



คือเมื่อไหร่... ก็แวะมา
7-Eleven



บริษัท ซีพี ออลล์ จำกัด (มหาชน)
CP ALL Public Company Limited

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ปรัชญาองค์กร • Corporate Philosophy

เราปรารถนารอยยิ้มจากลูกค้า ด้วยทีมงานที่มีความสุข

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

วิสัยทัศน์ • Vision

เราให้บริการความสะดวกกับทุกชุมชน

We serve convenience to all communities.

พันธกิจ • Mission

มุ่งสร้างความผูกพันกับลูกค้า

ด้วยการสรรหาสินค้าและบริการที่มีคุณภาพ

ภายใต้การบริหารงานแบบ Harmony

และสร้างสัมพันธ์ภาพที่ดีกับสังคมและชุมชน

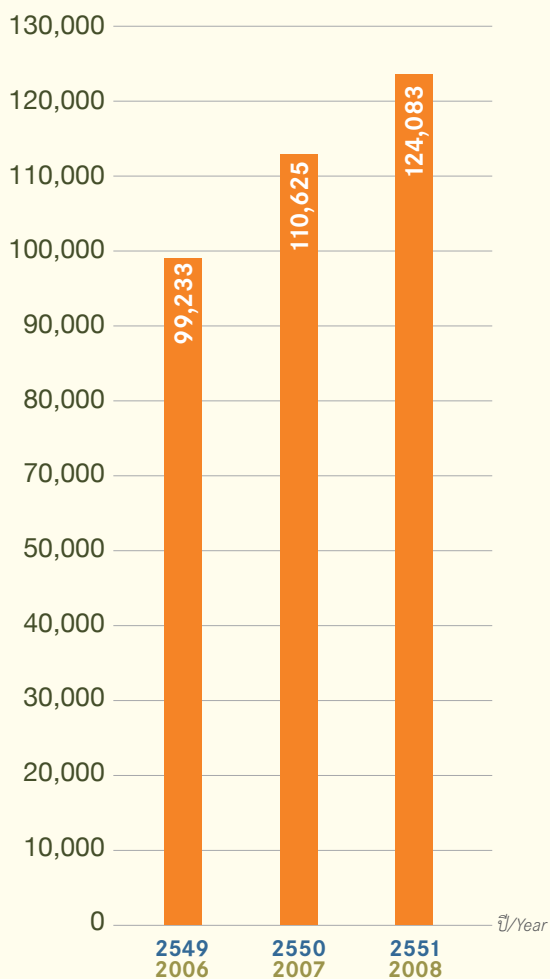
To create customer engagement with quality product and service assortment by "Harmony" management and to enhance good relations with society and community.

เพื่อทุกวันที่ดีของทุกคน
Life is better with all



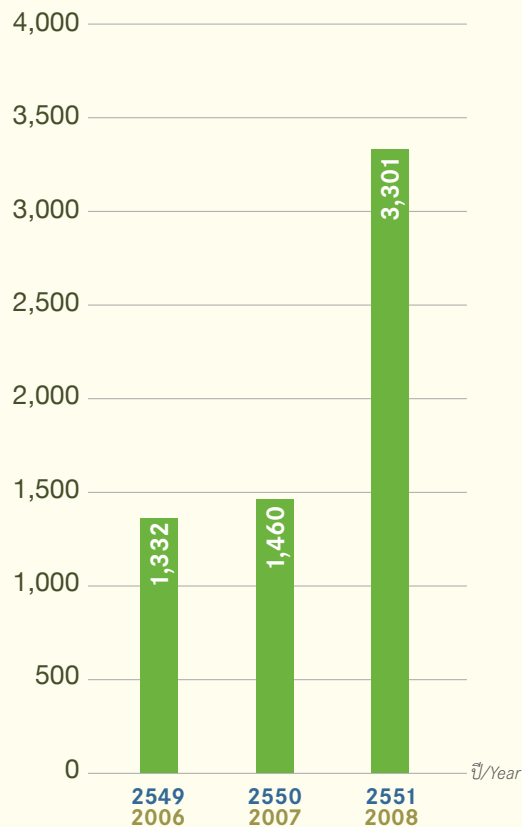
ยอดขายสุทธิและรายได้ค่าบริการ
Net Sales and Services Income

ล้านบาท/Baht Million



กำไรสุทธิ
Net Profit

ล้านบาท/Baht Million



ข้อมูลทางการเงินโดยสรุป
• Summary of Financial Information •



บริษัท ซีพี ออลล์ จำกัด (มหาชน) และบริษัทย่อย สำหรับงวดปีสิ้นสุดวันที่ 31 ธันวาคม 2549 ถึง 31 ธันวาคม 2551
CP ALL Public Company Limited and its Subsidiaries For fiscal years ending December 31, 2006 to December 31, 2008

ล้านบาท/Baht Million

	2549/2006	2550/2007	2551/2008
ข้อมูลจากงบการเงินรวม (ล้านบาท) Consolidated Financial Information (Baht Million)			
ยอดขายสุทธิและรายได้ค่าบริการ Net sales and services income	99,233	110,625	124,083
รายได้รวม Total revenues	103,276	115,358	129,455
กำไรสุทธิ Net profit	1,332	1,460	3,301
เงินสดสุทธิที่ได้มาจากกิจกรรมดำเนินงาน Net cash provided by operating activities	6,092	6,027	9,435
สินทรัพย์รวม Total assets	42,970	45,220	40,159
หนี้สินรวม Total liabilities	34,934	39,589	23,259
ส่วนของผู้ถือหุ้นรวม Total shareholder's equity	8,036	5,631	16,900
ข้อมูลหุ้น (บาท) Share Information (Baht)			
มูลค่าตามบัญชีต่อหุ้น Book value per share	2.0	2.1	3.7
กำไรสุทธิต่อหุ้น Earnings per share	0.30	0.33	0.74
อัตราส่วนทางการเงิน (ร้อยละ) Financial Ratios (%)			
อัตรากำไรขั้นต้น Gross margin (sales and services)	21.6%	22.1%	24.0%
อัตรากำไรจากการดำเนินงาน EBIT margin	-0.1%	0.1%	3.1%
อัตรากำไรสุทธิ Net profit margin	1.3%	1.3%	2.5%
ผลตอบแทนต่อสินทรัพย์รวม Return on total assets	3.2%	3.3%	7.7%
ผลตอบแทนต่อส่วนของผู้ถือหุ้น Return on total shareholder's equity	15.2%	16.3%	25.5%

• 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. The Company disposed assets and its investment in the supercenter business in PRC, after losses for 4 years. The restructuring was completed on October 31, 2008. Furthermore, the Company operates other related businesses such as bill payment collection service (“Counter Service Co., Ltd.”), manufacturing and sale of frozen foods and bakery (“C.P. Retailing and Marketing Co., Ltd.”), sale and maintenance of retail equipment (“Retailink (Thailand) Co., Ltd.”), payment for products and services through smart cards (“Thai Smart Card Co., Ltd.”), information technology services (“Gosoft (Thailand) Co., Ltd.”), logistics services (“Dynamic Management Co., Ltd.”), marketing services (“MAM Heart Co., Ltd.”), 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 0-2679-0050 Company Registration Number 0107542000011 Website www.7eleven.co.th or www.cpall.co.th

• Messages from •
The Chairman and The Chief Executive Officer

CP All Public Company Limited is the operator of 7-Eleven convenience stores which has been alongside Thai society for 2 decades. With a store network that covers every area across the country and a wide array of products and services, the Company caters to the demands of average 5.5 million customers per day of every gender and age. In 2008, CP All continued to expand with 499 new stores and had a total of 4,778 stores as of 31 December 2008. The Company experienced continued growth with total revenue of separate financial statement in 2008 of Baht 98,108 million, rising 19.9 percent.

On 31 October 2008, the Company completed the restructuring of its supercenter business in the PRC 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 Company strives to be the convenience store in the hearts of the Thai people through developing and selecting new products and services to provide greater customer satisfaction. With regards to product strategy, the Company focuses on ready-to-eat food and drinks. To highlight its strength as a convenient food store, the Company implemented the “7-Eleven Ready-to-Eat Food Campaign” in 2008 to cater to the lifestyle of the Thai people that have less time and are always in a rush. 7-Eleven provides convenience and enables Thai lives to be less hectic with a wide variety of fresh food for snacks or main meals, with fast service everywhere, every time.

In addition, in 2009-2010, the Company has plans to establish 3 new distribution centers in the southern, northern, and northeastern regions to support future store expansion and customer growth. These regional distribution centers will allow the Company to better satisfy the demands of customers as well as more effectively manage its product delivery costs.

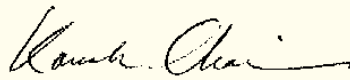
Serving Thai people nationwide, 7-Eleven stores have had a dedicated relationship with Thai society for a long time. Because we are a part of Thai society, the Company has given back to society by developing the seeds of intellect in the new generation to be knowledgeable and capable with a bright future. The Company promotes gratitude towards our parents and teachers as well as teaching people to be good persons, with the belief that this will bring growth, strength and stability to Thai society. In addition, the Company promotes integrity among its employees at all levels and provides them opportunities to study Buddhist teachings. The Company’s employees rank 3rd in the country in learning Buddhist teachings. In the past year, the Company received the Outstanding Dharma Learning Place Award from the Office of National Buddhism and was the only private company that has received this award. Furthermore, the Company is an important channel in helping disaster victims across the country. In collaboration with the Thai Army, the Company invited the Thai people to donate money to help disaster victims at 7-Eleven stores nationwide, 24-hours.

In coming year 2009, the Company is aware of the downward trend in the economic conditions. Therefore, the Company will exercise care and caution in investing in various projects. However, the Company believes that due to market potential and increased consumer response to the convenience store business, it will be able to expand the number of branches, with a target of 400-450 new stores in Bangkok, vicinities and the provinces. While maintaining business stability and growth, the Company will also utilize organizational development to develop its staff, work and operating processes to be more effective. Today, the Company has been able to achieve both these goals. It has been able to achieve growth according to set targets, financial security and systematic operations under management in line with the standards of the National Quality Award. These successes have been attainable due to the determination, knowledge, and capabilities of all employees at every level. With the world economic crisis this year, the Company is confident that it will be able to overcome all obstacles. From the concerted efforts of all employees working in harmony, combining similarities and differences, this will drive effective thinking and working together and ultimately lead to the ability to change crisis into motivation to create continued strength for the Company. In 2009, the Company will focus on building an organizational culture to create competitive advantage to meet customers' demands through differentiated products and services. This will also promote employee creativeness and improve the quality of employees to be more effective.

The success and stability of CP All today will be an important foundation in building future business sustainability. The Company would like to take this opportunity to thank its customers, shareholders, business partners, society, communities, and all of its employees for their continued support of the Company's business operations, enabling it to achieve continued success. We would like all of our supporters to be assured that the Company will operate its business with continued growth for the benefits of all parties on the foundation of sincere services, good corporate governance, accountability, and meeting the needs and satisfaction of all stakeholder groups.



Mr. Dhanin Chearavanont
Chairman



Mr. Korsak Chairasmisak
Chief Executive Officer



คณะกรรมการบริษัท • Board of Directors •

ศ. ดร. โกเมน ภัทรภิมย์
(Prof. Dr. Komain Bhatarabhirom)
ประธานกรรมการตรวจสอบ
และกรรมการอิสระ
Chairman of the Audit Committee
and Independent Director

นายผดุง เตชะศรีนทร์
(Mr. Padoong Techasarintr)
กรรมการตรวจสอบ
และกรรมการอิสระ
Audit Committee and
Independent Director

นายก้อศักดิ์ ไชยรัศมีศักดิ์
(Mr. Korsak Chairasmisak)
รองประธานกรรมการ
และประธานเจ้าหน้าที่บริหาร
Vice Chairman
and Chief Executive Officer



▲
นายปริดี บุญยัง
(Mr. Pridi Boonyoung)
กรรมการตรวจสอบ
และกรรมการอิสระ
Audit Committee and
Independent Director

▲
นายธนิษฐ์ เจียรนวนนท์
(Mr. Dhanin Chearavanont)
ประธานกรรมการ
Chairman

นายสุภกิต เจียรนวนนท์
(Mr. Soopakij Chearavanont)
กรรมการ
Director

นายอรรัง สรรพสิทธิ์วงศ์
(Mr. Umroong Sanphasitvong)
กรรมการ
Director

นายประเสริฐ จารุพนิช
(Mr. Prasert Jarupanich)
กรรมการ
Director

นายปิยะวัฒน์ ฐิตะสัทธาวรกุล
(Mr. Piyawat Titasattavorakul)
กรรมการและกรรมการผู้จัดการ
Director and Managing Director



▲
นายอดิเรก ศรีประทักษ์
(Mr. Adirek Sripratak)
กรรมการ
Director

▲
นายณรงค์ เจียรนวนนท์
(Mr. Narong Chearavanont)
กรรมการ
Director

▲
นายพิทยา เจียรวิสิฐกุล
(Mr. Pittaya Jearavisitkul)
กรรมการและ
รองประธานเจ้าหน้าที่บริหาร
Director and Deputy Chief
Executive Officer

▲
นายสุพจน์ ชิตเกษรพงศ์
(Mr. Supot Shitgasornpongse)
เลขานุการบริษัท
Company Secretary

คณะผู้บริหาร

• Executive Officers •

นายกอศักดิ์ ไชยรัศมีศักดิ์
(Mr. Korsak Chairasmisak)
รองประธานกรรมการ
และประธานเจ้าหน้าที่บริหาร
Vice Chairman
and Chief Executive Officer
▼

นายปิยะวัฒน์ ฐิตะสัทธาวรกุล
(Mr. Piyawat Titasattavorakul)
กรรมการและกรรมการผู้จัดการ
Director and Managing Director
▼



▲
นายพิทยา เจียรวิวสิกุล
(Mr. Pittaya Jearavisitkul)
กรรมการและรองประธานเจ้าหน้าที่บริหาร
Director and Deputy Chief Executive Officer

นายธานินทร์ บุรณมานิต
(Mr. Tanin Buranamanit)
รองกรรมการผู้จัดการบริหาร
สายงานปฏิบัติการและการตลาด
Executive Vice President -
Operation and Marketing
▼

นายชวน นิมกิตติกุล
(Mr. Chuan Nimkittikul)
รองกรรมการผู้จัดการอาวุโส
สายงานจัดซื้อ
และศูนย์กระจายสินค้า
Senior Vice President -
Purchasing and Distribution
▼

นายโกษา พงศ์สุพัฒน์
(Mr. Kosa Pongsupath)
รองกรรมการผู้จัดการ
สายงานเทคโนโลยีสารสนเทศ
Vice President - Information
Technology
▼



▲
นายสุรพันธ์ ปุสเสด็จ
(Mr. Suraphan Pussadej)
ผู้ช่วยประธานเจ้าหน้าที่บริหาร
สายงานทรัพยากรบุคคล
Assistant Chief Executive
Officer - Human Resource

▲
นายทวีศักดิ์ แก้วรัตนปัทมา
(Mr. Taweesak Kaewratthanapattama)
รองกรรมการผู้จัดการอาวุโส
สายงานบัญชีและการเงิน
Senior Vice President -
Accounting and Finance

▲
นายสุวิทย์ กิ่งแก้ว
(Mr. Suwit Kingkaew)
รองกรรมการผู้จัดการอาวุโส
สายงานบริหารทั่วไป
Senior Vice President -
General Management

• Directors and Management •

Biography

Prof. Dr. Komain Bhatrabhirom

76 years old

Position Chairman of the Audit Committee and Independent Director

Positions in other organization

- Chairman, The National Research Council of Thailand, Law Branch
- Chairman of the Law Committee, Ministry of Labour
- Chairman of the Audit Committee, Ministry of Labour
- Member of the Law Reform Committee, Ministry of Culture
- Professor, Faculty of Law, Chulalongkorn University

Education

- Docteur de l'Université de Paris
- Doctor of Laws (Honorary), Chulalongkorn University
- Barrister-at-Law, Thai Bar Association
- Bachelor of Laws, 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 Public Co., Ltd.
- 1987-1993 Director, Thai Airways Public Co., Ltd.

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 2008

7 times out of 7 meetings

(%) shareholding (as at December 30, 2008)

-

Mr. Pridi Boonyoung

70 years old

Position Audit Committee and Independent Director

Positions in other organization -

Education

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

Experiences

- 1997-1998 Director – General, Treasury Department
- 1996-1997 Director – General, Customs Department
- 1993-1996 Director – General, The Comptroller General's Department

Relationship -

Training by the Thai Institute of Directors Association (IOD)

- 2005 Director Accreditation Program (DAP)

Attendance at the Board of Directors' Meeting during 2008

7 times out of 7 meetings

(%) shareholding (as at December 30, 2008)

0.01014

Mr. Padoong Techasarintr

67 years old

Position Audit Committee and Independent Director

Positions in other organization

- Independent Director and Audit Committee, Textile Prestige PCL.
- Independent Director and Audit Committee, Kulthorn Kirby PCL.
- Independent Director and Audit Committee, Thanulux PCL.
- Independent Director and Chairman of Audit Committee, Lanna Resources PCL.
- Independent Director and Audit Committee, Thai Nam Plastic PCL.
- Independent Director and Audit Committee, Mirt Phol Co., Ltd.

Education

Bachelor of Business Administration, Thammasat University

Experiences

- 1995-1998 Executive Director, Siam City Bank PCL.
- 1994-1995 Director – Vice President, Siam City Bank PCL.

Relationship -

Training by the Thai Institute of Directors Association (IOD)

- 2001 The Role of Chairman
- 2003 Director Certification Program (DCP)
- 2005 Director Accreditation Program (DAP)
- 2008 Audit Committee Program (ACP)
- 2008 Monitoring the Internal Audit Function

Attendance at the Board of Directors' Meeting during 2008

7 times out of 7 meetings

(%) shareholding (as at December 30, 2008)

0.01012

Mr. Dhanin Chearavanont

69 years old

Position Chairman

Positions in other organization

- Chairman, Charoen Pokphand Foods PCL.
- Chairman, True Corporation PCL.
- Chairman and CEO, Charoen Pokphand Group Co., Ltd.
- Chairman, True move Co., Ltd.

Education

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

Experiences -

Relationship

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

Training by the Thai Institute of Directors Association (IOD)

2005 Director Accreditation Program (DAP)

Attendance at the Board of Directors' Meeting during 2008

2 times out of 7 meetings

(%) shareholding (as at December 30, 2008)

0.01704

Mr. Korsak Chairasmisak

56 years old

Position Vice Chairman and Chief Executive Officer

Positions in other organization

- Vice Chairman, Charoen Pokphand Group
- Chairman, Thai Go Association
- President, World Chinese Wei Qi Federation
- Honorable Member, Behavioral Science Research Institute, Srinakharinwirot University
- Honorable Committee, Panyapiwat Institute of Technology Council

Education

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

Experiences

- | | |
|-----------|--|
| 1983-1987 | Executive Vice President (International Trade), Charoen Pokphand Group Co., Ltd. (Hong Kong) |
| 1979-1983 | Managing Director, Bangkok Produce Merchandising PCL.
Managing Director, Bangkok Fisheries Co., Ltd.
Managing Director, C.P. Agro-Industry Company Limited
Managing Director, C.P. Intertrade Co., Ltd. |

Relationship -

Training by the Thai Institute of Directors Association (IOD)

2000 Director Certification Program (DCP)

2006 The Role of Chairman

Attendance at the Board of Directors' Meeting during 2008

6 times out of 7 meetings

(%) shareholding (as at December 30, 2008)

0.22631

Mr. Umroong Sanphasitvong

55 years old

Position Director

Positions in other organization

- Deputy Group CFO, Charoen Pokphand Group Co., Ltd.
- Director, Ayudhya Allianz C.P. Life PCL.
- Director, True Corporation PCL.
- Director, CPPC PCL.
- Director, Allianz C.P. Insurance Co., Ltd.

