS Interests to CTEI; whereby, CTEI will issue convertible bonds that can be converted into the CTEI ordinary shares to the Company and LDI in the amount of Hong Kong Dollars 891 million, in consideration to the Company and LDI for the sale of SLS Interests under items (1) and (2).

The fulfillment of the transactions under items 1 and 2 will be subject to several conditions precedent. The significant conditions precedent are the approval of the independent shareholders meeting of CTEI to approve the purchase of the SLS Interests from the Company and LDI; and the obtaining of any and all other approvals, consents and waivers required by any applicable law or rules or regulations, or by governmental, administrative or regulatory bodies, necessary or otherwise appropriate for the parties to consummate the transactions contemplated by the relevant agreement. (The proposed restructuring of CTEI and SLS was approved by the shareholders of CTEI on 25 July 2007.)

- (3) The subscription of CTEI convertible bonds for the amount of Hong Kong Dollars 156 million by the Company or the person designated by the Company.

34 Commitments with non-related parties

Capital commitments

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Contracted but not provided for (construction cost of new plants and installation cost of machinery)	<u>308</u>	<u>285</u>	<u>-</u>	<u>-</u>

The currency denominations as at 31 December 2007 and 2006 were as follows:

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Thai Baht	296	81	-	-
Foreign currency (China Renminbi 2.58 million in 2007 and China Renminbi 44 million in 2006)	12	204	-	-
Total	308	285	-	-

Non-cancellable operating lease commitments

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Within one year	3,215	2,976	2,016	1,664
After one year but within five years	4,188	2,363	3,375	1,450
After five years	221	288	-	-
Total	7,624	5,627	5,391	3,114

The Group has lease agreements covering lease of land, buildings, transportation and other assets for periods of 1 to 20 years, which will expire between 2008 to 2026.

Significant agreements

As at 31 December 2007 the Group had the following significant agreements.

- 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.
- 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 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) The Company and Lotus Distribution Investment Limited (“LDI”), a foreign subsidiary, have a Deed of Shareholders agreement with The China Retail Fund to engage in retail business in The People’s Republic of China. The Company and LDI are required to comply with the conditions and restrictions as stipulated in the agreement and its related agreements.
- (e) A local subsidiary (Counter Service Co., Ltd.) has service agreements with government entities (e.g., utilities, telephone expenses) and with other local companies (e.g., hire purchase, life insurance premium) whereby the subsidiary operates payment centers to collect customer payments on behalf of the government entities and local companies, then remits funds to the government entities and local companies. The subsidiary can collect service income from customers or local companies as stipulated in the agreements. These agreements are for periods of 1 to 5 years, and will expire on the various dates up to February 2009. The agreements will be terminated when notification is made according to the terms stipulated in the agreements.
- (f) A local subsidiary (Counter Service Co., Ltd.) has service agreements with certain individuals and local companies whereby the latter parties are appointed as agents of the subsidiary for receipts of customers bills as specified in the agreements. Under the terms of the agreements, the subsidiary is committed to pay a service fee as stipulated in the agreements. These agreements are effective for periods over 1 to 5 years, and will expire on various dates up to January 2008. If any party of each agreement has no intention to renew the agreement, a notification must be made to the other party at least 30 days before the expiry date of the agreement.
- (g) A local subsidiary (C.P. Retailing and Marketing Co., Ltd.) has a license agreement with a foreign company whereby the latter provides a license to the subsidiary to obtain technical know-how and the managing expertise of the bakery cafe business for the manufacturing and selling of baked bread products as stipulated in the agreement. In consideration thereof, the subsidiary is committed to pay a royalty fee calculated at the rate of 0.5% of the net sales of the products. This agreement is for a period of 5 year, commencing from 1 December 2004.
- (h) A local subsidiary (Gosoft (Thailand) Co., Ltd.) has service agreements with local companies, for the development, installation and leasing of systems as stipulated in the agreements. Under the term of the agreements, the subsidiary is committed to pay a service fee as stipulated in the agreements. These agreements cover periods of 3 to 12 months, expiring on various dates and are automatically renewed. If any of the parties do not intend to renew the agreements, then notification must be made to the other party.

35 Contingent liabilities

As at 31 December 2007 the Company and local subsidiaries were contingently liable to financial institutions for letters of guarantee issued by the financial institutions in favor of local companies and state enterprises (mainly guarantees for payments of building leases and electricity bills) totaling Baht 1,035 million (2006: Baht 1,055 million).

36 Thai Accounting Standards not yet adopted

The Federation of Accounting Professions has issued during 2007 a number of new and revised Thai Accounting Standards (TAS) and the Company and local subsidiaries had not adopted these TAS as of the balance sheet date but are not yet effective. (These TAS will become effective for financial periods beginning on or after 1 January 2008).

The new TAS, which are related to the Company and local subsidiaries' operations, are as follows:

TAS 25 (revised 2007)	<i>Cash Flows Statements</i>
TAS 29 (revised 2007)	<i>Leases</i>
TAS 31 (revised 2007)	<i>Inventories</i>
TAS 33 (revised 2007)	<i>Borrowing Costs</i>
TAS 35 (revised 2007)	<i>Presentation of Financial Statements</i>
TAS 39 (revised 2007)	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>
TAS 41 (revised 2007)	<i>Interim Financial Reporting</i>
TAS 49 (revised 2007)	<i>Construction Contracts</i>
TAS 51	<i>Intangible Assets</i>

The adoption and initial application of these TAS is not expected to have any material impact on the consolidated or separate financial statements.