Education

- Master of Business Administration, Thammasat University
- Bachelor of Business Administration, Thammasat University

Experiences

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

Relationship -

Training by the Thai Institute of Directors Association (IOD)

2001 Director Certification Program (DCP)

2003 Company Secretary

2006 Board Performance Evaluation

2006 DCP Refresher

2007 Role of the Compensation Committee

Attendance at the Board of Directors' Meeting during 2008

7 times out of 7 meetings

(%) shareholding (as at December 30, 2008)

0.01789

Mr. Soopakij Chearavanont

44 years old

Position Director

Positions in other organization

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

- Chairman, Chia Tai Enterprises International Ltd.
- Chief Executive Committee, Telecom Holding Co., Ltd.
- Chairman, True Visions PCL.
- Director, True Corporation PCL.
- Director, True Move Co., Ltd.

Education

Bachelor of Business Administration, New York University, USA

Experiences -

Relationship

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

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

Attendance at the Board of Directors' Meeting during 2008

0 time out of 7 meetings

(%) shareholding (as at December 30, 2008)

0.00247

Mr. Narong Chearavanont

43 years old

Position Director

Positions in other organization

- Director, CPPC PCL.
- Director, True Corporation PCL.
- Director, True Visions PCL.

Education

Bachelor of Business Administration in Finance
and International Business, New York University, USA

Experiences

October 2006-2008	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

Training by the Thai Institute of Directors Association (IOD)

2007 Director Accreditation Program (DAP)

Attendance at the Board of Directors' Meeting during 2008

3 times out of 7 meetings

(%) shareholding (as at December 30, 2008)

0.00434

Mr. Adirek Sripratak

63 years old

Position Director

Positions in other organization

- Honor President, Thai Broiler Processing Exporters Association
- President and CEO, Charoen Pokphand Foods PCL.
- Executive Director, Charoen Pokphand Foods PCL.
- Director, Charoen Pokphand Foods PCL.

Education

Honorary Doctorate Degree (Science), Maejo University

Experiences -

Relationship -

Training by the Thai Institute of Directors Association (IOD)

2001 Director Certification Program (DCP)

2005 Director Accreditation Program (DAP)

Attendance at the Board of Directors' Meeting during 2008

5 times out of 7 meetings

(%) shareholding (as at December 30, 2008)

-

Mr. Prasert Jarupanich

60 years old

Position Director

Positions in other organization

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

Education

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

Experiences -

Relationship -

Training by the Thai Institute of Directors Association (IOD)

2004 Director Certification Program (DCP)

2004 Finance for Non-finance Director

2008 Role of the Compensation Committee

Attendance at the Board of Directors' Meeting during 2008

7 times out of 7 meetings

(%) shareholding (as at December 30, 2008)

-

Mr. Pittaya Jearavisitkul

53 years old

Position Director and Deputy Chief Executive Officer

Positions in other organization -

Education

- Master of Business Administration, Thammasat University
- Bachelor of Arts in Economics (Honor), Thammasat University

Experiences

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

Relationship -

Training by the Thai Institute of Directors Association (IOD)

2000 Director Certification Program (DCP)

Attendance at the Board of Directors' Meeting during 2008

5 times out of 7 meetings

(%) shareholding (as at December 30, 2008)

0.01803

Mr. Piyawat Titasattavorakul

55 years old

Position Director and Managing Director

Positions in other organization -

Education

Bachelor of Business Administration in Marketing, Ramkhamhaeng University

Experiences

1996-1998 Vice President – Operation, C.P. Seven Eleven PCL.

Relationship -

Training by the Thai Institute of Directors Association (IOD)

2001 Director Certification Program (DCP)

Attendance at the Board of Directors' Meeting during 2008

7 times out of 7 meetings

(%) shareholding (as at December 30, 2008)

0.00054

Mr. Supot Shitgasornpongse

55 years old

Position Company Secretary

Positions in other organization

- Accounting System Formulation Committee, Federation of Accounting Professional
- Accounting Standard Technical Subcommittee, Federation of Accounting Professional

Education

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

Experiences

1990-1997 General Manager, Thailand Fishery Cold Storage PCL. and its subsidiaries

1978-1990 Administrative Manager, Hoechst Thai Co., Ltd. and its subsidiaries

Relationship -

Training by the Thai Institute of Directors Association (IOD)

2003 Company Secretary Program

2004 Director Certification Program (DCP)

(%) shareholding (as at December 30, 2008)

0.00111

Mr. Suraphan Pussadej

60 years old

Position Assistant Chief Executive Officer – Human Resource

Positions in other organization

- Advisor, Civil Servant Commission for Bureaucratic Development
- Advisor, Walailuck University

Education

- Master of Arts in Political Science, University of Detroit, USA
- Barrister-at-Law, Thai Bar Association
- Bachelor of Laws (Honor), Thammasat University

Experiences

2004-2005 Deputy Chief Executive Officer, S Khonkaen PCL.

1996-2004 Corporate Human Resource Director, Paper & Packaging Business, Siam Cement Group (SCG)

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

Relationship -

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

(%) shareholding (as at December 30, 2008)

-

Mr. Tanin Buranamanit

44 years old

Position Executive Vice President – Operation and Marketing

Education

Bachelor of Business Administration in Marketing, Thammasat University

Experiences

1999 Assistant Vice President – Marketing,
C.P. Seven Eleven PCL.

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

Relationship –

Training by the Thai Institute of Directors Association (IOD) –
(%) shareholding (as at December 30, 2008)

0.00026

Mr. Taweesak Kaewrathtanapattama

52 years old

Position Senior Vice President – Accounting and Finance

Education

- Bachelor of Accounting, Thammasat University
- Bachelor of Laws, Thammasat University

Experiences

1981-2005 Vice President, Bangkok Produce PCL.

Relationship –

Training by the Thai Institute of Directors Association (IOD)
2007 Director Certification Program (DCP)
(%) shareholding (as at December 30, 2008)

0.00009

Mr. Chuan Nimkittikul

57 years old

Position Senior Vice President – Purchasing and Distribution

Education

- Master of Business Administration, Thammasat University
- Bachelor of Arts in Economics, Thammasat University

Experiences

1996-1998 Assistant Vice President – Purchasing and
Distribution, Human Resource and Administration,
C.P. Seven Eleven PCL.

Relationship –

Training by the Thai Institute of Directors Association (IOD)
2006 Finance for Non-finance Director
2006 Director Certification Program (DCP)
(%) shareholding (as at December 30, 2008)
0.00798

Mr. Suwit Kingkaew

59 years old

Position Senior Vice President – General Management

Education

- Master of Business Administration, Kasetsart University
- Bachelor of Arts in Economics, Kasetsart University

Experiences

1996-1998 Assistant Vice President – General Management,
C.P. Seven Eleven PCL.

Relationship –

Training by the Thai Institute of Directors Association (IOD)
2005 Director Certification Program (DCP)
(%) shareholding (as at December 30, 2008)
0.01434

Mr. Kosa Pongsupath

58 years old

Position Vice President – Information Technology

Education

- Bachelor of Science in Statistics, Kasetsart University

Experiences

2000-2001 Assistant Vice President – Information Technology,
C.P. Seven Eleven PCL.

Relationship –

Training by the Thai Institute of Directors Association (IOD) –
(%) shareholding (as at December 30, 2008)
0.00000

ข้าวกะเพราไก่

Stir-Fried Chicken with Basil and Rice



ฮัดเซี้ยยยย
Atchoo (sneezing)

หืม
Ummmmmmmmmm



กะเพราณี
Basil???

หอมกะเพราณี
A fragrant basil smell



ใช่ ข้าวไก่กะเพราใจ
Yes, stir-fried chicken
with basil and rice

ข้าวไก่กะเพรา หอม หอม
Stir-fried chicken with basil
and rice, so fragrant

หิวเมื่อไหร่ก็แวะมา 7-Eleven
Anytime You're Hungry,
Drop by 7-Eleven



ข้าวกะเพราไก่

ข้าวหอมมะลิชั้นดี เริ่ดเมล็ด หอม นุ่ม อร่อย ถูกปากคนไทย
เนื้อไก่สับคัดสรรอย่างดี คลุกเคล้ากับน้ำซอสกะเพราที่มีการปรุงอย่างเข้มข้น อร่อย
หอมกลิ่นใบกะเพรา รสชาติจัดจ้าน และอีกหลากหลายเมนูที่คุณสามารถอิ่มอร่อยได้ทุกเวลา
“หิวเมื่อไหร่แวะมา เซเว่นอีเลฟเว่น”

Stir-Fried Chicken with Basil and Rice

High quality jasmine rice, fragrant, soft and delicious for Thai taste
High quality chicken stir-fried with a rich basil sauce, The savory smell of basil leaves with a spicy flavor
Along with other tasty menus to satisfy your hunger anytime
“Anytime You’re Hungry, Drop by 7-Eleven”



• 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 2008, the Company had a total of 4,778 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 2,433 stores are in Bangkok and vicinity (51 percent) and 2,345 stores are in provincial areas (49 percent). According to type of store, there are 2,671 corporate stores (56 percent), 1,813 franchise stores (38 percent) and 294 sub-area license stores (6 percent). Presently, an average of 5.5 million customers visit 7-Eleven stores each day.

In 2009, 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 2008, the Company had 4,065 stand-alone stores (85 percent) and 713 stores in PTT gas stations (15 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 Management Company Limited (DM) was established to provide logistics services. 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.



ปี 2548 บริษัทได้เปิดดำเนินการ โรงเรียนปัญญาวิวัฒน์เทคโนธุรกิจ อย่างเป็นทางการ และการชำระเงินค่าสินค้าและบริการต่างๆ ด้วยบัตร Smart Purse ซึ่งเป็นบัตรเงินสดดิจิทัล ปี 2549 บริษัทได้ดำเนินการก่อตั้งบริษัท ปัญญาธารา จำกัด เพื่อประกอบกิจการการจัดฝึกอบรมและการจัดสัมมนาทางวิชาการ ปี 2550 บริษัทได้จัดตั้งสถาบันเทคโนโลยีปัญญาวิวัฒน์ เพื่อเป็นสถาบันผลิตบุคลากรป้อนบริษัทในเครือในระดับปริญญาตรีและโท โดยเน้นใน 3 สาขา ได้แก่ การจัดการธุรกิจค้าปลีก โลจิสติกส์ และธุรกิจอาหาร

นอกจากการขยายการลงทุนไปยังธุรกิจอื่นๆ โดยการจัดตั้งบริษัทย่อยและบริษัทร่วมเพิ่มเติมแล้ว บริษัทยังมีการขยายช่องทางธุรกิจภายใต้การบริหารจัดการของบริษัทเองอีก โดยในปี 2541 ได้มีการเปิดตัวธุรกิจ 7-Catalog Order เพื่อเป็นการขยายช่องทางธุรกิจ เพิ่มทางเลือกให้กับลูกค้าในการสั่งซื้อสินค้ามากขึ้น โดยพัฒนาจาก Mail Order จัดทำเป็นแผ่นพับไปสู่ “วารสารแคตตาล็อก” ในปี 2544 ได้เปิดตัวธุรกิจ Book Smile (เดิมชื่อ “7-Today”) เพื่อเป็นการขยายช่องทางธุรกิจด้านการจำหน่ายหนังสือและวารสาร และในปี 2550 ได้มีการเปิดตัวธุรกิจ เอ็กซ์ต้า (eXta) โดยเป็นร้านสุขภาพและความงาม ดำเนินธุรกิจจัดจำหน่ายสินค้าประเภทยาและเวชภัณฑ์ สินค้าสุขภาพ และเครื่องสำอาง

In 2005, the Company officially opened Panyapiwat Techno Business, the country's first vocational school for retail education. In addition, product and service payment through Smart Purse digital cash cards were commenced. In 2006, the Company established Panyatara Company Limited 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 1998, 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. In 2007, eXta was established as a health and beauty shop offering pharmaceuticals and medical supplies, health products and cosmetics.



โครงสร้างการถือหุ้น ของกลุ่มบริษัท ซีพี ออลล์ จำกัด (มหาชน) Group Structure of CP ALL Public Company Limited

ณ วันที่ 31 ธันวาคม 2551 As at December 31, 2008

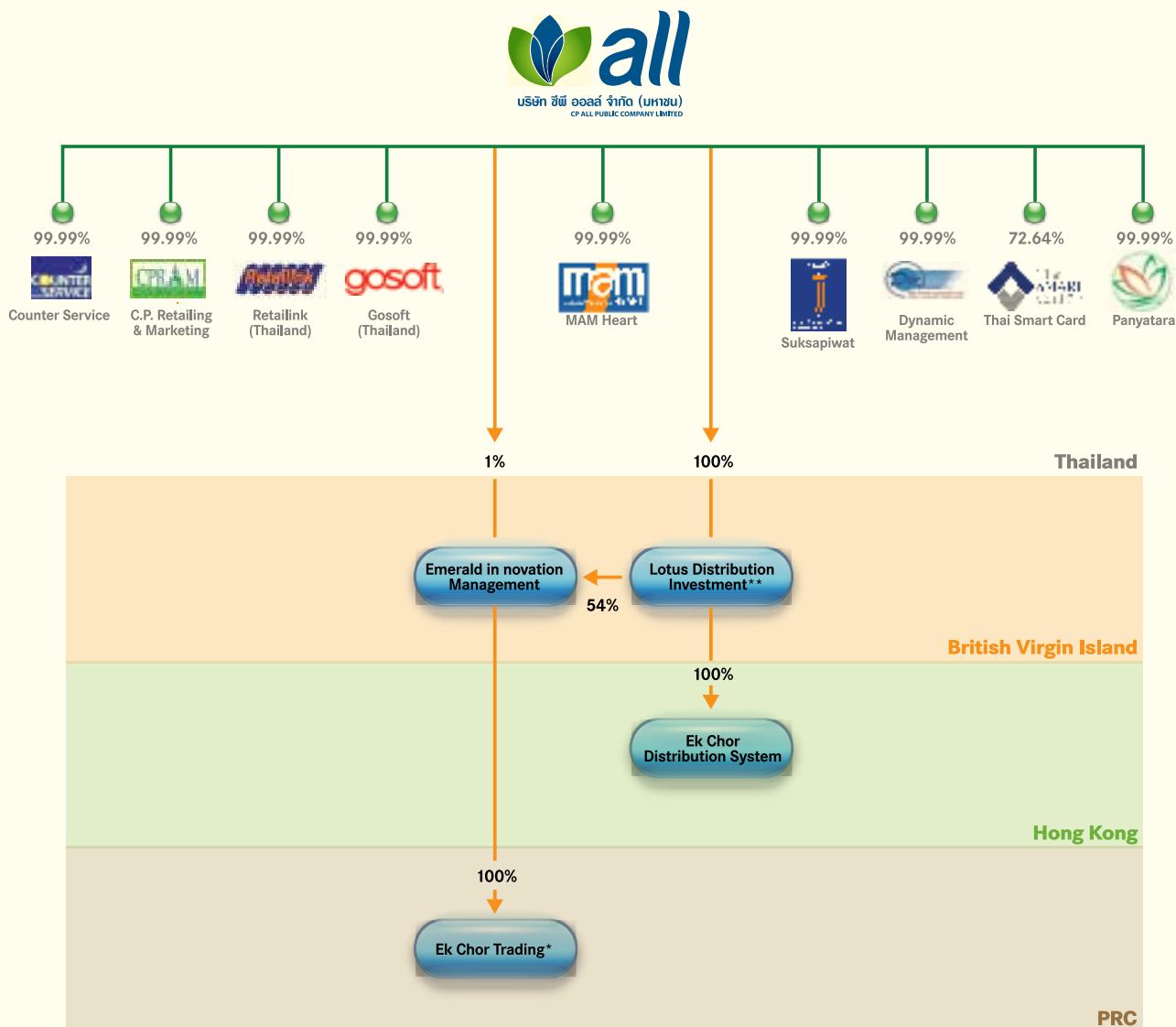
บริษัทได้จดทะเบียนแปรสภาพเป็นบริษัทมหาชนจำกัด เลขทะเบียน 0107542000011 เมื่อวันที่ 12 มีนาคม 2542 โดย ณ วันที่ 30 ธันวาคม 2551 บริษัทมีกลุ่มบริษัท ในเครือเจริญโภคภัณฑ์ถือหุ้นอยู่ร้อยละ 43.66 ของทุนจดทะเบียนที่เรียกชำระแล้ว

ณ วันที่ 31 ธันวาคม 2551 บริษัทมีแผนภาพโครงสร้าง การถือหุ้นของกลุ่มบริษัท ดังนี้

The Company became a public company limited registration number 0107542000011 on March 12, 1999.

As at December 30, 2008, the Charoen Pokphand Group held 43.66 percent of the Company's paid-up capital.

As at December 31, 2008, the group structure of the Company is as follows:



*No longer commencing operation

** As of October 31, 2008 the restructuring of the supercenter business in the PRC was completed.

Revenue Structure

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

Groups of Business	2006*		2007*		2008*	
	Million Baht	%	Million Baht	%	Million Baht	%
Convenience store (7-Eleven)	66,055	64	77,458	67	92,959	72
Supercenter (SLS)	30,887	30	29,932	26	27,726 ^{/1}	21
Other businesses ^{/2}	6,458	6	7,800	7	9,321	7
Total Net Sales and Service Income	103,400	100	115,190	100	130,006	100

* Data before elimination

^{/1} Data from January – October 2008

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

Business Objectives

The Company aims to be the leader in the convenience store business in Thailand that can satisfy the ever-changing demands of customers. The Company will focus on its strength, offering “convenience” to customers in purchasing goods and services and move towards Convenience Food Store through 7-Eleven outlets that expand across the country and most of which are open 24 hours a day. The Company plans to further open 400-450 new outlets per year in 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.

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 2008, there were 7-Eleven stores with a total of 4,778 outlets.

Types of 7-Eleven Stores

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

(Unit : stores)	2006	2007	2008	No. of news tore opening in 2008
Corporate Stores	2,119	2,462	2,671	209
Franchise Stores	1,449	1,562	1,813	251
Sub-Area License Stores	216	255	294	39
Total	3,784	4,279	4,778	499

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.

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 of the Company are categorized into the following 2 major groups: Foods & Beverage accounting for 52% and non-food products including phone card accounting for 48%.

In addition, the Company has enhanced other services for customer convenience and for serving customers' daily routines such as payment service for as many as 465 services and a new online payment system through the Internet as a means to better provide convenience whereby customers can choose to pay for services by themselves. Furthermore, there are ATM machines at 3,636 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.

Nature of Customers

The Company provides purchasing convenience to customers through its store network which is scattered in every community. The Company's customer groups are varied, including people of every gender and age with different occupations, who live and engage in daily activities near 7-Eleven stores. On average, a total of 5.5 million customers nationwide per day purchased products and services from 7-Eleven stores in 2008, increasing from 4.5 million customers nationwide per day in 2007.

Customers who visit each store have different product and service needs according to store location. In 2008, the Company divided Store Cluster according to location such as residential areas, marketplaces, schools, office, gas stations, factories, tourist spots, and transport transfer areas in order to plan product and service management strategies to best meet the needs of customers. The Company selects types of products appropriate for customer groups that visit each store according to its location and prepares adequate products and services for each time period that customers visit the store, especially during peak selling times which vary from store to store according to location. Peak selling times are different during the day and night, or working days and holidays. As a result of dividing Store Cluster according to location, 7-Eleven stores have been able to increase sales and profits in the past year.

Marketing and Competition in the Convenience Store Business

In 2008, the business sector was affected by both the economic and political crisis which reduced income, purchasing power and consumer confidence amid rising costs. In the first half of 2008, the purchasing power of consumers did not receive much impact as the public and private sectors increased the minimum wage and special allowance for living expenses and the income of the agricultural sector was still at a high level due to expanded production and higher product prices. However, due to continued political uncertainty, the trend in the world economic slowdown, and high product prices especially oil and food prices which affect the cost of living, consumer confidence remained low even though product prices started to decrease towards the end of the year. The consumer confidence index was below 100 throughout 2008 and was below 100 for 55 consecutive months.

With consumers worried about the economic conditions and expenses coupled with consumer confidence that has not revived, in 2008 the retail industry value in the tax system is expected to grow 9.2 percent, or Baht 2.6 trillion in terms of value, part of which is attributed to higher product prices. If expansion from higher product prices or inflation is excluded, the retail industry value in 2008 is expected to grow only 3.7 percent.

Continuing from 2007, competition in the retail business in 2008 were from expansion of typical stores, smaller-sized stores and new retail formats such as Community Malls which can better reach communities, provide convenience and fulfill consumers' need for One Stop Shopping. In addition, retailers have implemented various sales and promotional strategies to attract customers and maintain market share. However, it was found that retail business 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 2008, there was an increase of 703 convenience stores under the chain store format. Out of the total, 499 stores were 7-Eleven stores.

Number of convenience stores

Type of Stores	2005	2006	2007	2008
Stand alone convenience stores	5,344	5,997	6,681	7,288
□ 7-Eleven stores	2,915	3,279	3,665	4,065
□ Others	2,429	2,718	3,016	3,223
Convenience stores in gas stations	1,628	1,741	1,842	1,961
□ 7-Eleven stores	396	505	614	713
□ Others	1,232	1,236	1,228	1,248
Total convenience stores	6,972	7,738	8,523	9,249

Remark : Convenience outlets in chain store format

Source : Compilation by CP ALL PCL.

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 continuous small-scale retail store expansion into communities.

Business Strategy and Direction

Amid economic and political uncertainties, lower income and purchasing power, and higher living expenses from higher product and utility prices, consumers were more careful about their spending. At the same time, business competition intensified. Under these conditions, the Company continued to operate its business under the following main principles: Having customers as the center in driving the Company forward; Thinking systematically and working

as a team; Decision-making based on information and facts; and Creating value for all stakeholders including employees, business partners, suppliers, investors, shareholders, society and communities. The Company strives to build strong relationships with customers through quality and differentiated selection of products and services in order to satisfy current and future customer demands and expectations while effectively creating a balance for the Company's stakeholders.

Despite competitive environment, the Company continued to expand due to improved internal management under the concept and strategy of focusing on satisfying customers' demands while developing human resources to be in trend with the market and customers' changing demands and to be able to respond to these changes faster and better than competitors. The Company's main business strategy and direction include:

1. Store expansion to cover target areas and to cater to customers' demands

The Company has continuously expanded its stores in order to cover and cater to the greatest number of consumers. At present, the Company's stores are located in every province and cover 53 percent of all districts. As a result, the Company has successfully obtained the largest market share of the convenience store business under the chain store format. The Company uses geographic market segmentation, divided into Bangkok, vicinities and provinces.

The Company has a policy to expand stores to better reach various communities through franchising. The Company's Franchisee Relationship Study is a channel to receive franchisee feedback to improve and develop the Company's support services in order to create satisfaction and loyalty in working together. Information and opinions obtained from the Franchisee Relationship Study will facilitate the future design of Total Franchise Management.

2. Differentiation and value creation in the main business through innovation in order to meet consumers' demands and expectations

The Company has developed and improved its internal management to enable effective communication and collaboration among internal departments and with business partners in order to create value added and reduce operating expenses under the following main principles:

□ 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.

▣ **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.

▣ **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.

In the previous year, there were 386 renovated stores in order to provide more convenience to customers.

▣ **Giving Importance to Product Quality Guarantee**

From the corporate strategy towards becoming convenience food store rather than general convenience store, 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 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.

▣ **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.

3. Expansion into related businesses to create a business network and competitive advantage and to increase choices for consumers

The Company has added Catalog Order, distribution of books and printed material (Book Smile), a special products division (Kudsan) which is trendy and desired by customers, coffee and bakery, and pharmaceuticals and health and beauty products (eXta).

4. Building organizational competency through human resource development and knowledge management

Employees are one of the Company's key success factors. Because the retail business utilizes a large number of human resources, the Company gives great importance to continuously developing essential competency in all areas. Teamwork is promoted under a strong organizational culture. Plan-Do-Check-Action (PDCA) is emphasized. Knowledge Management (KM), which will ultimately lead to a Learning Organization (LO), is promoted.

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

Delivery of Products and Services

The Company strives to continuously develop its value chain to deliver the best to customers. 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 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.

With the corporate philosophy “Through happy employees, we desire to see smiles from our customers”, the Company not only gives importance to mechanisms or systems used to create customer satisfaction, but also cares for all processes that create value for customers, especially those related to employees. The Company regularly conducts a Customer Relationship Study (CRS) and Employee Relationship Study (ERS) every year to study the opinions and relationships of customers and employees and used the research results to improve its services. Moreover, the Company is testing the Customer & Employee Engagement (CEE) 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 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 continuously. 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.

Apart from this, to build confidence that the Company’s operations in various areas can meet customers’ current and future needs and expectations and can bring about sustained growth, the Company has designed the Business Solution Model. The Model focuses on the processes that are key to the Company’s operations such as product assortment and development, product ordering and product selection in stores, and product delivery.





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. However, the Company divested supercenter business and the transaction was complete on October 31, 2008.

As at October 31, 2008, SLS operates altogether 43 Lotus Supercenters in which 21 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 7,000 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. The average store sales/store/day has increased to approximately RMB 459,000 or a 7 percent growth, contributing to the total revenue from supercenter business (January – October 2008) amounted Baht 28,927 million in the consolidated financial statement.

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”.

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 2008, the Company offered a variety of products about 26,000 items which were classified into 4 main categories as follows;

1. Dry Groceries accounts for approximately 49 percent of total sales.
2. Fresh Food accounts for approximately 23 percent of total sales.
3. Hard Lines accounts for approximately 19 percent of total sales.
4. Apparel accounts for approximately 9 percent of total sales.

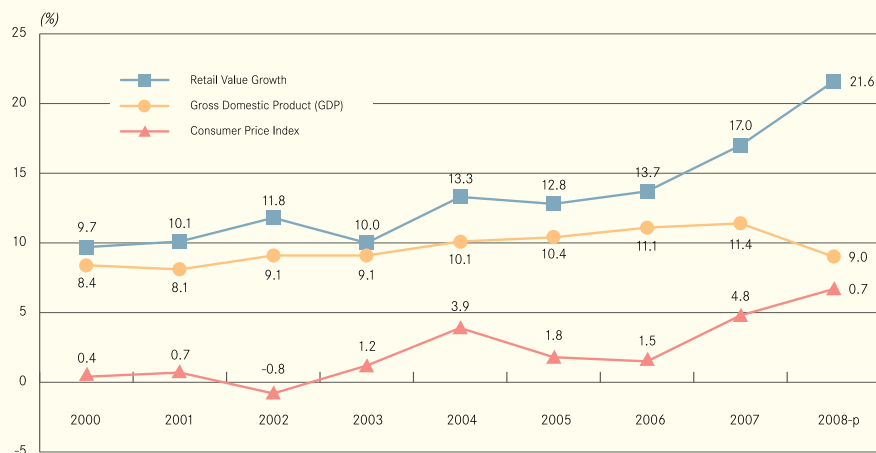
Delivery of Products and Services

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.

Market Conditions and Competition in the retail business in the PRC

In 2008, the PRC had faced with many obstacles such as the nature disasters on blizzards and earthquakes, the export decline due to world's economic slowdown, the problems on product's quality and standard, and the halt of production facilities in Beijing and nearby areas for pollution control during the Olympics. These factors have contributed to the slowdowns in production, investment and domestic consumption; consequently, the 2008 economic growth in the PRC expanded 9.0 percent, which was the first time of single digit growth in the last 5 years and the lowest since 2002.

The retailing business did not have a direct impact from global economic downturn, which partly was beneficial from the consumption growth during the Olympics. In addition, consumer behavior has been moved towards modernization and an increasing consumption. Altogether with the increase in price, the retail sector grew about 21.6 percent in 2008, higher than the average growth of 12.2 percent per annum during year 2000-2007.



Source: State Information Center, SIC and National Bureau of Statistic of China

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 60 percent of total retail sales in 2007, while the traditional grocery sector shrank.

Breakdown of retail industry (%)	2005	2006	2007
Modern Trade	53	54	60
Traditional Grocery	44	43	35
Specialty Store	3	3	5

Source : Compilation by CP ALL Plc.

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. The consumer survey in major cities of a leading research company found that spending in hypermarket has increased from 43 percent to 53 percent in 2008; while in supermarket has declined from 49 percent to 33 percent. This is partly due to the fact that hypermarket can better serve consumers' needs during the period of increasing price and expenses.

Industry Outlook and Competition

In 2009, the economic condition, namely export, in the PRC will be highly affected from the world's economic slowdown. Therefore, in November 2008 the Chinese government launched the economic stimulus package worth RMB 4 trillion, which composes of 10 measures imposing till 2010. It is expected that the 2009 economic growth in the PRC will be slid to around 8 – 8.5 percent.

The PRC retail industry in 2009 is expected to grow at a decreasing rate with the effects from economic downturn, affecting employment and consumption. However, it is expected that government's economic measure such as tax cut on personal income and business in the second half of 2009 will stimulate confidence, spending and employment. In addition, the behavioral changes of local districts towards modern trade shopping will positively contribute to stores expansion and sales growth at a certain level.

In 2009, large retail operators especially foreign chain will continue to increase their market shares in many different ways, including expansion of new store formats or merger with other retailers for strong commercial base. Moreover, various marketing strategies and promotions will be used to entice consumers in the highly competitive market.

Disposition of the Supercenter business in the PRC

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:

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. The sale of the SLS interests to CTEI

In consideration to the Company and LDI relating to the sale of SLS interests under 1 and 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 receive 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.

Completion on the Restructuring of Supercenter Business in the PRC

The above transactions were complete on October 31, 2008. Pursuant to such completion, the consolidated profit and loss statement of 2008 will include performance of the supercenter business for 10-month period, from January to October 2008. From 2009 onwards, there will no longer be performance of supercenter business consolidated in the Company's financial statement.

For entering such transaction, the Company will receive CTEI convertible bonds (CB) in return. The Company expects that its financial status will be strengthened and 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.

ก่อกำเนิด ไชยรัศมีศักดิ์

รองประธานกรรมการและประธานเจ้าหน้าที่บริหาร

Korsak Chairasmisak

Vice Chairman and Chief Executive Officer

ปี 2551 ที่ผ่านมาเป็นอีกปีหนึ่งที่บริษัทประสบความสำเร็จในหลายๆ ด้าน ไม่ว่าจะเป็นการขยายสาขา การเพิ่มรายได้ และการควบคุมค่าใช้จ่าย ซึ่งส่งผลในด้านบวกต่อผลการดำเนินงานทางการเงิน ส่วนการปรับโครงสร้างการลงทุนในธุรกิจซูเปอร์เซ็นเตอร์ในประเทศจีน ที่เสร็จสิ้นในเดือนตุลาคม ได้แสดงให้เห็นถึงความชัดเจนในการมุ่งเน้นธุรกิจหลัก และประสิทธิภาพในการตอบสนองความต้องการของผู้มีส่วนได้เสียของบริษัทได้อย่างสมดุลมากยิ่งขึ้น โดยคำนึงถึงประโยชน์สูงสุดแก่บริษัทและผู้ถือหุ้น

ในปี 2552 ความกังวลทางด้านสถานะเศรษฐกิจ อาจส่งผลให้ผู้บริโภคชะลอการใช้จ่ายมากขึ้น เรายังเชื่อว่า 7-Eleven น่าจะได้รับผลกระทบน้อยกว่าธุรกิจประเภทอื่นที่มีความแปรผันกับเศรษฐกิจสูง บริษัทยังคงมุ่งเน้นการเติบโตจากการขยายสาขาและการเติบโตของยอดขายสาขาเดิมอย่างต่อเนื่อง โดยจะดำเนินการด้วยความระมัดระวัง เพื่อให้มั่นใจว่าสภาพแวดล้อมทางธุรกิจจากภายนอก จะไม่ทำให้ความเสี่ยงในการทำธุรกิจเพิ่มสูงขึ้น

หัวใจสำคัญที่จะทำให้ธุรกิจเติบโตได้อย่างยั่งยืน คือบุคลากร บริษัทมีพนักงานหลายหมื่นคน กระจายตัวทั่วประเทศ ทั้ง 76 จังหวัด พนักงานของบริษัทมีความหลากหลายทั้งในด้านอายุ วุฒิการศึกษา ถิ่นกำเนิดและประสบการณ์ทำงาน รวมทั้งมีสภาพแวดล้อมการทำงานที่แตกต่างกัน เราจะมุ่งพัฒนาคนเหล่านี้ให้ทำงานกับองค์กรด้วยใจรัก มีความผูกพันในการทำงาน เพื่อให้สามารถบริการที่เปี่ยมมิตรภาพแก่ลูกค้าด้วยใบหน้าที่ยิ้มแย้ม

The year 2008 was another successful year for the Company in many aspects, including store expansion, revenue increase, and expense control which all had positive impact on the Company's financial performance. The restructuring of investment in the supercenter business in the PRC which was completed in October clearly demonstrated the Company's focus on its core business and its effectiveness in responding to its stakeholders' demands in a balanced manner, with consideration for the highest benefits of the Company and its shareholders.

In 2009, economic concerns may cause consumers to be more careful with their spending. However, we believe that 7-Eleven will receive less impact than other types of businesses which greatly fluctuate according to economic conditions. The Company will continue to emphasize growth from store expansion and same store sales growth. The Company will operate its business with care to ensure that external business conditions will not increase the Company's business risks.

The key to the Company's sustainable growth is its human resources. The Company has tens of thousands of employees in 76 provinces across the country. The Company's employees are diverse in terms of age, education, locality, and working experience. They also have different working environments. We are dedicated to developing our employees to work with commitment and happiness, delivering friendly services to customers with smiling faces.



“หัวใจสำคัญที่จะทำให้ธุรกิจ
เติบโตได้อย่างยั่งยืน คือบุคลากร”

“The key to the Company’s sustainable growth
is its human resources.”

• 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 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 20 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 distribution centers and branches. Delivery errors of both manufacturers and suppliers may also negatively affect the Company's sales volume.

3. Risk from Information Technology Error or Problem

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

The Company's Risk Management

The Company realizes the importance of information technology at both the store and 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 Controlling Influence of the Charoen Pokphand Group

The Charoen Pokphand Group has direct and indirect control over the Company. In the Consent Agreement with 7-Eleven, Inc., CPG agrees to maintain its minimum shareholding ratio as well as its power to appoint and control the majority of the Company's directors. As at December 30, 2008, companies in the Charoen Pokphand Group continue to hold an aggregate 43.66 percent stake. Therefore, the Charoen Pokphand Group will be able to appoint the majority of the directors and remain influential to the management and administration of the Company, including consideration of or support for matters that require approval from the Company's shareholders.

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

The Company's Risk Management

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

5. Risk from Laws and Government Policies

The Company operates a convenience store business in Thailand under the government laws and policies such as the Consumer Protection Act, Price Control Act, Food and Drug Act, and other by-laws. In addition, the government may issue new laws, rules and regulations which may affect the Company's business. The Product Liability Act B.E. 2551 had an impact on the operating process of the Company and its suppliers. This increased care in product management of more than 2,000 product items from product origin to the customer to ensure product safety. Better product management enables complete product identification and prevents possible harm to customers who visit 7-Eleven stores across the country.

The Company's Risk Management

The Company has reviewed its Quality Assurance process, with emphasis on quality control standards. Both the quality of raw materials from suppliers and the quality of products during the manufacturing process are examined. In addition, the Company in cooperation with manufacturers and suppliers tests the quality of the finished products before sale to customers. The Company has also set up a Product Liability Team consisting of the Procurement and Product Distribution Unit, Product Management Unit, Product Guarantee Unit, Legal Unit, and Operations Unit to be responsible for product quality assurance. A 24-hour Call Center also takes care of customer problems in a systematic and timely manner.

• Shareholding Structure and Management •

Securities of the Company

As at 31 December 2008, the Company's registered capital was at Baht 4,500,000,000, of which Baht 4,493,148,024 has been paid up. The paid-up capital comprises 4,493,148,024 ordinary shares with a par value of Baht 1 per share.

Shareholders

Major Shareholders	As at December 30, 2008	
	No. of shares	%
1. C.P. Merchandising Co.,Ltd.*	1,037,679,300	23.09
2. Charoen Pokphand Group Co., Ltd.*	826,366,900	18.39
3. American International Assurance Company, Limited-Di-Life	400,000,000	8.90
4. Government of Singapore Investment Corporation	263,698,885	5.87
5. Thai NVDR Company Limited	209,467,556	4.66
6. State Street Bank and Trust Company	196,592,932	4.38
7. Albouys Nominees Limited	181,806,400	4.05
8. HSBC (Singapore) Nominee PTE Ltd.	127,335,665	2.83
9. Chase C.S. Central Nominees Limited	105,813,007	2.35
10. Bangkok Produce Merchandising Plc.*	97,805,200	2.18
11. UNS Agro Chemical Co., Ltd.	90,000,000	2.00
12. Others	956,582,179	21.30
Total	4,493,148,024	100.00

* Denotes companies in the Charoen Pokphand Group which hold a combined shareholding of 43.66 percent of the total paid-up capital

Dividend Policy

The Company's Board of Directors has a policy to propose a dividend payment to shareholders at approximately 50 percent of net profit generated from operations after income tax deduction and statutory reserves from the separate financial statement by contemplating consolidated financial statement. However, the policy will be subject to change should the Board 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 Company Secretary (d) the Chief Executive Officer and (e) the Executive Committee, with scope of authority and duties as follows:

(a) Board of Directors

Consisting of:

- ❑ Non - Executive Directors 9 persons (Independent Directors 3 persons)
- ❑ Executive Directors 3 persons

The name of the Board of Directors:

1. Prof. Dr. Komain Bhatarabhirom	Independent Director
2. Mr. Pridi Boonyoung	Independent Director
3. Mr. Padoong Techasarintr	Independent Director
4. Mr. Dhanin Chearavanont	Chairman
5. Mr. Korsak Chairasmisak *	Vice Chairman
6. Mr. Soopakij Chearavanont **	Director
7. Mr. Adirek Sripratak **	Director
8. Mr. Umroong Sanphasitvong **	Director
9. Mr. Narong Chearavanont **	Director
10. Mr. Prasert Jarupanich **	Director
11. Mr. Pittaya Jearavisitkul *	Director
12. Mr. Piyawat Titasattavorakul *	Director

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 **more stringent** than the minimum requirements of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand 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

The Company's independent directors do not have any business or professional service relationships with the Company, its subsidiaries, associated companies or juristic persons with potential conflicts of interest. In addition, the Company's independent directors do not hold any positions in the company's subsidiaries or associated companies.

Scope of Authority and Responsibilities of the Board of Directors

In the Company's business operations, the Board of Directors shall perform their duties with responsibility, prudence and honesty and in compliance with the laws, the objectives, the Company's Articles of Association, and the resolutions of the Board of Directors and shareholders' meetings. The Board of Directors may appoint one or more directors or persons to carry out any act on behalf of the Board.

Appointment and Removal of Members of the Board

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

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

(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

^{*} Indicated member of Audit Committee capable upon reviewing financial statement as detailed in experiences under Directors and Management Biography.

Mr. Kidsada Euapiyachart, Assistance Vice President – Internal Audit, 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) Company Secretary

The Board of Directors' Meeting No. 5/2551 which was held on 13 August 2008 appointed Mr. Supot Shitgasornpongse as the Company Secretary responsible for the following matters on behalf of the Company or the Board of Directors:

1. Preparing and keeping the following documents
 - A. register of directors
 - B. Notice of the Board of Directors' Meeting, Minutes of the Board of Directors' Meeting, and the Company's annual report
 - C. Notice of the shareholders' meeting and minutes of the shareholders' meeting
2. Keeping the reports of interest filed by the directors or executives
3. Performing any other acts as specified in the notification of the Capital Market Supervisory Board

In cases where the Company Secretary vacates his position or is incapable of performing his duty, the Board of Directors shall appoint a new Company Secretary within 90 days from the date on which the Company Secretary has vacated his position or has been incapable of performing his duty. In this regard, the Board of Directors shall be empowered to assign any director to perform the duty as the substitute during such period.

(d) Chief Executive Officer

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

1. The sale or transfer of all or partial portions of the Company's business to other persons
2. The purchase or takeover or transfer of business from other companies or private companies
3. The execution, amendment and termination of agreements concerning the leasing out of all or substantial parts of the Company's business, the delegation of authority to other persons to manage the business of the Company or consolidation with other persons for the purpose of sharing of profit and loss
4. The amendment of the Memorandum or Articles of Association of the Company
5. The increment or decrement of capital, the issuance of debentures, the consolidation or dissolution of the Company

6. The approval of balance sheets or income statement
7. The appropriation of profits and payment of dividends
8. The borrowing of money or the guaranteeing of loans or creation of obligations to the Company with financial institutions or other companies in the amount exceeding Baht 200 million per time in a year
9. The lending of money to other companies in the amount exceeding Baht 200 million per time in a year
10. The investment, joint-venture, increment of capital in subsidiaries, affiliates or other companies in the amount exceeding Baht 200 million per time in a year
11. The expenses for investment in large projects or the acquisition of assets of the Company where the cost of such a project or the value of assets exceeds Baht 200 million per time in a year
12. The sale or disposal of fixed assets of the Company at a sale 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.