37 Reclassification of accounts

Certain accounts in the 2006 financial statements have been reclassified to conform with the presentation in the 2007 financial statements.

Summary of Warrant Information

As of December 31, 2007, the details of warrants are as follows:

Type of Warrant	:	Warrants offering to directors and employees of the Company and subsidiaries
Issuance date	:	November 17, 2003
Terms	:	Not more than 5 years
Offering price per unit	:	0 Baht (zero Baht)
Existing warrants	:	2,280,450 units
Exercise price	:	4.113 Baht per share
Exercise ratio	:	One unit of warrant for 10.20984 ordinary shares
Exercise date	:	Twice a year, every 15th March and 15th September
The first exercise date	:	March 15, 2005
The last exercise date	:	September 15, 2008
Financial Advisor	:	Merrill Lynch Phatra Securities Co., Ltd.
Shares Registrar	:	Thailand Securities Depository Co., Ltd. 2/7 Moo 4 Viphavadee Road, Laksi Bangkok 10210 Tel. 0-2596-9000

Reference Persons

Shares Registrar	:	Thailand Securities Depository Co., Ltd.
Auditor	:	Mr. Charoen Phosamritlert Certified Public Accountant Registration no. 4068 and/or Ms. Somboon Supasiripinyo Certificated Public Accountant Registration no. 3731 and/or Ms. Kalyarat Chaivaraphongsa Certified Public Accountant Registration no. 3460 and/or Mr. Vairoj Jindamaneepitak Certified Public Accountant Registration no. 3565 KPMG Phoomchai Audit Ltd. 22 Fl. Empire Tower 195 South Sathorn Road, Sathorn Bangkok 10120 Tel. 0-277-2000

Shareholdings of the Company by Directors and Management

As at December 31, 2007

Shareholder's name	Designation	Number of shares	Number of warrants (unit)
Prof.Dr. Komain Bhatarabhirom	Independent Director and Chairman of the Audit Committee	0	0
Mr. Pridi Boonyoung	Independent Director and Audit Committee	340,739	11,250
Mr. Padoong Techasarintr	Independent Director and Audit Committee	340,052	11,250
Mr. Dhanin Chearavanont	Chairman	3,034,056	150,000
Mr. Korsak Chairasmisak	Vice Chairman and Chief Executive Officer	9,142,904	100,000
Mr. Adirek Sripratak	Director	0	0
Mr. John Sian-Zu Lin	Director	0	0
<i>(Resigned on November 1, 2007)</i>			
Mr. Umroong Sanphasitvong	Director	171,000	37,500
Mr. Soopakij Chearavanont	Director	83,122	2,750
Mr. Narong Chearavanont	Director	138,747	5,500
Mr. Prasert Jarupanich	Director	57,430	11,250
Mr. Pittaya Jearavisitkul	Director	363,361	43,750
Mr. Piyawat Titasattavorakul	Director	3,382	43,750
Mr. Suraphan Pussadej	Assistant Chief Executive Officer – Human Resource	0	0
Mr. Tanin Buranamanit	Executive Vice President – Operation and Marketing	195,627	26,550
Mr. Taweesak Kaewrattanapattama	Senior Vice President – Accounting and Finance	4,000	0
Mr. Chuan Nimkittikul	Senior Vice President – Purchasing and Distribution	219,343	25,900
Mr. Suwit Kingkaew	Senior Vice President – General Management	561,672	24,674
Mr. Kosa Pongsupath	Vice President – Information Technology	0	21,250

Subsidiaries Information

CP All Public Company Limited Subsidiaries and Affiliates in Thailand

Counter Service Co., Ltd.

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

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

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

Retailink (Thailand) Co., Ltd.

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

Gosoft (Thailand) Co., Ltd.

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

M.A.M. Heart Co., Ltd.

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

Dynamic Management Co., Ltd.

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

Suksapiwat Co., Ltd.

Type of business	• Retail vocational school
Incorporated	• Thailand
Paid up capital	• Baht 810 million
Par value	• Baht 10 per share
Shareholding	• 99.99%

Thai Smart Card Co., Ltd.

Type of business	• Payment of products and services through smart card
Incorporated	• Thailand
Paid up capital	• Baht 1,200 million
Par value	• Baht 10 per share
Shareholding	• 72.64%

Panyatara Co., Ltd.

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

Subsidiaries and Affiliates in overseas

Lotus Distribution Investment Limited

Type of business	• Investment business
Incorporated	• British Virgin Island
Paid up capital	• USD 30.9 million
Shareholding	• 100%

Yangtze Supermarket Investment Co., Ltd.

Type of business	• Investment business
Incorporated	• British Virgin Island
Paid up capital	• USD 100
Shareholding	• 55%

Emerald Innovation Management Co., Ltd.

Type of business	• Investment business
Incorporated	• British Virgin Island
Paid up capital	• USD 3.41 million
Shareholding	• 55%

Shanghai Lotus Supermarket Chain Store Co., Ltd.

Type of business	• Supercenter business
Incorporated	• People's Republic of China
Paid up capital	• USD 84 million
Shareholding	• 29.70%

Ek Chor Trading (Shanghai) Co., Ltd.

Type of business	• Non-active
Incorporated	• People's Republic of China
Paid up capital	• USD 6.5 million
Shareholding	• 55%

Ek Chor Distribution System Co., Ltd.

Type of business	• Non-active
Incorporated	• Hong Kong
Paid up capital	• HKD 2
Shareholding	• 100%