(e) Executive Committee

As at 31 December 2008, 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 Kaewratthanapattama	Senior Vice President, Accounting and Finance
7. Mr. Chuan Nimkittikul	Senior Vice President, Purchasing and Distribution
8. Mr. Suwit Kingkaew	Senior Vice President, General Management
9. Mr. Kosa Pongsupath	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 SEC 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

The Company set fair and reasonable remuneration for directors with consideration on the appropriateness and in relation to the responsibilities of directors and executives as follows:

2008	Type of Remuneration	Total (Million Baht)
Directors		
Chairman of the Audit Committee and Independent Director	Remuneration for Directors	1.20
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 (5 persons)	Remuneration for Directors	2.40
Total 12 directors		8.64
Executives Directors and Executive Officers (9 persons)	Salary and bonus	197.92
Total remuneration for Directors and Executives		206.56

(b) Other Remuneration

In 2008, the directors and all executives including Executive Committee 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 2008. A total of 11,330,813 units were exercised at a price of Baht 4.113, worth a total of Baht 46.60 million. The second exercise was on 15 September 2008. A total of 11,592,223 units were exercised at a price of Baht 4.113, worth a total of Baht 47.68 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 2008, 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 4.0 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 4.50 million.

The remaining foreign subsidiary of 7 companies paid the audit fees to KPMG Huazhen Shanghai Co., Ltd. in the amount of Baht 8.16 million.

* Lotus Distribution Investment Limited

(b) Non-audit Service Fee

- None -

Personnel

2008 (As at December 31, 2008)	Convenience Store Business
Store employees (persons)	22,427
Head office staff (persons)	5,918
Total (persons)	28,345
Total Remunerations (Million Baht)	7,093

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 2008, 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.

เปา (ทดสอบเตียง)

Pao (Bed testing)



น้องมีไรนุ่มๆ แบบนี้ปะ
Sister, do you have
anything soft like this?



ไม่มีอะไรนุ่มเท่า
Nothing soft like

“เปา” แป้งนุ่มนุ่ม ใส่อยะ
“Pao”, soft bun full of stuffing

หิวเมื่อไหร่ก็แวะมา 7-Eleven
Anytime You're Hungry,
Drop by 7-Eleven



ซาลาเปา

แป้งนุ่ม เหนียว ไม่ติดฟัน ใส่หมูสับเนื้อแน่นตรงกลางมีไข่เค็ม เค็มเล็กน้อย
เนื้อไข่ละเอียด มัน เข้ากันได้กับเนื้อหมูแน่นเป็นอย่างดี
และซาลาเปา อีกหลากหลายรสชาติ ที่เซเว่นอีเลฟเว่นคัดสรรมาให้คุณอิมอร่อยได้ตลอดเวลา
“หิวเมื่อไหร่ก็แวะมา เซเว่นอีเลฟเว่น”

Steamed Stuffed Bun

The soft bun with great texture that doesn't stick to your teeth, stuffed with
grounded pork centered with salted egg yolk, a light salty taste
The smooth yolk blends perfectly into the tasty grounded pork
And with a variety of delicious steamed stuffed buns that
7-Eleven has selected for you to satisfy your hunger anytime
“Anytime You're Hungry, Drop by 7-Eleven”



• Compliance with Good Corporate Governance Principles •

In managing its business, CP All Public Company Limited adheres to good corporate governance principles, which is key to achieving sustainable growth and the highest benefits for all shareholders, related parties and society. Since 2004, the Company has had a written corporate governance policy which covers shareholders' rights; equitable treatment of shareholders; role of stakeholders; information disclosure and transparency; and responsibilities of the Board of Directors. In addition, the Company has published the Code of Business Ethics and Conduct as a guideline for directors, management and employees at all levels to perform their appointed duties with high standards and in good faith.

In 2008, the Board of Directors approved changes in the Company's corporate governance policy and Code of Business Ethics and Conduct to improve the Company's governance to be on par with international standards, accepted by both government and private organizations in Thailand and abroad.

According to the Corporate Governance Report of Thai Listed Companies 2008 prepared by the Thai Institute of Directors Association (the version reported only to the Company), the Company's overall score is "Very Good". In two out of five categories (shareholders' rights and information disclosure and transparency), the Company received an "Excellent" score. In the categories of equitable treatment of shareholders, role of stakeholders, and responsibilities of the Board of Directors, the Company received a "Very Good" score.

Throughout 2008, the Company complied with the following good corporate governance principles according to its corporate governance policy.

1. Shareholders' Rights

The Board of Directors recognizes the importance of shareholders and has established a policy to treat all shareholders fairly and to 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.
- ❑ The right to consider the directors' remuneration - The Company proposes the directors' remuneration to shareholders for their consideration and approval every year. The Company also presents the policy and clear criteria in determining the directors' remuneration to shareholders.

- ❑ The right to consider and approve dividend payment.
- ❑ The right to appoint the Company's external auditor and determine their compensation – The Company presents details about the appointment of the external auditor in the invitation to the shareholders' meeting.

The Company has pursued the following to promote shareholders' rights.

Shareholders' Meetings

The Company sends the invitation to the shareholders' meeting and accompanying documents to shareholders at least 14 days prior to the meeting. This information is also posted on the Company's website 30 days prior to the meeting so that shareholders have sufficient time to study the information ahead of the meeting. Each agenda item clearly states whether the agenda item is for acknowledgement or approval, the facts and reasons, the Board's opinion, as well as the number of votes needed for the resolution. In addition, the invitation letter clearly states the required documents that the shareholders need to bring to the meeting, the voting rules and procedures according to the Company's regulations, the names and details of the independent directors that the shareholders may select as their proxy, and the Company's regulations concerning shareholders' meetings. 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 Company also encourages shareholders to attend the meeting and use their voting rights.

On the day of the shareholders' meeting, the Company arranges a convenient venue that can sufficiently accommodate shareholders. Registration is open 2 hours before the meeting and convenience is provided to shareholders including staff to welcome shareholders, sufficient staff and tables for registration, barcodes for registration to provide efficient and fast registration for shareholders and proxies, and voting cards for each agenda item.

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 of Directors may call an extraordinary meeting of shareholders at any time. Likewise, shareholders holding a total number of shares of at least one-fifth of the total number of shares sold or at least twenty-five shareholders holding a total number of shares of not less than one-tenth of the total number of shares sold, may request the Board of Directors in writing to summon an extraordinary meeting of shareholders at any time, provided the written request shall specify the reasons of the request according to the Company's regulations. In this case, the Board of Directors shall arrange for the meeting of shareholders to be held within 1 month from the date of receipt of such written request.

The Chair of the Audit Committee, members of the Audit Committee, Chief Executive Officer, Deputy Chief Executive Officer and Managing Director give high importance to the shareholders' meetings and were present in all the meetings. The Company's external auditor and members of the Executive Committee were invited to the meetings to provide information and answer shareholders' questions. Moreover, the Company invited representatives from external regulatory organizations such as the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand to observe the meeting procedures.

For shareholders who join the meeting after the meeting has already commenced, the Company allows them to vote on agenda items that are in the process of being considered and do not yet have a resolution.

In the selection of directors, the Company provides opportunities for shareholders to vote on individual directors. The invitation letter will have accompanying documents with details of the directors nominated for selection including their shareholding in the Company and the record of their meeting attendance in the particular year.

The Chairman of the Meeting allocated sufficient time, conducted the meeting appropriately and transparently, and provided opportunities for shareholders to express their opinions and raise questions in each agenda item. 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. Furthermore, only the agenda items that were indicated in the meeting invitation were considered.

After the shareholders' meeting, the Company prepared the minutes of the meeting which included details such as voting and counting procedures, the resolution of each agenda item, and the number of approved votes, disapproved votes, and abstained votes. The minutes of the meeting was submitted to the Stock Exchange of Thailand within 14 days and posted on the Company's website within 1 month after the meeting to allow interested shareholders to read the information.

The Company received a rating of **"Excellent"** from the Annual General Shareholders' Meeting (AGM) Assessment 2008 organized by the SEC. The Company received a score of over 90 out of the grand score of 110 points, while the mean score was 82. This assessment is considered as a part of good corporate governance.

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 and shareholders may download this information from the Company's website http://www.cpall.co.th/corp/investorzone_main.php or contact Investor Relations Department for more information at: Tel. 0-2648-2501, Fax. 0-2679-0050, or Email: investor@cpall.co.th

2. Equitable Treatment for Shareholders

The Company gives importance to and recognizes the right of all shareholders to receive equitable treatment, without segregating whether the shareholder is an executive or non-executive, foreigner or Thai, or minority shareholder. The Board of Directors will not perform any acts which will lead to unfair treatment to shareholders.

The Company has prepared invitation letters to the shareholders' meeting in both Thai and English and has disseminated this information on its website 30 days prior to the meeting.

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.

The Company equitably provides voting rights to shareholders according to their shareholding. 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. In addition, the Company proposes at least 1 independent director as an alternative for shareholders to select as their proxy, sends proxy forms and explains the required accompanying documents. The Company also requires voting cards to be used for 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.

Furthermore, the Company has established a policy and procedures to prevent directors and management from using inside information, which is material to changes in the Company's share price and has not yet been disclosed to the general public or the Stock Exchange of Thailand, 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 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 of Directors places importance on the rights of all stakeholder groups, whether internal or external stakeholder groups, in order to foster continued good relationships in the operation of its business.

The Company has the following policy on the treatment of stakeholders:

Shareholders : The Company gives importance to shareholders by adhering to the principle of fairness. It is committed to conducting its business with transparency, prudence, and emphasis on sustainable long-term growth with good returns in order to create the highest satisfaction for shareholders.

Customers : The Company gives importance to and cares for customers by ensuring high quality products and services which will bring customer satisfaction. The Company has established a clear policy regarding fair treatment and responsibility to customers in its Code of Business Ethics and Conduct which is generally disseminated and known.

In addition, the Company provides several channels for customers to search for information, make business appointments, and send complaints via store branches, post, the Company's website and Call Center.

Employees : The Company's employees are a valuable resource and key to the Company's operations. The Company has a remuneration and welfare system that is fair, appropriate, and comparable to other leading companies. In addition, the Company is committed to continuously developing its employees' knowledge and skills and organizes training for employees at all levels according to its annual training and human resource development plan. The Company also provides 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 conducted annually by research experts. Based on the survey, benefits such as hospital fees for employees and their family, life and health insurance for employees, provident fund, scholarships for employees and their children, loans for in-patient hospital admission, and housing loans have been set to meet the diversified demands of employees. The Company cares for the safety of its employees and organizes regular fire drills and activities related to safety and 7S and has established a safety prevention system.

Government Sector : The Board of Directors has managed the Company's business in compliance with the laws, rules and regulations. The Company has maintained good relations with government organizations through transparent contact and communication; cooperation in providing clear and correct information; and support for various projects such as the Aid for Disaster Victims from the Heart of the Army and 7-Eleven Project, the Garbage Separation Project with PTT and the Bangkok Metropolitan Administration, and the Development of Small Retailers Project with the Ministry of Commerce's Department of Internal Trade.

Society, Communities and the Environment : The Company recognizes that it is a part of society, with responsibility to help society, communities and the environment. One of the Company's main missions is to create social projects and activities that are beneficial and to operate its business with concern for the environment, society and communities. Details about the Company's corporate social responsibility can be found under "CP ALL for Thai Society Tomorrow" section.

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

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

Competitors : The Company operates its business with integrity and professionalism, without any legal or ethical wrongdoings.

The Board of Directors reports information about the Company's operations that stakeholders and related parties should be informed of in Form 56-1, the annual report and website. In addition, two-way communication channels have been established for stakeholders and related parties to express their opinions and send complaints in case they have not received fair treatment from the Company.

The Company has set up channels for shareholders and stakeholders to contact, file complaints, or provide information through its internal audit department or Corporate Governance Committee which verifies information, investigates the truth, proceeds according to the Company's established procedures, and reports the results to the Audit Committee and the Board of Directors.

4. Information Disclosure and Transparency

The Company gives importance to information disclosure as it is one of the important principles of good corporate governance. The Company discloses information in a correct, complete, adequate, timely and regular manner. Besides disclosing information in compliance with the regulations of the Stock Exchange of Thailand in Form 56-1 and the annual report, the Company also holds meetings with analysts, investors, the press and interested persons to report its quarterly operating performance.

In 2008, the Company disseminated financial and non-financial information as follows:

1. Important and adequate financial information in accordance with generally accepted accounting standards and examined by an independent external auditor with the auditor expressing an unqualified opinion 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. Corporate governance policy and Code of Business Ethics and Conduct which has been approved by the Board of Directors and is disseminated on the Company's website so that shareholders and interested persons may have access any time.
3. A clear and transparent shareholding structure which shows the majority shareholders and the shareholding of minority shareholders.
4. The Board of Directors' Statement of Responsibility for Financial Reports and the Audit Report of Certified Public Accountant.
5. The remuneration for directors and executives in the annual report under the "Management" section. This remuneration is an appropriate rate for the duties and responsibilities of each of the Company's directors and executives and is comparable to that of other companies in the same industry.
6. Each director's attendance at the Board of Directors' Meeting in 2008.
7. Information about the shareholding of directors and executives.

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. This will assure shareholders and investors that directors are knowledgeable in carrying out their duties as a director in accordance to good corporate governance principles. The Secretariat of the Company liaises with the directors for their consideration in participating in courses and seminars throughout the year.

1. Structure and Qualifications of the Board of Directors

1.1 The Company's Board of Directors currently has twelve (12) members consisting 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 SEC 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 clearly defined role, authority and duties. The authority and duties of the Chief Executive Officer has been clearly determined by the Board of Directors. In particular, important matters must be presented to the Board of Directors for consideration and approval.

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

1. Preparing and keeping the following documents
 - a. A register of directors
 - b. Notice of the Board of Directors' Meeting, Minutes of the Board of Directors' Meeting, and the Company's annual report
 - c. Notice of the shareholders' meeting and minutes of the shareholders' meeting
2. Keeping the reports of interest filed by the directors or executives
3. Performing any other acts as specified in the notification of the Capital Market Supervisory Board

2. Committees

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

Audit Committee

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 independent external auditor for its opinion on the Company's financial reports and internal control and reports the results and suggestions to the Board of Directors' Meeting every quarter as per the details in the Audit Committee's Report. The Company has immediately used the suggestions provided by the Audit Committee and the Company's external auditor for improvement and will report on the improvement results at the next Board of Directors' Meeting. The names of the Audit Committee and their roles and responsibilities can be found under the "Management" section.

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 For transparency in business operations, the Company has stipulated that the Board of Directors and Executive Committee shall report their interests or interests of related persons, which are related to the management of the Company or its subsidiaries.

3.3 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.

3.4 The Company has published the Business Ethics and Code of Conduct 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 Business Ethics and Code of Conduct on the Company's website.

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

3.6 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.

3.7 The Company has a risk management policy and risk management system that covers the entire organization. The Risk Management Committee and Risk Management Working Group study, analyze, and evaluate the chance and severity of risks that may affect the Company's business operations; find measures to eliminate, prevent and control these risks under the guidelines provided by the Board of Directors; review the adequacy of the risk management system; evaluate the effectiveness of risk management; and closely monitor changing conditions and risk factors. Moreover, Crisis Management has been set up to create preparedness in case of emergencies. The Company has stipulated that a risk management report be presented to the Board of Directors twice a year. Details of the Company's risk management are under the "Risk Factors" section.

4. Board of Directors' 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 2008, a total of seven 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. In the consideration of any issue, the directors are entitled to look at or check the related documents; ask the management to provide additional information; and bring in outside consultants or experts to provide advice, at the Company's expense.

4.4 In every meeting, the management were asked questions. The directors exercised careful, independent and transparent judgment with fair consideration for the interests of shareholders and stakeholders. Directors with vested interests in the matter under consideration must leave the meeting during consideration of that matter. The Chairman also provided sufficient time for directors to discuss problems and possible solutions. Management related to the presented agenda item were invited to the meeting to provide additional details and answer questions.

4.5 After the Board of Directors' meetings, the minutes were prepared, approved by the Board and filed at the Company Secretary Office for future reference and verification by directors and related persons.

5. Remuneration

5.1 Remuneration for Directors

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.

In addition, the Company established an Employee Stock Option Plan (ESOP) to reward directors and management for their commitment to create the greatest benefits for the organization; to motivate directors and management to continue working for the Company in the long-run; and to provide opportunities for directors and management to share in the Company's success and ownership. Warrants to purchase the Company's common shares were issued to directors and employees during 2004-2008.

6. Development of Directors and Executives

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

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

6.3 The Company has a work development and succession plan and has created a learning organization 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 2008, the Board of Directors approved 3 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 28, 2008**, 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 the installation of an electric system for the employee dormitory. The transaction value is approximately Baht 17.12 million.

2. **On April 25, 2008**, the Company approved the connected transaction regarding the offering of financial assistance to Shanghai Lotus Supermarket Chain Store Co., Ltd. (SLS), a subsidiary company operating supercenter business in the PRC, in the form of issuing Letter of Undertaking (LOU) or any documents acceptable by banks to commercial banks who provide credit facilities to SLS according to its share ownership of 29.7% of the total amount of USD 28 million or equivalent to the approximate amount of USD 8.3 million (approximately Baht 263 million). CPALL will charge the issuance of such document at the reference rate of issuing such document by commercial banks and under normal business undertaking with the maximum rate of 2% per annum.

In addition, Charoen Pokphand Group Co., Ltd. (CPG) as a major shareholder of CPALL and an indirect shareholder of SLS holding shares of 46.0% (excluding shares holding via CPALL), offers financial assistance to SLS at a greater proportion than CPG's own interest in SLS, which is 70.3% of the above amount or approximately USD 19.7 million (approximately Baht 625 million). The assistance is in the form of issuing LOU or any documents acceptable by banks to commercial banks providing credit facilities to SLS, and the Board of Directors' meeting has approved the compensation rate to CPG at the same rate of CPALL charge to SLS.

3. **On August 13, 2008**, the approvals were as follows:

1. The Company approved the offering of financial assistance to Shanghai Lotus Supermarket Chain Store Co., Ltd. (SLS) in the form of extending the period of issued Letter of Undertaking (LOU) or any documents acceptable by banks to commercial banks who provide credit facilities to SLS according to its share ownership in the total amount of USD 59.3 million (approximately 2,002 million) to be in line with the extension period of the connected transaction and the disposition of the Supercenter business in abroad according to the EGM of shareholders no. 1/2007 dated June 27, 2007. The transaction is expected to be completed by December 31, 2008.

2. The Company approved the compensation charge of SLS in obtaining financial assistance from Charoen Pokphand Group Co., Ltd., Chia Tai International Finance Co., Ltd., Shanghai Tiantai Leasing Co., Ltd., Dignity Group Ltd. and Chia Tai Land Co., Ltd., which considered as connected persons. The transaction value of the compensation totaled approximately Baht 94.9 million.

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, as if the act was a non-related transaction, 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.

The Securities and Exchange Act (No. 4) B.E. 2551 has added a section concerning the management of the businesses that issue securities. Therefore, listed companies must comply by obtaining the approval of the Board of Directors in entering into any transaction with commercial terms with directors, executives or related persons according to Section 89/12 (1), a director, an executive or a related person may enter into any transaction with the company or the subsidiary only after obtaining approval from the shareholders' meeting, unless such transaction is categorized as any of the following manners;

“A transaction with the same commercial terms as those an ordinary person would agree with any unrelated counterparty under the similar circumstances, on the basis of commercial negotiation and without any dependent interest resulted from the status of the director, executive or related person, as the case may be, provided further that the said commercial terms have been approved by the Board of Directors or in compliance with the principle approved by the Board of Directors.”

The Board of Directors’ Meeting No. 5/2551 which was held on 13 August 2008 approved the principle that the management may approve the transaction between the Company and its subsidiaries and directors, executives or related persons if the transaction has the same commercial terms as those an ordinary person would agree with any unrelated counterparty under the similar circumstances, on the basis of commercial negotiation and without any dependent interest resulted from the status of the director, executive or related person. In addition, the Board of Directors’ Meeting stipulated that a report of such transactions must be prepared and reported to the Board of Directors’ Meeting every quarter, starting in the third quarter of 2008.

2. Control of Internal Information Use

The Company is highly concerned about the use of the Company’s inside information for personal interests. The Company’s Code of Business Ethics and Conduct clearly states that directors, executives and employees shall not use specific information that is the Company’s inside information to engage in the trading of the Company’s shares or provide this information to others for the trading of the Company’s shares.

3. Internal Control and Internal Audit Systems

The Company is fully aware that internal control is one of the most important processes and that good internal control will ensure that the Company’s management system is correct, transparent and verifiable and can reduce or prevent possible damages. The Company has continuously developed its internal control system to be effective as well as efficient and has an established risk management department as well as a clear risk management policy. In addition, the effectiveness and adequacy of the risk management system and internal control system is reviewed by the Audit Committee.

The Company’s Internal Audit Department is independent from management in auditing and reviewing work systems and evaluating the effectiveness of the performance of various departments. The Internal Audit Department ensures that all employees have strictly performed their duties in compliance with the Company’s internal control system according to authority and approval level as set in the Authority Guidebook. The Internal Audit Department also reports to the Audit Committee and the Board of Directors for their consideration and revision.

The Internal Audit Department is responsible for reviewing the performance of various departments in the organization to ensure that they have complied with the Company’s internal control system. The Department focuses on preventive auditing which will bring concrete benefits to all departments. Moreover, the Department provides advice and information to support good and transparent internal control and performance of duties in compliance with good corporate governance principles and the Code of Business Ethics and Conduct in order to prevent conflicts of interest. The Internal Audit Department Manager must directly report to the Audit Committee every month while the

Audit Committee reports to the Board of Directors every quarter to evaluate the adequacy and appropriateness of the Company's overall internal control system.

In 2008, the Audit Committee and the Internal Audit Department performed the following:

- ❑ On the management side : Reviewed that all departments operated according to the Company's vision and mission. Ensured that management prepared business plans in line with the Company's objectives and goals through consistent and regular monitoring and evaluation.
- ❑ On the operations side : Controlled all areas important to the Company such as
 - procurement system – arranged for bidding through the E-Auction system. Selected bidders with good history with the Company. The Company regularly evaluates suppliers to promote a transparent and fair procurement system.
 - contract management system – regularly examined and evaluated the contract-related risks to ensure that performance is correct according to various contract conditions in order to prevent any legal problems.
- ❑ On the financial side : The Company implemented the budget system that emphasizes results and System Applications and Products (SAP) system. Reviewed the adequacy of the internal control system such as the environment for good internal control, the appropriateness and reliability of the risk management process, good information and communication systems, and effective and consistent evaluation systems to ensure correct and reliable financial reporting in strict compliance with related laws and regulations.



“การบริหารศูนย์กระจายสินค้า
อย่างมีประสิทธิภาพจะเป็นกลยุทธ์สำคัญ”

“Effective management
of the distribution centers will provide
competitive advantage.”

พิทยา เจียรวิสิฐกุล

กรรมการและรองประธานเจ้าหน้าที่บริหาร

Pittaya Jearavisitkul

Director and Deputy Chief Executive Officer

สภาพภาพของบริษัทในปัจจุบัน ไม่ว่าจะเป็นฐานะทางการเงิน การเป็นผู้นำทางการตลาดผ่านเครือข่ายขนาดใหญ่ กระบวนการบริหารร้านค้าและแฟรนไชส์ที่มีประสิทธิภาพ พร้อมการสนับสนุนจากธุรกิจของบริษัทย่อย ทำให้เชื่อมั่นว่าความแข็งแกร่งหลายประการที่ประกอบกัน จะทำให้ฟันฝ่าอุปสรรคในด้านมหภาคไปได้ การบริหารเงินทุนหมุนเวียน และการรักษาวินัยทางการเงิน ยังคงเป็นประเด็นที่ผู้บริหารระดับสูงให้ความสำคัญ แม้กระทั่งสำหรับบริษัทในเครือ ซึ่งส่วนใหญ่ดำเนินธุรกิจเพื่อสนับสนุนธุรกิจหลักในการรองรับการขยายงานและขยายสาขาในอนาคต

ในขณะเดียวกัน เพื่อให้เกิดความมั่นใจว่าการดำเนินงานของบริษัท จะสามารถตอบสนองความต้องการและความคาดหวังของลูกค้าทั้งในปัจจุบันและในอนาคต และเกิดการเติบโตอย่างยั่งยืน บริษัทจึงมีแผนในการเตรียมโครงสร้างพื้นฐานเพื่อรองรับการเติบโตในอนาคต โดยปัจจุบันบริษัทมีศูนย์กระจายสินค้าหลัก 2 แห่ง คือ ศูนย์กระจายสินค้าบางบัวทอง และศูนย์กระจายสินค้าลาดกระบัง เพื่อรองรับจำนวนสาขาที่เพิ่มขึ้นในอนาคต บริษัทมีแผนงานขยายศูนย์กระจายสินค้าภูมิภาคจำนวน 3 แห่ง ได้แก่ ภาคใต้ จังหวัดสุราษฎร์ธานี ภาคตะวันออกเฉียงเหนือ จังหวัดขอนแก่น และภาคเหนือ โดยประมาณการเงินลงทุนทั้ง 3 แห่ง จำนวน 1,200 ล้านบาท การบริหารศูนย์กระจายสินค้าอย่างมีประสิทธิภาพ จะช่วยให้บริษัทบริหารต้นทุนการดำเนินงาน ได้ดีขึ้น ซึ่งเป็นกลยุทธ์สำคัญอย่างหนึ่งในการได้เปรียบทางการแข่งขันไปพร้อมๆ กับการบริหารห่วงโซ่อุปทาน (Supply Chain Management) เพื่อประโยชน์ทั้งแก่ลูกค้า คู่ค้า และบริษัท

The Company's present status, whether financial status, market leader position through its expansive network, effective store management and franchise system, or supporting businesses managed by its subsidiaries, ensure that all strengths combined together will enable the Company to overcome all obstacles at the macro level. The Company's top management give priority to effective working capital management and financial discipline, even in its subsidiaries which mostly operate businesses to support the Company's core business and future expansion.

At the same time, to ensure that the Company's operations can meet the demands and expectations of current and future customers and can generate sustained growth, the Company has plans to build basic infrastructure to support future growth. At present, the Company has 2 main distribution centers at Bang Bua Thong and Lat Krabang. To support the growth of future stores, the Company has plans to construct 3 regional distribution centers in the southern region at Surat Thani province, in the northeastern region at Khon Kaen province, and in the northern region. The expected total investment for the 3 distribution centers is Baht 1,200 million. Effective management of the distribution centers will help the Company better manage its operating costs which will provide competitive advantage. In addition, effective supply chain management will also benefit customers, suppliers and the Company.

• Research and Development •

The Company continuously puts effort on organization development in various perspectives in order to meet customers' needs as well as to be competitive in the market. At the same time, 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.

In the previous year, the Company has improved its research and development projects that led 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 various prospects as follows:

A. Customer and Market Prospect

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

□ Customer & Market Intelligence Project

The Company persistently engages in research and development to improve its information system and management of its customer and market database, including acquisition of timely, accurate, and in-depth data in various perspectives for making business decisions. In addition, the Company has developed analytical tools in order to meet customer and market demand. This will lead to constant learning and improvement of processes that create customer satisfaction 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 learn about customers' demands and develop ways to meet them more efficiently.

□ 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 enhance the in-depth and thoroughness of customers' database. The Company is also 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.

B. Business Prospect

Development of Operational Management for Sustainable Growth

□ In terms of business innovation, the Company has developed its business and services, including new store models and investments on related business network in order to create competitive advantage and to provide greater choice for consumers, besides the core convenience store business. 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 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.

New Products and Services Differentiation

□ The Company places high importance on product development and store assortment as one of key for differentiation and competitive advantage in the fierce market of price competition. The Company 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.

□ 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.

□ One of the Company's strategic policies is the direction towards Convenience Food Store as evidence in the Ready-to-eat Food Project, which 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 Company focuses on the delivery of quality, delicious, and fresh popular dishes that are price-worthy to consumers. It has learnt know how and best practices from international experts and adapted this knowledge to meet the demands of Thai consumers through continuous improvement of taste and quality as well as the management of qualified, fresh products. In 2008, the chilled food project has been introduced in some Bangkok and sub-urban areas for approximately 600 stores.

C. Human Resource Prospect

Organizational and Human Resource Development

□ With 5.5 million customers visiting 7-Eleven stores per day and 4,778 stores nationwide, the company's employees, especially store employees who have direct contact with customers, are very important in creating motivation, searching for opportunities to improve strategies, as well as developing human resource management processes. Thus, the Company has conducted an Employee Relationship Study in which information is used to analyze and connect the results of various related projects in order to plan and develop the Company's human resource management processes. The study also enables the design of the process to create employee-organization relationships so that employees are happy with their work and can deliver value to customers.

□ The Company 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, which eventually led to the establishment of Panyapiwat Techno Business School in 2005 to provide vocational education. To expand the level of education, in 2007, Panyapiwat Institute of Technology was established to provide Bachelor's and Master's degree programs; whereby full scholarship for those programs are available for the employees of the Company and its related companies.

□ Realizing that innovation is the heart of new business, product and service development to create advantage, an Innovation Culture has been developed and promoted in the organization.

D. Suppliers and Franchisees Prospect

□ The Data Sharing & Joint Working Project between the Company and suppliers is another project for 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.

□ Franchisee Relationship Study Project-Following the Company's policy to expand its business through franchising and to provide close business assistance, obtaining franchisees' opinions is essential in improving and developing the Company's services and support. This will bring satisfaction in working together and loyalty.

E. Society and Communities Prospect

The Company has a continuous project to study the Company's image and social activities as it recognizes that Corporate Social Responsibility (CSR) is one of the key elements in operating a business. From results of the study, the Company can use to improve the Company's businesses and various projects in order to meet the expectations of stakeholders and to bring greater benefits to society.

In addition, the Company realizes the importance of the co-existence and growth of both modern and traditional retail stores. It has established a project to provide knowledge regarding retail business development through organizing "Strategies for Sustainable Retail Business" seminars in cooperation with the Department of Internal Trade. In 2008, two such seminars were organized and there are plans to expand the seminars to different regions across the country.

• Future Projects •

Expansion and Renovation of 7-Eleven Stores

In 2009, 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 3.2 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 years. The expected total investment for new store expansion is Baht 1,300-1,450 million which the Company looks 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 1.8 million is required for each store renovation. The expected renovation cost in 2009 is approximately Baht 800 million.

Expansion of Regional Distribution Centers

Presently, the Company has 2 main distribution centers (DC): Bang Bua Thong DC (DC4) and Lat Krabang DC (DC5), in which both can support 5,000-5,500 7-Eleven stores nationwide. With continuous stores expansion in Bangkok, vicinities, and provincial areas, the Company plans to expand 3 regional DCs: in the south at Surat Thani, in the northeast at Khon Kaen, and in the north. Approximately Baht 1,200 million is required for the overall investment in 2009-2010. The expansion of regional distribution centers will enable the Company to serve customers' needs more rapidly and to operate more efficiently; thus, reducing operational costs in the future.

• 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

- 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"
- 2008**
 - ▣ Received ISO 9000 : 2000 certification from Management System Certification Institution (MASCII) in distribution center at Lat Krabang (DC 5), chilled distribution center at Surat Thani (CDC) and bakery distribution center at Chokchai Ruammit (BCD)
 - ▣ Increased registered capital in Thai Smart Card Co., Ltd. ("TSC") to Baht 1,600 million on March 28, 2008
 - ▣ Completed the restructuring of supercenter business in the PRC on October 31, 2008
 - ▣ Received the highest vote in Thailand for "Asia's 200 Most-Admired Companies" from The Wall Street Journal Asia's survey

เทวดา...

Angel...



ผมเกิดมา ก็มีเทวดาประจำตัวคอยคุ้มครองตั้งแต่เล็ก
I was born with an angel to protect me



ไม่ว่าผมจะร้องไห้เพราะอะไร ท่านก็รู้เสมอ
Whatever reasons for my crying,
my angel always knew



ร้อน...ก็เรียกลมให้
When hot, my angel
brought me wind.



ฝนตก...ก็กันไม่ให้เปียก
Rain... my angel covered me



เป็นเทวดาที่พาผมเหาะไป
โรงพยาบาลตอนหกล้มหัวแตก
My angel flew me to the hospital
when I fell and injured my head



ดูแล...ไม่ให้ผมเผลอเรนออกนอกทาง
Guided me when I went out of track



เทวดาที่ทำทุกอย่างให้ผม...โดยไม่ต้องขอ
An angel who gave me everything...
without asking



วันนี้ผมก็มีความสุขที่ได้เป็นฝ่ายดูแลเขาบ้าง
Today, I'm happy to take care of him



เทวดาของลูก พ่อของผม
My angel, my father



7-Eleven เชิดชูความกตัญญู
7-Eleven values gratitude



เซเว่นอีเลฟเว่น เชิดชูความกตัญญู

ร่วมปลูกจิตสำนึกให้คนไทย มุ่งส่งเสริมเรื่องความกตัญญูต่อผู้มีพระคุณ
ที่นับวันความรู้สึกนี้เริ่มจะเจือจางลดน้อยลง และหาได้ยากยิ่งในสังคมไทยปัจจุบัน
ในขณะที่เราทุกคนยังมีโอกาส จงอย่าลืมตอบแทนบุญคุณ
และแสดงความกตัญญูต่อท่าน “เทวดาประจำตัวลูก” พ่อของเรา

ความกตัญญู ทำได้ทุกวัน

Raise the awareness of Thais, Promote gratitude to your loved ones
A character that is fading, And harder to find in current Thai society
While you have the chance, don't forget to express your gratitude
And show your gratitude to him, “Your Angel”, your father

“Gratitude can be returned everyday”

• CP ALL for Thai Society Tomorrow •

Sowing the Seeds of Intelligence, Education to Develop Youth

CP All is determined to create educational alternatives to develop Thai youth by developing an educational system which provides opportunities for students to learn from practical experiences. This will enable students to achieve success in their life with knowledge for the ever-changing business environment and to be valuable resources for Thai society in the future.

For 14 years, CP All has cooperated with the Office of the Vocational Education Commission to initiate and develop the bilateral education system which emphasizes both in-class learning and operational practice so that graduates can begin working right away without having to go through training. Students with vocational certificates and high vocational certificates from 28 institutes countrywide have participated in the program. Experts from Germany, the country which has successfully developed the bilateral education system for over 200 years, provide advice and assist in developing the program.

Though the bilateral education system or the work-based learning curriculum was new to Thai society at that time, parents felt pleased after they saw the results of this type of educational system. Their children could care for themselves and their family and had gained real world business knowledge and skills from systematic training. One parent whose 3 children studied under the bilateral education system in a public vocational college proudly said,

“My children like this field so I want to support them. After they graduate, they will have an income so that they don’t have to face hardship like their mother. They give their income from training in 7-Eleven stores to their mother. The eldest gives me Baht 3,000 because he receives more. The second one gives me Baht 2,000. I use it to pay for rent, water and electricity. The youngest doesn’t have an income yet, but he says that he will pay for the water and electricity when he receives an income next month and I no longer have to give him pocket money to go to school. Studying and working at the same time teaches children about the outside world and how difficult it is to earn money. They will learn how to spend and save. Also, the school teaches them how to treat customers so that customers are satisfied.”

Panyapiwat Techno Business School

Free education, income while studying, work after graduation

With experience from the bilateral education system, CP All further developed another alternative for Thai education by establishing Panyapiwat Techno Business School in 2005 with the objective of creating retail professionals. Panyapiwat Techno Business School was the first private vocational school in Thailand with direct professional retail expertise and a venue for real practical training.

The retail program's practical training at 7-Eleven stores enables students to earn income while studying. In addition, the Company gives scholarships to youths and children of local mom and pop stores who have good conduct but lack funds. These scholarships provide opportunities for Thai youth to have access to a modern education system and to become professionals in the retail business or modern business owners in the world of commerce in the future.

The following year, the Company expanded educational opportunities to different regions across the country with the establishment of 20 Panyapiwat Educational Centers. The curriculum is accredited by the Ministry of Education. The Center provides opportunities for youth in every community to attend a center close to their home and to be able to get a job in their area.

As an alternative that helped solved the problem in the Thai educational system, "Innovative Learning from Theory to Operational Practice" of the educational institutes and centers established by CP All was bestowed the first runner-up Thailand Innovation Award in the social category by the Ministry of Science and Technology.

In collaboration with the Association of Private Vocational Schools of Thailand and 10 private vocational schools in Lopburi, Chonburi, Pitsanulok, Chiangmai (2), Roi Et, Khon Kaen, Nakhon Ratchasima (2) and Phuket, CP All advanced this new education model by opening bilateral education schools offering retail courses at the vocational certificate level in 2008. These schools provide an opportunity for local youth to have easier access to this new learning method through long-distance learning via satellite and also provide scholarships for students in the program.

Panyapiwat Institute of Technology

In 2007, CP All further developed the bilateral education system at the college level with the establishment of Panyapiwat Institute of Technology (PIT) as a center for modern knowledge in the areas of business, technology and innovation. PIT offers bachelor's and master's degree programs in retail business management, food business management, and logistics management. The Institute also provides opportunities for small business owners to develop their knowledge and skills in modern retail business through a work-based learning curriculum. PIT helps its students to be able to immediately begin working after graduation, in line with the needs of business operators.

Opening the World of Reading, Writing and Learning

Children and youth add color to the world with their laughter, gaiety and cheerfulness. However, we mustn't forget that they have to encounter the world's realities when they grow up into adults. Therefore, what we must give to them today is development of good habits, strong basic skills, sharp intelligence, stable emotions, age-appropriate liveliness, and morals to lead their life and build a better society.

For over 15 years, CP All Public Company Limited in cooperation with the public and private sectors has created numerous programs related to education, arts and culture, morals and ethics, and social services.

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, eight schools have received the Outstanding School that Loves Reading plaque.

7 Book Awards

The 7 Book Awards has been organized for five 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-Eleven 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-Eleven Discovers Dream Cartoonist Project. The year 2008 was the 5th time that both projects were organized. 122 youths, Thai-language teachers and art teachers were selected to join the projects. Thirty-five renown writers, cartoonists and experts such as Naowarat Pongpaiboon, Khun Ying Vinita Diteiyont (V. Vinichayakul), Assistant Professor Amnaji Yensabai, Niramol Methisuwakul, Raj Lersuang, Sear Thai Raj, Ohm Ratchavej and Kouad Daily News, etc. came to share their knowledge and experiences in writing novels and drawing cartoons with the participants.

Building Communities that Love Reading

In 2008, the Company in cooperation with the Office of Non-Formal and Informal Education supported and organized activities that promote reading among various communities in different regions under the “Regional Communities that Love Reading Project”. All sectors in society including families, educational institutes, local administrations, as well as government and private organizations were encouraged to participate in the activities.

The project’s objective is to promote the awareness of the importance of reading among the people and local communities which will ultimately transform Thai society into a learning and knowledge management society. To date, there are 12 communities that love reading in Kanchanaburi, Lampang, and Ubonratchathani provinces.

“First Book”

Realizing that successfully developing a reading habit begins at a young age, the Company collaborated with the Books for Children Foundation to operate the Book Start Project. The project aims to encourage parents who are 6 months pregnant or have children under 3 to learn how to organize activities to instill a reading habit in their children by using books as a tool and as an alternative in developing their children. In addition, the project aims to foster warmth and closeness in the family.

This project covers employees in the company and its subsidiaries as well as interested persons in various regions including 257 families in Khon Kaen, Kanchanaburi and Samut Prakan provinces.

“Camp for Youth that Love Reading and their Homeland”

CP All in cooperation with the Rural Lives Development Foundation operates the “Phetchaburi Youth ‘Love Cooperative’ Camp Project” and “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.

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. Since 2006, the Go Game has been accepted as one of the sports in the National Sports Competition.

Buddhist Teachings Leading Education

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 10,463 Buddhism teachers have received training from this project.

ปิยะวัฒน์ จิตะสัทธาวรกุล

กรรมการและกรรมการผู้จัดการ

Piyawat Titasattavorakul

Director and Managing Director

การคัดสรรสินค้าและบริการเป็นหัวใจหลักในการดำเนินธุรกิจ ปัจจุบันบริษัทมีสัดส่วนสินค้าประเภทอาหารต่อสินค้าอุปโภคประมาณ 70:30 โดยบริษัทมุ่งสู่ Convenience Food Store เพื่อสร้างความแตกต่างจากคู่แข่ง และเพิ่มประสิทธิภาพในการเข้าใช้บริการของลูกค้า

การขยายเครือข่ายร้านสาขากว่า 400 สาขาต่อปีเป็นเป้าหมายที่ท้าทายทุกปี โดยบริษัทตั้งเป้าที่จะมุ่งสู่ร้านแฟรนไชส์มากขึ้น ซึ่งเป็นการเปิดโอกาสให้ผู้สนใจเข้าร่วมลงทุน โดยบริษัทจะให้ความช่วยเหลือและสนับสนุนในการดำเนินธุรกิจอย่างใกล้ชิด ซึ่งหวังว่าจะเพิ่มสัดส่วนร้านแฟรนไชส์เป็นร้อยละ 50 ของจำนวนร้านทั้งหมด

และเพื่อเป็นการเสริมธุรกิจของเซเว่นอีเลฟเว่น ให้มั่นคงแข็งแรง และมีความหลากหลาย บริษัทจึงได้ทำการทดลองรูปแบบร้านใหม่ ให้สอดคล้องกับทำเลและกลุ่มลูกค้าที่แตกต่างกัน พร้อมทั้งสรรหานวัตกรรมด้านสินค้าและบริการ เพื่อตอบสนองความต้องการและเพิ่มทางเลือกให้แก่ผู้บริโภค เช่น หนังสือ สื่อต่างๆ ภายใต้แบรนด์ บุ๊คสไมล์ สินค้าเบเกอรี่ สินค้าแค็ตตาล็อก (Catalog order) หรือแม้กระทั่งรูปแบบร้านในลักษณะเน้นสุขภาพและความงาม (health & beauty) เป็นต้น

Assortment of products and services are the heart of the Company's business operations. Presently, the proportion of food products to consumer products is 70:30. The Company strives to be a Convenience Food Store to differentiate itself from its competitors and to increase the frequency of customer visits.

Store expansion of more than 400 new branches per year is a challenging target every year. The Company will emphasize more franchise stores which will provide opportunities for interested parties to jointly invest. The Company provides close assistance and support to its franchisees and expects that the ratio of franchise stores will increase to 50 percent of the total number of stores.

To make 7-Eleven business more stable, stronger and have greater variety, the Company has tested new store formats with consideration to location and different customer groups. The Company has searched for innovative products and services to cater to customers' demands and increase consumer choice such as books and various kinds of media under the Book Smile brand, bakery products, catalog order, and health and beauty shops.



“การคัดสรรสินค้าและบริการ
เป็นหัวใจหลักในการดำเนินธุรกิจ”

Assortment of products and services
are the heart of the Company's
business operations.

• 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 2008, 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, 2008.) 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 2008 were as follows:

Trade Accounts Receivable

As at December 31, 2008, the Company and its subsidiaries had a trade accounts receivable balance with related parties in the amount of Baht 56.83 million or 10.43 percent of the Company and its subsidiaries' total trade accounts receivable.

Other Accounts Receivable

As at December 31, 2008, the Company and its subsidiaries had an other accounts receivable balance with related parties in the amount of Baht 109.52 million or 20.74 percent of the Company and its subsidiaries' total other receivables.

Trade Accounts Payable

As at December 31, 2008, the Company and its subsidiaries had a trade accounts payable balance with related parties in the amount of Baht 1,390.25 million or 7.84 percent of the Company and its subsidiaries' total trade accounts payable.

Other Accounts Payable

As at December 31, 2008, the Company and its subsidiaries had an other accounts payable balance with related parties in the amount of Baht 24.23 million or 4.84 percent of the Company and its subsidiaries' total other payables.

Sales of Goods

In 2008, 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, 2008 amounted to Baht 932.83 million or 0.75 percent of the Company and its subsidiaries' total sales.

Purchases of Goods

In 2008, 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, 2008 amounted to Baht 1,187.93 million or 12.59 percent of the Company and its subsidiaries' total cost of sales.

Other Operating Income

In 2008, the Company and its subsidiaries recognized other income from related parties in the amount of Baht 452.72 million or 9.32 percent of the Company and its subsidiaries' total other income.

Rental and Service Fees

In 2008, 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, 2008 amounted to Baht 73.52 million or 0.24 percent of the Company and its subsidiaries' total selling and administrative expenses.

Purchases of Fixed Assets

In 2008, 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, 2008 amounted to Baht 66.06 million or 0.29 percent of the Company and its subsidiaries' total fixed assets.

Technical Service Fees

In 2008, 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, 2008 amounted to Baht 9.00 million or 0.03 percent of the Company and its subsidiaries' total selling and administrative expenses.

Other Expenses

In 2008, the Company and its subsidiaries paid other remunerations to related parties in the amount of Baht 224.05 million or 0.72 percent of the Company and its subsidiaries' total selling and administrative expenses.

Interest Expense

In 2008, the Company and its subsidiaries paid interest to related parties in the amount of Baht 50.83 million or 9.60 percent of the Company and its subsidiaries' total interest expense.

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

CP All Plc. 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. The Company believes that the strength of business operations belongs to our nationwide store network of over 4,700 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 the PRC which has generated losses for the past 4 years. The restructuring was completed on October 31, 2008.

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.

Pursuant to the completion upon the divestment of the supercenter business in the PRC, the Company will include performance of the supercenter business in the consolidated profit and loss statement of 2008 for 10-month period, from January to October 2008. From 2009 onwards, there will no longer be performance of supercenter business consolidated in the Company’s financial statement. For entering such transaction, the Company received 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 in the future from acquisition of the supercenter business in the PRC.

Analysis of Operating Results for the Year Ended December 31, 2008 Compared to the Operating Results for the Year Ended December 31, 2007

In 2008, the Company and its subsidiaries’ total revenues was Baht 129,455 million, improving 12.2 percent from that of 2007. The growth in total revenues was primarily attributable to higher net sales and service income, which increased 12.2 percent from that of 2007 to Baht 124,083 million in 2008.

Net sales and service income before elimination of Baht 130,006 million originated from three main businesses, (1) convenience store business accounting for 72 percent of total net sales and service income, (2) supercenter business accounting for 21 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 499 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 store sales/store/day including phonecard of 7-Eleven from Baht 65,143 million in 2007 to Baht 68,709 million in 2008. The average store sales/store/day of Lotus Supercenter increased from RMB 427,000 in 2007 to RMB 459,000 in 2008.

Gross Profit

In 2008, the Company and its subsidiaries' gross profit was Baht 29,729 million, a rise of 21.5 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 1.9 percent in 2008 to be 24.0 percent, comparable to that of the previous year.

Selling and Administrative Expenses

In 2008, the Company and its subsidiaries' selling and administrative expenses were Baht 31,076 million, increasing 6.8 percent year-on-year.

The increase in selling and administrative expenses mainly came from:

- 1) Personnel expenses, which accounted for 31.4 percent of the total SG&A, increased to Baht 9,762 million as a result of 7-Eleven store expansion, increase in minimum wage and special cost of living allowance.
- 2) Store management expenses, which accounted for 11.2 percent of the total SG&A, increased to Baht 3,496 million following the rise in the number of franchise stores and higher sales.

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

Net Profit

In 2008, the Company and its subsidiaries net profit was Baht 3,301 million, or Baht 0.74 per share, increasing Baht 1,841 million or 126.1 percent when compared to 2007 net profit of Baht 1,460 million, or Baht 0.33 per share. Return on shareholders' equity was 25.5 percent in 2008, compared to 16.3 percent in 2007.

Operating Results of the Convenience Store Business

In 2008, the convenience store business had net sales and service income of Baht 92,959 million, an increase of Baht 15,501 million or 20.0 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 499 stores, or an increase of 11.7 percent from 2007 and an average of 10.5 percent same store sales growth excluding phone card.

The cost of sales of the convenience store business was decreasing to 74.5 percent of sales in 2008 compared with 75.5 percent in 2007 due to a product mix; whereby, the portion of ready-to-eat products, which generated higher margin, was increasing. Consequently, gross profit rose to Baht 23,676 million in 2008, an increase of Baht 4,686 million or 24.7 percent from 2007. Operating expenses increased Baht 3,912 million or 19.4 percent from 2007 due to store expansion.

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

The convenience store business had an operating profit of Baht 4,707 million in 2008, up 50.2 percent from 2007.

Operating Results of the Supercenter Business

For 10-month of 2008, the supercenter business had net sales and service income of Baht 27,726 million. The cost of sales was 83.3 percent of the total sales in 2008, decreasing from 86.2 percent in 2007 due to changes in product price; therefore, gross profit margin of the superstore business was 16.7 percent during 10-month of 2008, increasing from 13.8 percent from the previous year. Gross profit for 10-month of 2008 amounted Baht 4,620 million; whereas, gross profit of 2007 amounted Baht 4,141 million. Operating expenses amounted Baht 6,933 million in 10-month of 2008, which accounted for 25.0 percent of net sales and service income, declined from 28.8 percent in 2007. Other revenues like marketing support amounted Baht 1,201 million in 10-month of 2008 or 4.3 percent of net sales and service income, slightly increased from 4.2 percent in 2008.

The supercenter business experienced an operating loss of Baht 1,112 million in 10-month of 2008 while an operating loss in 2007 posted Baht 3,241 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 2008, the operating profit generated from other businesses was Baht 822 million, increasing by 44.5 percent from 2007 due to improved performance of Counter Service and less loss generated from Thai Smart Card business.

Analysis of the Company and its Subsidiaries' Financial Status for the Year Ended December 31, 2008

Total Assets

As at December 31, 2008, the Company and its subsidiaries reported total assets of Baht 40,159 million, a decrease of 11.2 percent compared to the previous year, due to the divestment of supercenter business in the PRC; therefore, assets related to such business are no longer recorded and, instead recorded the compensation of convertible bond in Chia Tai Enterprise International Limited (CTEI) as long-term investments.

Total Liabilities

As at December 31, 2008, the Company and its subsidiaries had total liabilities of Baht 23,259 million, decreasing 41.2 percent from the previous year mainly due to the divestment of supercenter business in the PRC, resulting in no recording of liabilities on such business.

Total Shareholders' Equity

As at December 31, 2008, consolidated total shareholders' equity was Baht 16,900 million, up 200.1 percent from the previous year. This was due to unrealized gains on sales of investment and positive minority interests from divestment of supercenter business in the PRC.

Analysis of Statements of Cash Flows, Liquidity and Sources of Funds of the Company and its Subsidiaries for the Year Ended December 31, 2008 Compared to the Year Ended December 31, 2007

Liquidity

As at December 31, 2008, the Company's liquidity was healthy with consolidated cash and cash equivalents of Baht 11,897 million, a slight decrease of 1.5 percent from the end of 2007.

Cash Flow from Operating Activities

In 2008, net cash flow from operating activities totaled Baht 9,435 million, increased 56.5 percent from 2007. The Company still has negative cash cycle of 57 days in 2008, resulting from shorter inventory period from 33 days in 2007 to 25 days in 2008 and shorter payable period of 82 days in 2008, down from 98 days in 2007.

Cash Flow from Investing Activities

In 2008, net cash flow used in investing activities amounted to Baht 5,873 million, increasing 52.2 percent from 2007. The main investments were store expansion of 7-Eleven in Thailand, store renovation, investment in CTEI convertible bond as part of the restructuring process of supercenter business in the PRC and increased investment in Thai Smart Card.

Cash Flow from Financing Activities

In 2008, net cash flow used in financing activities totaled Baht 3,833 million, increasing from Baht 16 million in 2007 due to the repayment of borrowings and interest of foreign subsidiaries amounted Baht 3,409 million.

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

The constantly evolving demand of consumers is a major factor that affects the Company's revenues and profits. If the Company is able to offer products and services that meet customers' needs, its customer base will expand, enabling higher sales and enhanced gross margin. 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 other businesses such as bill payment service business (Counter Service), manufacturing and sale of bakery and ready-to-eat products (CPRAM), maintenance of retail equipment (Retailink) as well as new projects including Book Smile – selling books and magazines and eXta – selling pharmaceuticals, medical supplies, health products and cosmetics, these businesses will grow along with 7-Eleven stores to support more efficient operation, differentiate products and services from competitors as well as enhance revenue.

Apart from stores expansion and renovation, the Company plans to expand 3 regional distribution centers (DC) in 2009 – 2010: in the south at Surat Thani, in the northeast at Khon Kaen, and in the north. The expansion of regional DCs will support continuous expansion of 7-Eleven stores in the future as well as enable the Company to deliver products more efficiently, thus, serving the customers' needs in the timely manner.

• Audit Committee's Report •

The company's Board of Directors appointed the Audit Committee consisting of the three independent non-executive directors including Prof. Dr.Komain Bhatarabhirom, as a Chairman of the Audit Committee, Mr. Pridi Boonyoung and Mr. Padoong Techasarintr, as members of the Audit Committee. The Assistant Vice President of Internal Audit was also appointed as the Audit Committee Secretary.

The Audit Committee independently worked and expressed their opinions in accordance with the roles and responsibilities assigned by the Board of Directors. They have been receiving good cooperation from the company's Management and both Internal and External Auditors.

During the year 2008, the Audit Committee had 13 meetings with the presence of all the three committee members through out the period. 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:

1. Review the quarterly and annually financial statements for the year 2008; the financial statements were correctly prepared in accordance with the accounting standards with complete and sufficient disclosure of information. In addition the Management was queried and their clarifications were received. The discussions with the external auditors were conducted in order to ensure that the financial reports were essentially accurate.
2. Review and revise the internal control system in order to assess their sufficiency and effectiveness; there was sufficient internal control system which was suitable for the nature of the business. There was no significant weakness. The Management has focused on monitoring and continuously developed the internal control system. The new information technology was implemented to enhance the operation efficiency and effectiveness.
3. Review and express the opinions about the related transactions including all the transactions which might cause conflict of interests; they were reasonable and appropriate to the company's operation. Additionally the committee ascertained that the information was clearly, completely and sufficiently disclosed in accordance with the announcement of the Stock Exchange of Thailand.
4. Review and approve the internal auditing plan for the year 2008. Suggestions were given to adjust some internal auditing plan to be complied with the company's policy and business plan. There were continuous follow-ups on remedial actions concerning important issues indicated in the auditing reports while the scope of work covered the subsidiary companies both local and abroad.

5. The Company's Board of Directors and the Management have been giving emphasis on the risk management by setting up policies and procedures. There were assessments of risk factors and preventive measures in order to mitigate the possible business impacts and to keep them at the acceptable level. Additionally the summary of works performed by the Risk Management Committee was periodically reported to the Management. The Audit Committee believed that the Company had an effective risk management system which was suitable to its current business.
6. The Audit Committee found that the Management had a clear approach in working according to the Securities and Exchange Act as well as the regulations of the Stock Exchange of Thailand and all the laws which are relevant to the company's business including the company's obligations with the external parties. A staff has been designated to be directly responsible for this matter. No problem concerning this was found.
7. 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, investors and all other involved parties.
8. 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, Mr. Vairoj Jindamaneepitak or Ms. Bongkot Amsageam of KPMG Phoomchai Audit Ltd. as the company's external auditors for the year 2009 at the audit fee of 4,100,000 baht.

February 26, 2009

On behalf of the Audit Committee



(Prof. Dr. Komain Bhatrabhirom)

Chairman of the Audit Committee

• **Board of Directors' Statement** •
of Responsibility for Financial Reports

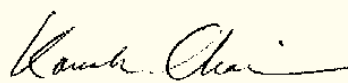
The Board of Directors of CP All Public Company Limited strongly values the duties and responsibilities in accordance with good corporate governance principles. The Board of Directors is responsible for the financial statements of the Company and its subsidiaries including financial information presented in the annual report and the annual financial statements for the year ended December 31, 2008, 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, 2008.



(Mr. Dhanin Chearavanont)
Chairman



(Mr. Korsak Chairasmisak)
Chief Executive Officer

แซนวิช (อยู่ไหน)

Sandwiches



ฮัลโหลอยู่ไหน
Hello, where are you?



มา 7-Eleven
7-Eleven



แล้วซื้ออะไรมากินหรือเปล่า
Bought anything to eat?



เปล่า
Nope



ซื้ออะไรมากินหรือเปล่า
Bought anything to eat?



เปล่า
Nope



โกหก! ชนได้กลิ่นแซนวิช
Liar! I smell the sandwich,



แฮมและชีสด้วย
ham and cheese



...รู้ได้ไงวะ (เสียงพูดเบาๆ)....
...How did she know?
(whispering voice)...



แซนวิชหอม หอม สดใหม่ทุกวัน
Savory sandwiches,
fresh everyday



หิวเมื่อไหร่ก็แวะมา 7-Eleven
Anytime You're Hungry,
Drop by 7-Eleven



แซนวิช

ขนมปังแซนวิชที่กรอบนอกนุ่มใน

เสิร์ฟพร้อมแฮมหมูแผ่นโต คุณภาพเกรด A พร้อมด้วยชีสอราวรี่ชั้นดี อร่อย หอมมันน่าทาน

อิม อร่อย ได้คุณค่าทางโภชนาการ ด้วยแซนวิชหลากหลาย ที่เซเว่นอีเลฟเว่น

“หิวเมื่อไรก็แวะมา เซเว่นอีเลฟเว่น”

Sandwiches

The soft bread with crispy crust, With thick grade A pork ham and

high quality Allowrie cheese, delicious, aromatic and mouth-watering

To satisfy your hunger with nutrition with varieties of sandwiches at 7-Eleven

“Anytime You’re Hungry, Drop by 7-Eleven”



• Audit Report of Certified Public Accountant •

To the shareholders of CP ALL Public Company Limited

I have audited the accompanying consolidated and separate balance sheets as at 31 December 2008 and 2007, and the related statements of income, changes in 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 conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2008 and 2007 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 32 to the financial statements, in 2008, the Company changed its accounting policy for goodwill and negative goodwill arising from a business combination before 1 January 2008.



(Charoen Phosamritlert)

Certified Public Accountant

Registration No. 4068

KPMG Phoomchai Audit Ltd.

Bangkok

• Balance Sheet •

As at 31 December 2008 and 2007

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		2008	2007	2008	2007
(in Baht)					
Current assets					
Cash and cash equivalents	5	11,896,726,054	12,082,388,523	8,866,204,300	9,035,760,581
Current investments	6	750,317,812	427,454,955	120,726,550	304,054,955
Trade accounts receivable	7	544,612,088	885,787,771	96,928,941	73,076,428
Other accounts receivable	8	527,979,700	834,132,887	684,596,489	602,271,635
Inventories	4, 9	5,443,906,348	7,698,762,559	4,940,210,282	4,273,023,479
Other current assets	4, 10	1,743,467,612	1,290,092,304	1,637,524,985	1,157,235,771
Total current assets		20,907,009,614	23,218,618,999	16,346,191,547	15,445,422,849
Non-current assets					
Long-term investments	11	4,725,611,736	-	5,360,634,022	4,308,027,511
Long-term loans to related parties	4	-	-	786,500,000	690,000,000
Property, plant and equipment	4, 12	12,659,916,709	18,898,830,185	9,317,303,380	8,672,226,484
Intangible assets	13	729,800,430	976,743,246	278,908,415	194,644,996
Leasehold rights		334,555,729	319,833,744	334,555,729	319,833,744
Restricted deposits at financial institutions	14	-	1,067,760,424	-	-
Other non-current assets	4	801,740,099	738,138,206	1,199,976,342	705,896,740
Total non-current assets		19,251,624,703	22,001,305,805	17,277,877,888	14,890,629,475
Total assets		40,158,634,317	45,219,924,804	33,624,069,435	30,336,052,324

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

• Balance Sheet •

As at 31 December 2008 and 2007

		Consolidated financial statements		Separate financial statements	
Liabilities and equity	Note	2008	2007	2008	2007
		(in Baht)			
Current liabilities					
Overdrafts and short-term borrowings from financial institutions	15	167,995,492	7,858,934,775	-	-
Trade accounts payable	16	17,733,296,759	24,887,738,208	12,611,226,299	11,287,633,331
Income tax payable		414,980,917	293,498,450	300,438,899	184,132,947
Other current liabilities	17	3,359,471,673	4,597,800,693	6,186,685,688	7,035,602,181
Total current liabilities		21,675,744,841	37,637,972,126	19,098,350,886	18,507,368,459
Non-current liabilities					
Long-term borrowings from related parties	4	-	772,319,273	-	-
Other non-current liabilities	18	1,385,014,084	1,063,898,222	1,218,764,084	901,568,222
Provision for employees' severance pay	19	198,342,652	114,659,767	177,600,000	104,500,000
Total non-current liabilities		1,583,356,736	1,950,877,262	1,396,364,084	1,006,068,222
Total liabilities		23,259,101,577	39,588,849,388	20,494,714,970	19,513,436,681

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

• Balance Sheet •

As at 31 December 2008 and 2007

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
		(in Baht)			
Equity					
Share capital	20				
Authorised share capital		4,500,000,000	4,500,000,000	4,500,000,000	4,500,000,000
Issued and paid-up share capital		4,493,148,024	4,470,224,988	4,493,148,024	4,470,224,988
Reserves	21				
Share premium		1,684,316,879	1,612,957,500	1,684,316,879	1,612,957,500
Currency translation changes		70,886,912	75,183,295	-	-
Revaluation surplus		626,400	626,400	-	-
Surplus on common control transactions	11	5,630,707,680	-	40,623,111	-
Retained earnings					
Appropriated					
Legal reserve	21	450,000,000	450,000,000	450,000,000	450,000,000
Unappropriated		4,408,990,514	2,554,540,930	6,461,266,451	4,289,433,155
Total equity attributable to equity holders of the Company		16,738,676,409	9,163,533,113	13,129,354,465	10,822,615,643
Minority interests		160,856,331	(3,532,457,697)	-	-
Total equity		16,899,532,740	5,631,075,416	13,129,354,465	10,822,615,643
Total liabilities and equity		40,158,634,317	45,219,924,804	33,624,069,435	30,336,052,324

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

• Statements of Income •

For the years ended 31 December 2008 and 2007

		Consolidated		Separate	
		financial statements		financial statements	
<i>Note</i>		2008	2007	2008	2007
		<i>(in Baht)</i>			
Revenues	4				
Revenue from sale of goods and rendering of services		124,082,710,729	110,624,932,460	92,959,062,363	77,458,477,246
Interest income		273,095,459	256,555,890	227,115,076	226,891,870
Dividend income		1,552,246	5,618,658	370,532,879	320,616,318
Net foreign exchange gain		241,436,250	137,197,208	2,604,475	-
Other income	24	4,855,665,181	4,333,705,260	4,548,641,404	3,801,236,199
Total revenues		129,454,459,865	115,358,009,476	98,107,956,197	81,807,221,633
Expenses	4				
Cost of sale of goods and rendering of services	9	94,353,942,235	86,157,192,323	69,283,274,085	58,467,890,513
Selling and administrative expenses	9, 25	31,067,392,630	29,090,329,726	24,108,719,769	20,183,355,694
Net foreign exchange loss		-	-	-	14,172,866
Directors' remuneration		8,640,800	9,040,000	8,640,000	9,040,000
Total expenses		125,429,975,665	115,256,562,049	93,400,633,854	78,674,459,073
Profit before interest and income tax expenses		4,024,484,200	101,447,427	4,707,322,343	3,132,762,560
Interest expense	4, 27	529,961,830	634,304,275	21,204,379	27,858,596
Income tax expense	28	1,204,903,234	828,817,135	945,740,138	600,531,822
Profit (loss) for the year		2,289,619,136	(1,361,673,983)	3,740,377,826	2,504,372,142
Profit (loss) for the year attributable to:					
Equity holders of the Company		3,301,471,339	1,460,469,352	3,740,377,826	2,504,372,142
Minority interests		(1,011,852,203)	(2,822,143,335)	-	-
Profit (loss) for the year		2,289,619,136	(1,361,673,983)	3,740,377,826	2,504,372,142
Earnings per share of equity holders of the Company	30				
Basic earnings per share		0.74	0.33	0.83	0.56
Diluted earnings per share		0.74	0.33	0.83	0.56

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

• Statements of Changes in Shareholders' Equity •

For the years ended 31 December 2008 and 2007

	Note	Consolidated financial statements						
		Issued and paid-up share capital	Share premium	Currency translation changes	Revaluation surplus	Surplus on common control transactions	Retained earnings	Total equity attributable to equity holders of the Company
							Legal reserve (in Baht)	Minority interests
Balance at 1 January 2007		4,446,962,650	1,540,166,433	62,342,932	-	-	450,000,000	(671,726,845)
Changes in equity for 2007								
Surplus on property revaluation		-	-	-	626,400	-	-	626,400
Translation gain (loss) relating to financial statements of foreign operations		-	-	12,840,363	-	-	-	(101,626,517)
Net income (expense) recognised directly in equity		-	-	12,840,363	626,400	-	-	(101,626,517)
Profit (loss) for the year		-	-	-	-	-	-	(2,822,143,335)
Total recognised income and expense		-	-	12,840,363	626,400	-	-	(2,923,769,852)
Dividends	31	-	-	-	-	-	-	(1,114,349,953)
Issue of share capital	20	23,262,338	72,791,067	-	-	-	-	96,053,405
Proceeds from issue of ordinary shares of subsidiary		-	-	-	-	-	-	-
Balance at 31 December 2007		4,470,224,988	1,612,957,500	75,183,295	626,400	-	450,000,000	63,039,000
								(3,532,457,697) *
								5,631,075,416

* As at 31 December 2007 the 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 Company and a foreign subsidiary had already sold the investments on 31 October 2008 (please see note 11 to the financial statements)).

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

● Statements of Changes in Shareholders' Equity ●

For the years ended 31 December 2008 and 2007

Consolidated financial statements											
		Issued and paid-up share capital	Share premium	Currency translation changes	Revaluation surplus	Surplus on common control transactions	Legal reserve <i>(in Baht)</i>	Unappropriated	Total equity attributable to equity holders of the Company	Minority interests	Total equity
Balance at 1 January 2008		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
Change in accounting policy	32	-	-	-	-	-	-	121,525,458	121,525,458	-	121,525,458
Restated balance		4,470,224,988	1,612,957,500	75,183,295	626,400	-	450,000,000	2,676,066,388	9,285,058,571	(3,532,457,697)	5,752,600,874
Changes in equity for 2008											
Translation loss relating to financial statements		-	-	(4,296,383)	-	-	-	-	(4,296,383)	(300,320,340)	(304,616,723)
Surplus on common control transactions	11	-	-	-	-	5,630,707,680	-	-	5,630,707,680	-	5,630,707,680
Net income (expense) recognised directly in equity		-	-	(4,296,383)	-	5,630,707,680	-	-	5,626,411,297	(300,320,340)	5,326,090,957
Profit (loss) for the year		-	-	-	-	-	-	3,301,471,339	3,301,471,339	(1,011,852,203)	2,289,619,136
Total recognised income and expense		-	-	(4,296,383)	-	5,630,707,680	-	3,301,471,339	8,927,882,636	(1,312,172,543)	7,615,710,093
Dividends	31	-	-	-	-	-	-	(1,568,547,213)	(1,568,547,213)	-	(1,568,547,213)
Issue of share capital	20	22,923,036	71,359,379	-	-	-	-	-	94,282,415	-	94,282,415
Proceeds from issue of ordinary shares of subsidiary		-	-	-	-	-	-	-	-	-	-
Minority interest sold		-	-	-	-	-	-	-	-	63,039,000	63,039,000
Share capital to the Company		-	-	-	-	-	-	-	-	71,220,318	71,220,318
Decrease in minority interest from disposal of investment in subsidiaries	11	-	-	-	-	-	-	-	-	4,871,227,253	4,871,227,253
Balance at 31 December 2008		4,493,148,024	1,684,316,879	70,886,912	626,400	5,630,707,680	450,000,000	4,408,990,514	16,738,676,409	160,856,331	16,899,532,740

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

• Statements of Changes in Shareholders' Equity •

For the years ended 31 December 2008 and 2007

	Note	Separate financial statements					Total equity attributable to equity holders of the Company
		Issued and paid-up share capital	Share premium	Surplus on common control transactions	Retained earnings		
					Legal reserve	Unappropriated	
					(in Baht)		
Balance at 1 January 2007		4,446,962,650	1,540,166,433	-	450,000,000	2,899,408,626	9,336,537,709
Profit for the year		-	-	-	-	2,504,372,142	2,504,372,142
Total recognised income		-	-	-	-	2,504,372,142	2,504,372,142
Dividends	3/	-	-	-	-	(1,114,347,613)	(1,114,347,613)
Issue of share capital	20	23,262,338	72,791,067	-	-	-	96,053,405
Balance at 31 December 2007		4,470,224,988	1,612,957,500	-	450,000,000	4,289,433,155	10,822,615,643
Changes in equity for 2008							
Surplus on common control transactions	1/	-	-	40,623,111	-	-	40,623,111
Net income recognised directly in equity		-	-	40,623,111	-	-	40,623,111
Profit for the year		-	-	-	-	3,740,377,826	3,740,377,826
Total recognised income		-	-	40,623,111	-	3,740,377,826	3,781,000,937
Dividends	3/	-	-	-	-	(1,568,544,530)	(1,568,544,530)
Issue of share capital	20	22,923,036	71,359,379	-	-	-	94,282,415
Balance at 31 December 2008		4,493,148,024	1,684,316,879	40,623,111	450,000,000	6,461,266,451	13,129,354,465

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

• Statements of Cash Flows •

For the years ended 31 December 2008 and 2007

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2008	2007	2008	2007
		(in Baht)			
Cash flows from operating activities					
Profit (loss) for the year		2,289,619,136	(1,361,673,983)	3,740,377,826	2,504,372,142
<i>Adjustments for</i>					
Depreciation charges	12	2,808,846,890	2,766,042,108	2,066,487,198	1,798,093,410
Amortisation charges - intangible assets	13	129,800,575	139,656,350	78,150,586	83,698,909
Amortisation charges - leasehold rights		78,641,405	82,433,730	78,641,405	82,433,730
Interest income		(273,095,459)	(256,555,890)	(227,115,076)	(226,891,870)
Dividend income		(1,552,246)	(5,618,658)	(370,532,879)	(320,616,318)
Interest expense	27	529,961,830	634,304,275	21,204,379	27,858,596
Income tax expense	28	1,204,903,234	828,817,135	945,740,138	600,531,822
Provision for legal claims		405,485,462	207,186,798	-	-
Provision for employees' severance pay	19	83,682,885	64,659,767	73,100,000	54,500,000
Allowance for (reversal of allowance for)					
losses on slow-moving inventories		(18,885,753)	123,359,139	(46,771,869)	151,575,824
Bad debts and allowance for					
(reversal of allowance for)					
doubtful accounts		12,105,487	(6,922,347)	4,427,199	-
Impairment losses of property, plant					
and equipment		2,038,157	186,491,570	-	-
Unrealised (gain) loss on exchange		(134,805,568)	(47,766,310)	446,473	-
Loss on disposal and write-off of					
property, plant and equipment		52,575,677	297,365,973	23,359,361	37,123,053
Loss on write-off of intangible assets		1,048,121	-	-	-
Gain on disposal of leasehold rights		(1,083,176)	-	(1,083,176)	-
Gain on forgiveness of long-term					
borrowings from related party	4	(6,317,150)	-	-	-
Loss on disposal of current investment		-	-	2,286,000	-
Loss (gain) on disposal of investments					
in subsidiary and other companies		(2,621,454)	6,119,694	-	44,223,001
		7,160,348,053	3,657,899,351	6,388,717,565	4,836,902,299

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

• Statements of Cash Flows •

For the years ended 31 December 2008 and 2007

	Consolidated		Separate	
	financial statements		financial statements	
Note	2008	2007	2008	2007
	(in Baht)			
Changes in operating assets and liabilities				
Trade accounts receivable	238,685,737	50,553,523	(30,557,771)	9,761,461
Other accounts receivable	(314,106,400)	360,254,690	(80,393,878)	(57,085,478)
Inventories	(291,737,370)	(272,147,045)	(620,414,934)	(597,771,476)
Other current assets	(454,640,097)	(81,559,567)	(474,593,291)	(262,129,734)
Other non-current assets	22,951,213	(34,172,609)	(494,079,602)	(98,027,937)
Trade accounts payable	3,903,834,693	2,895,615,631	1,323,592,968	1,735,680,744
Other current liabilities	(61,168,620)	172,042,590	(939,772,883)	2,215,035,655
Other non-current liabilities	321,115,862	155,389,358	317,195,862	134,279,359
	10,525,283,071	6,903,875,922	5,389,694,036	7,916,644,893
Income tax paid	(1,089,971,681)	(876,906,923)	(829,434,186)	(614,502,741)
Net cash provided by operating activities	9,435,311,390	6,026,968,999	4,560,259,850	7,302,142,152
Cash flows from investing activities				
Interest received	267,764,658	275,857,424	221,319,763	241,626,266
Dividends received	1,552,246	5,618,658	370,532,879	320,616,318
Purchase of current investments	(322,862,857)	-	-	-
Sale of current investments	-	274,725,697	181,042,405	348,125,698
Cash outflow on investments in subsidiaries	11	-	(1,011,983,400)	(591,961,000)
Proceeds from disposal of investments in subsidiary and other companies	2,618,610	489,654,132	-	318,170,099
Cash outflow on investment in convertible bond of related company	34	(705,512,375)	-	-
Cash and cash equivalents of disposed subsidiaries	11	(470,990,480)	-	-
Cash inflow on long-term loans to related parties	4	-	258,900,000	60,000,000
Cash outflow on long-term loans to related parties	4	-	(355,400,000)	(601,307,229)
Decrease (increase) in restricted deposits at financial institutions	(496,186,642)	370,985,454	-	-
Purchase of property, plant and equipment	34	(3,956,799,550)	(2,734,468,326)	(3,358,930,686)

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

• Statements of Cash Flows •

For the years ended 31 December 2008 and 2007

		Consolidated		Separate	
		financial statements		financial statements	
	<i>Note</i>	2008	2007	2008	2007
		<i>(in Baht)</i>			
Sale of property, plant and equipment		117,753,957	262,517,147	90,401,262	78,800,893
Purchase of intangible assets	34	(225,230,790)	(278,663,481)	(169,914,005)	(31,517,384)
Sale of intangible assets		7,500,000	-	7,500,000	-
Purchase of leasehold rights		(96,113,368)	(81,873,997)	(96,113,369)	(81,873,997)
Sale of leasehold rights		3,833,154	-	3,833,154	-
Net cash used in investing activities		(5,872,673,437)	(3,858,539,521)	(3,234,349,637)	(3,298,251,022)
<i>Cash flows from financing activities</i>					
Interest paid		(539,207,581)	(579,895,145)	(21,204,379)	(27,984,947)
Dividends paid to equity holders of the Company	31	(1,568,544,530)	(1,114,347,613)	(1,568,544,530)	(1,114,347,613)
Dividends paid to minority interests		(2,683)	(2,340)	-	-
Increase (decrease) in overdrafts and short-term borrowings from financial institutions		(1,843,561,017)	1,093,519,886	-	-
Proceeds from long-term borrowings from related parties	4	987,612,785	1,173,604,949	-	-
Repayment of long-term borrowings from related parties	4	(1,026,568,451)	(747,944,946)	-	-
Proceeds from issue of ordinary shares and share premium	20	94,282,415	96,053,405	94,282,415	96,053,405
Proceeds from issue of ordinary shares of subsidiary		63,039,000	63,039,000	-	-
Net cash used in financing activities		(3,832,950,062)	(15,972,804)	(1,495,466,494)	(1,046,279,155)
Net increase (decrease) in cash and cash equivalents		(270,312,109)	2,152,456,674	(169,556,281)	2,957,611,975
Cash and cash equivalents at beginning of year		12,082,388,523	9,952,269,134	9,035,760,581	6,078,148,606
Effect of exchange rate changes on balances held in foreign currencies		84,649,640	(22,337,285)	-	-
Cash and cash equivalents at end of year	5	11,896,726,054	12,082,388,523	8,866,204,300	9,035,760,581

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



• Notes to the Financial Statements •

For the years ended 31 December 2008 and 2007

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the executive directors on 19 February 2009.

1 General information

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

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

The ultimate parent company of the Company and its subsidiaries (together referred to as the “Group”) is Charoen Pokphand Group Co., Ltd. which incorporated in Thailand.

The principal businesses of the Group 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 2008 was 4,778 locations (2007: 4,279 locations).

	2008 (number of locations)	2007
The Company owns and manages convenience stores	2,671	2,462
The Company franchises the license to other retailers under management agreements	1,813	1,562
The Company franchises the license to other retailers under sub-license agreements	294	255
Total	4,778	4,279

Details of the Company’s subsidiaries as at 31 December 2008 and 2007 were as follows:

Name of the entities	Type of business	Country of incorporation	Ownership interest (%)	
			2008	2007
Direct subsidiaries				
Lotus Distribution Investment Limited	Holding company	British Virgin Islands	100.00	100.00
Counter Service Co., Ltd.	Bill payment services and distributor of all types of commercial cards and tickets	Thailand	99.99	99.99
Retailink (Thailand) Co., Ltd.	Distributor of equipment for retailing and software development	Thailand	99.99	99.99
C.P. Retailing and Marketing Co., Ltd.	Frozen food plant and bakery	Thailand	99.99	99.99

Name of the entities	Type of business	Country of incorporation	Ownership interest (%)	
			2008	2007
Gosoft (Thailand) Co., Ltd.	Information system design and development services	Thailand	99.99	99.99
MAM Heart Co., Ltd.	Marketing activities planning services	Thailand	99.99	99.99
Dynamic Management Co., Ltd.	Logistics and distribution of merchandises services	Thailand	99.99	99.99
Suksapiwat Co., Ltd.	Educational institution	Thailand	99.99	99.99
Panyatara Co., Ltd.	Training center	Thailand	99.99	99.99
Thai Smart Card Co., Ltd.	Smart purse card services	Thailand	72.64	72.64
Indirect subsidiaries				
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 superstores	The People's Republic of China	-	29.70
Thai Smart Terminal Co., Ltd.	Distributor of terminal equipment	Thailand	72.64	72.64
Panyapiwat Institute of Technology	Educational institution	Thailand	99.99	99.99
Panyapiwat Techno Business School	Educational institution	Thailand	99.99	-
Direct and indirect subsidiaries				
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

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.



In 2008, the Company and local subsidiaries adopted the following new and revised TAS which are relevant to their operations. (These TAS are effective for accounting periods beginning on or after 1 January 2008.)

TAS 25 (revised 2007)	<i>Cash Flow 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 43 (revised 2007)	<i>Business Combinations</i>
TAS 51	<i>Intangible Assets</i>

The adoption of these new and revised TAS does not have any material impact on the consolidated and separate financial statements except as disclosed in note 32 to the financial statements.

The FAP has issued during 2008 a number of revised TAS which is only effective for financial statements beginning on or after 1 January 2009 and has not been adopted in the preparation of these financial statements. These revised TAS, which are relevant to the Company's and local subsidiaries' operations, are disclosed in note 37 to the financial statements.

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

The preparation of financial statements in conformity with TAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These judgements, estimates and associated assumptions are based on historical experience and various other factors, including management's assessment of the potential impact on the Group's operations and financial position of the global economic crisis. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by management 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.

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

Note 13	Measurement of the recoverable amounts of cash-generating units containing goodwill
Note 19	Measurement of provisions for employees' severance pay
Note 33	Valuation of financial instruments

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").

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.

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 and to make the sale.

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

(g) Investments

Investments in subsidiaries

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

Investments in other debt and equity securities

Debt securities and marketable equity securities held-for-trading are classified as current assets and are stated at fair value with any resultant gain or loss recognised in 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 the 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. When the proceeds from disposal are convertible bonds for which the repayment term is longer than one fiscal year, the Group records the differences and the associated reversal transactions as a reserve in the balance sheet. The reserve will not be recognised in the statement of income until the convertible bonds are settled in full or until the convertible bonds are converted into ordinary shares.

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
- Vehicles	5 years

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



(i) *Intangible assets*

Goodwill

Goodwill in a business combination 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 in a business combination represents the excess of the fair value of the Group's share of the identifiable net assets acquired over the cost of acquisition.

The Group has changed its accounting policy for goodwill with effect from 1 January 2008 as discussed in note 32 to the financial statements.

Acquisitions prior to 1 January 2008

Goodwill and negative goodwill represent the amounts recognised under the Group's previous accounting policy under which goodwill and negative goodwill were stated at cost less accumulated amortisation and impairment losses. Goodwill carried in the balance sheet as at 31 December 2007 was brought forward to 1 January 2008 and presented at net book value as the deemed cost of the goodwill by eliminating the carrying amount of the related accumulated amortisation with a corresponding decrease in goodwill. Negative goodwill in the balance sheet carried in the financial statements as at 31 December 2007 is derecognised by credit to the carrying amount of the beginning balance of retained earnings as at 1 January 2008.

Acquisitions on or after 1 January 2008

Goodwill is stated at cost. Negative goodwill is recognised immediately in the statement of income.

Subsequent measurement

Goodwill is measured at cost less impairment losses.

Other intangible assets

Other intangible assets comprising technology, computer software and trademarks acquired by the Group, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses.

Amortisation

Amortisation is recognised in the statement of income on a straight line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives are as follows:

Technology and computer software	5, 10 and 30 years
Trademarks	5, 10 and 30 years

Technology and trademarks acquired from the purchase 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) Leasehold rights

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

Amortisation

Amortisation is recognised in the statement of income. 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 and the subsidiary's operating period of 30 years.

(k) 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.

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

An impairment loss 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 asset 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 of held-to-maturity securities carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted.

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

The recoverable amount of non-financial assets is the greater of the assets' 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 financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the statement of income. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

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

(l) *Interest-bearing liabilities*

Interest-bearing liabilities are 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.

(m) *Trade and other accounts payable*

Trade and other accounts payable are stated at cost.

(n) *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.

(o) *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.

(p) *Revenues*

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

Sales of goods and services rendered

Revenue from the sale of goods is recognised in 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.

(q) 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.

(r) 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 as shareholders or 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.

Relationships with related parties that control or jointly control the Group or are being controlled or jointly controlled by the Group or have transactions with the Group were as follows:

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, 100.00% shareholding
Counter Service Co., Ltd.	Thailand	Direct subsidiary, 99.99% shareholding
Retailink (Thailand) Co., Ltd.	Thailand	Direct subsidiary, 99.99% shareholding
C.P. Retailing and Marketing Co., Ltd.	Thailand	Direct subsidiary, 99.99% shareholding
Gosoft (Thailand) Co., Ltd.	Thailand	Direct subsidiary, 99.99% shareholding
MAM Heart Co., Ltd.	Thailand	Direct subsidiary, 99.99% shareholding
Dynamic Management Co., Ltd.	Thailand	Direct subsidiary, 99.99% shareholding
Suksapiwat Co., Ltd.	Thailand	Direct subsidiary, 99.99% shareholding
Thai Smart Card Co., Ltd.	Thailand	Direct subsidiary, 72.64% shareholding
Panyapiwat Institute of Technology	Thailand	Indirect subsidiary, 99.99% 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
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
CPF Trading 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
True Corporation Public Company Limited	Thailand	Charoen Pokphand Group Co., Ltd. is a major shareholder and 4 common directors
True Move Co., Ltd.	Thailand	Charoen Pokphand Group Co., Ltd. is a major shareholder and 2 common directors
C.P. Consumer Product Co., Ltd.	Thailand	Charoen Pokphand Group Co., Ltd. is a major shareholder and 1 common director

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 Tiantai Leasing Co., Ltd.	The People's Republic of China	Charoen Pokphand Group Co., Ltd. is a major shareholder and 2 common directors
Lotus Distribution International Limited	British Virgin Islands	Charoen Pokphand Group Co., Ltd. is a major shareholder and 1 common director
Chia Tai Enterprises International Limited	Cayman Islands	Charoen Pokphand Group Co., Ltd. is a major shareholder and 3 common directors
Chia Tai International Finance Co., Ltd.	The People's Republic of China	Charoen Pokphand Group Co., Ltd. is a major shareholder and 2 common directors

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	Rates advised by the lessors and service providers
Technical service fees	Contract prices determined by the terms and conditions used in the normal course of business
Insurance premiums	Standard rates as specified by the insurers
Interest expense	Agreed rates stipulated in the agreements
Purchase of property, plant and equipment	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies



Significant transactions for the years ended 31 December 2008 and 2007 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Ultimate parent company				
Selling and administrative expenses	66	38	9	9
Purchases of goods and services	-	30	-	-
Subsidiaries				
Revenue from sale of goods and rendering of services	-	-	353	353
Interest income	-	-	51	72
Dividend income	-	-	369	315
Other income	-	-	656	558
Selling and administrative expenses	-	-	1,209	981
Purchases of goods and services	-	-	3,557	2,560
Purchases of property, plant and equipment	-	-	747	770
Related companies				
Revenue from sale of goods and rendering of services	929	796	-	-
Interest income	7	-	-	-
Other income	448	457	386	394
Selling and administrative expenses	226	135	119	71
Interest expense	51	31	-	-
Purchases of goods and services	11,874	10,128	10,291	9,134
Purchases of property, plant and equipment	66	37	-	-
Other related parties				
Directors' remuneration	9	9	9	9

Balances as at 31 December 2008 and 2007 with related parties were as follows:

Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Related companies				
True Corporation Public Company Limited	20	18	-	-
True Move Co., Ltd.	10	8	-	-
C.P. Merchandising Co., Ltd.	8	26	-	-
Beijing Lotus Supermarket Chain Store Co., Ltd.	-	5	-	-
Other	20	22	-	-
Total	58	79	-	-
Less allowance for doubtful accounts	(1)	(1)	-	-
Net	57	78	-	-
Bad and doubtful debts expenses for the years	-	-	-	-

Other accounts receivable

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Subsidiaries				
Counter Service Co., Ltd.	-	-	99	77
Other	-	-	69	74
Total	-	-	168	151
Related companies				
True Distribution and Sales Co., Ltd.	25	6	25	6
True Money Co., Ltd.	21	39	21	39
Chia Tai Commercial Real Estate Management Co., Ltd.	-	51	-	-
Other	63	29	54	16
Total	109	125	100	61
Grand total	109	125	268	212

Long-term loans

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Subsidiaries				
C.P. Retailing and Marketing Co., Ltd.	-	-	646	431
Retailink (Thailand) Co., Ltd.	-	-	100	150
Dynamic Management Co., Ltd.	-	-	41	59
Gosoft (Thailand) Co., Ltd.	-	-	-	43
Suksapiwat Co., Ltd.	-	-	-	7
Total	-	-	787	690

All long-term loans of the Company as at 31 December 2008 and 2007 were dominated entirely in Thai Baht.

Movements during the years ended 31 December 2008 and 2007 were as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Subsidiaries				
At 1 January	-	-	690	1,166
Increases	-	-	356	601
Decreases	-	-	(259)	(60)
Converting debt to equity	-	-	-	(1,017)
At 31 December	-	-	787	690



Interest rate as at 31 December 2008 and 2007 was as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(interest rate per annum)</i>			
Local subsidiaries	-	-	5.75%	5.875%

As at 31 December 2008 the balances of long-term loans to subsidiaries were unsecured and without a fixed repayment term.

Prepaid rental and service fees

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Subsidiary				
Panyapiwat Institute of Technology	-	-	434	-
Total	<u>-</u>	<u>-</u>	<u>434</u>	<u>-</u>

Trade accounts payable

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Subsidiaries				
C.P. Retailing and Marketing Co., Ltd.	-	-	130	80
Thai Smart Card Co., Ltd.	-	-	54	69
Total	<u>-</u>	<u>-</u>	<u>184</u>	<u>149</u>
Related companies				
CPF Trading Co., Ltd.	563	75	422	34
True Money Co., Ltd.	348	431	315	431
C.P. Meiji Co., Ltd.	143	136	143	136
C.P. Packaging Industry Co., Ltd.	89	92	89	92
CPF Food Products Co., Ltd.	52	394	-	276
C.P. Consumer Product Co., Ltd.	45	35	45	35
True Distribution and Sales Co., Ltd.	27	428	27	428
Chia Tai Food Oil Enterprises Development Co., Ltd.	-	124	-	-
Qingdao Chia Tai Co., Ltd.	-	43	-	-
Other	123	161	40	45
Total	<u>1,390</u>	<u>1,919</u>	<u>1,081</u>	<u>1,477</u>
Grand total	<u>1,390</u>	<u>1,919</u>	<u>1,265</u>	<u>1,626</u>

Other accounts payable

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Ultimate parent company				
Charoen Pokphand Group Co., Ltd.	-	10	-	-
Subsidiaries				
Counter Service Co., Ltd.	-	-	3,303	4,654
Retailink (Thailand) Co., Ltd.	-	-	113	82
Other	-	-	88	47
Total	-	-	3,504	4,783
Related companies				
K.S.P. Equipment Co., Ltd.	3	31	-	-
Other	21	25	8	-
Total	24	56	8	-
Grand total	24	66	3,512	4,783

Long-term borrowings

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Related companies				
Chia Tai Land Co., Ltd.	-	689	-	-
Dignity Group Limited	-	67	-	-
Shanghai Tiantai Leasing Co., Ltd.	-	10	-	-
Lotus Distribution International Limited	-	6	-	-
Total	-	772	-	-

The currency denomination of long-term borrowings as at 31 December 2008 and 2007 was as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
China Renminbi	-	766	-	-
Hong Kong Dollars	-	6	-	-
Total	-	772	-	-



Movements during the years ended 31 December 2008 and 2007 were as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
At 1 January	772	380	-	-
Increases	988	1,174	-	-
Decreases	(1,027)	(748)	-	-
Decrease from forgiveness of long-term borrowings	(6)	-	-	-
Decrease from disposal of investment in subsidiary	(807)	-	-	-
Effect of exchange rate changes on balances held in foreign currencies	80	(34)	-	-
At 31 December	-	772	-	-

Interest rates as at 31 December 2008 and 31 December 2007 were as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(interest rate per annum)</i>			
Foreign subsidiaries	-	5.125% - 7.37%	-	-

As at 31 December 2007 the borrowings balances with related companies were unsecured.

Significant agreements with related parties

As at 31 December 2008 the Group had the following significant agreements with related parties:

- 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.
- 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., the ultimate parent company. In consideration thereof, the Company and the subsidiary agree to pay a monthly service fee to the ultimate parent company totaling Baht 0.8 million and a fee calculated at the rate of 0.5% of total sales value of products stipulated in the agreements respectively.

- (c) The Company has 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 services stipulated in the agreements.
- (d) The Company has a maintenance service agreement with Retailink (Thailand) Co., Ltd., a local subsidiary. Under the terms of the agreement, the subsidiary agrees to provide the maintenance of the computer hardware and equipment services to the Company. In consideration thereof, the Company is committed to pay an annual service fee at the amount stipulated in the agreement.
- (e) The Company has a cash management agreement with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agrees to provide cash management services under conditions stipulated in the agreement to the subsidiary. In consideration thereof, the subsidiary is committed to pay a cash management service fee to the Company at the rates stipulated in the agreement, and the Company agrees to pay benefits for cash management to the subsidiary at the rate stipulated in the agreement. If either party has 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.
- (f) The Company has a service agreement with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agrees to be appointed as the agent of the subsidiary for bill payment services under conditions stipulated in the agreement. In consideration thereof, the subsidiary is committed to pay a service fee to the Company at the amount stipulated in the agreement. If either 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.
- (g) The Company has lease and service agreements with Panyapiwat Institute of Technology, a local subsidiary, for lease of its building spaces for field consultant conference, trade show, franchisee conference, and other activities for a period of 15 years, totaling Baht 450 million. During the third quarter of 2008, the Company has already paid for the whole amount of rental and service fees (Baht 450 million) to the subsidiary.

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Cash on hand	3,729	5,289	3,728	5,238
Cash at financial institutions				
- current accounts	414	360	331	213
Cash at financial institutions				
- savings accounts	6,369	4,939	4,007	2,685
Highly liquid short-term investments	1,385	1,494	800	900
Total	11,897	12,082	8,866	9,036



The currency denomination of cash and cash equivalents as at 31 December 2008 and 2007 was as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Thai Baht	11,381	10,327	8,866	9,036
United States Dollars	513	516	-	-
Hong Kong Dollars	2	2	-	-
China Renminbi	1	1,237	-	-
Total	11,897	12,082	8,866	9,036

6 Current investments

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Current				
Promissory notes	749	123	120	-
Equity securities held for trading	-	100	-	100
Government bonds	1	104	1	104
Debt securities available for sale	-	100	-	100
Total	750	427	121	304

All current investments of the Group as at 31 December 2008 and 2007 were dominated entirely in Thai Baht.

7 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2008	2007	2008	2007
		<i>(in million Baht)</i>			
Related parties	4	58	79	-	-
Other parties		510	846	104	73
Total		568	925	104	73
Less allowance for doubtful accounts		(23)	(39)	(7)	-
Net		545	886	97	73
Bad debts and allowance for doubtful accounts for the year		1	18	7	-

Aging analyses for trade accounts receivable were as follows:

		Consolidated financial statements		Separate financial statements	
	Note	2008	2007	2008	2007
		(in million Baht)			
Related parties					
Within credit terms		21	33	-	-
Overdue:					
Less than 3 months		36	45	-	-
3 - 6 months		-	1	-	-
6 - 12 months		1	-	-	-
Total		58	79	-	-
Less allowance for doubtful accounts		(1)	(1)	-	-
Net	4	57	78	-	-
Other parties					
Within credit terms		392	687	93	62
Overdue:					
Less than 3 months		90	134	3	5
3 - 6 months		9	6	1	1
6 - 12 months		2	12	1	5
Over 12 months		17	7	6	-
Total		510	846	104	73
Less allowance for doubtful accounts		(22)	(38)	(7)	-
Net		488	808	97	73
Grand total		545	886	97	73

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

The currency denomination of trade accounts receivable of the Group as at 31 December 2008 and 2007 was as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
<i>(in million Baht)</i>				
Thai Baht	533	699	97	73
Australian Dollars	7	-	-	-
Euro	2	-	-	-
Pound Sterling	2	-	-	-
United States Dollars	1	-	-	-
China Renminbi	-	187	-	-
Total	545	886	97	73



8 Other accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
		<i>(in million Baht)</i>			
Related parties	4	109	125	268	212
Other parties		421	756	419	394
Total		530	881	687	606
Less allowance for doubtful accounts		(2)	(47)	(2)	(4)
Net		528	834	685	602
Bad debts and allowance for (reversal of allowance for) doubtful accounts for the year		11	(25)	(2)	-

Aging analyses for other accounts receivable were as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
		<i>(in million Baht)</i>			
Related parties					
Within credit terms		62	89	223	177
Overdue:					
Less than 3 months		45	36	44	35
3 - 6 months		1	-	1	-
Over 12 months		1	-	-	-
Total	4	109	125	268	212
Other parties					
Within credit terms		286	576	285	248
Overdue:					
Less than 3 months		131	122	130	121
3 - 6 months		2	19	2	19
6 - 12 months		1	4	1	4
Over 12 months		1	35	1	2
Total		421	756	419	394
Less allowance for doubtful accounts		(2)	(47)	(2)	(4)
Net		419	709	417	390
Grand total		528	834	685	602

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

The currency denomination of other accounts receivable as at 31 December 2008 and 2007 was as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Thai Baht	501	452	667	602
United States Dollars	12	33	12	-
Hong Kong Dollars	8	-	-	-
China Renminbi	7	349	6	-
Total	528	834	685	602

9 Inventories

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Finished goods	5,457	7,789	5,088	4,467
Work in progress	20	25	-	-
Raw materials	138	121	-	-
Total	5,615	7,935	5,088	4,467
Less allowance for losses on slow-moving inventories	(171)	(236)	(148)	(194)
Net	5,444	7,699	4,940	4,273

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 2008 amounted to Baht 93,285 million (2007: Baht 85,215 million) and Baht 484 million (2007: Baht 533 million) respectively for the consolidated financial statements and Baht 69,283 million (2007: Baht 58,468 million) and Baht 484 million (2007: Baht 533 million) respectively for the separate financial statements.

10 Other current assets

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Cash card	752	741	751	741
Accrued income	363	208	323	189
Prepaid expenses	337	87	305	38
Loans to other companies	92	77	92	77
Suspense input value added tax	86	47	46	33
Prepaid rental and services expenses	-	-	30	-
Other	113	130	91	79
Total	1,743	1,290	1,638	1,157



11 Long-term investments

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Investments in subsidiaries	-	-	5,298	4,308
Investments in related companies	4,726	-	63	-
Total	4,726	-	5,361	4,308

The currency denomination of long-term investments as at 31 December 2008 and 2007 was as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Hong Kong Dollars	4,726	-	63	-
Thai Baht	-	-	5,298	4,308
Total	4,726	-	5,361	4,308

Movements during the years ended 31 December 2008 and 2007 were as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
At 1 January	-	-	4,308	3,062
Acquisitions/additional investments	-	-	1,012	592
Converting debt to equity	-	-	-	1,017
Increase in convertible bonds	4,726	-	63	-
Disposals	-	-	(22)	(363)
At 31 December	4,726	-	5,361	4,308

Details of the additional investments during the years ended 31 December 2008 and 2007 were as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Chia Tai Enterprises International Limited	4,726	-	63	-
Thai Smart Card Co., Ltd.	-	-	337	337
Suksapiwat Co., Ltd.	-	-	-	255
Lotus Distribution Investment Limited	-	-	675	1,017
Total	4,726	-	1,075	1,609

Details of investment disposals during the years ended 31 December 2008 and 2007 were as follows:

- (a) During the second quarter of 2007, the Company and a foreign subsidiary, Lotus Distribution Investment Limited (“LDI”), sold their investments in Shanghai C.P. Jing Cheng Enterprise Development Co., Ltd. (“CPJC”) to an unrelated party (amounting to U.S. Dollars 14.2 million) with a loss on disposal 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 year.

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

- (b) 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 a former foreign subsidiary, 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”), another former foreign subsidiary, to a related company, Chia Tai Enterprises International Limited (“CTEI”). The disposal of SLS Interests will be conducted through a combination of transactions as follows:

- (1) The reorganisation of SLS 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; in consideration for which CTEI will issue convertible bonds to the Company and LDI in the total sum of Hong Kong Dollars 891 million to the Company and LDI for the sale of SLS Interests under items (1) and (2).
- (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.



The transaction was completed on 31 October 2008 resulting to YSI and SLS no longer being subsidiaries of the Company since 31 October 2008. The Company and LDI recorded the differences between the disposal value of SLS Interests and the value of the convertible bonds acquired (totaling Hong Kong Dollars 1,047.6 million or equivalent to Baht 4,726 million (including convertible bonds acquired as mentioned in (3) of Hong Kong Dollars 156 million or equivalent to Baht 705 million) in the consolidated financial statements and Hong Kong Dollars 14 million or equivalent to Baht 63 million in the separate financial statements) in the account “Surplus on common control transactions” in equity amounting to Baht 5,631 million in the consolidated financial statements for the year ended 31 December 2008 and Baht 41 million in the separate financial statements for the same year.

The SLS Interests at the disposal date comprised the following:

	<i>(in million Baht)</i>
Cash and cash equivalents	471
Trade accounts receivable	115
Inventories	2,853
Property, plant and equipment	7,907
Other assets	3,195
Trade accounts payable	(12,171)
Other liabilities	(8,851)
Minority interest	4,871
SLS Interests	(1,610)
Less SLS interests excluding cash and cash equivalents	(2,081)
Cash and cash equivalents	471

Investments in subsidiaries as at 31 December 2008 and 2007 and dividend income for the years then ended were as follows:

Separate financial statements

	Ownership interest 2008	2007	(%)	Paid-up capital 2008	2007	(in million US\$)	Cost method 2008	2007	(in million Baht)	Dividend income 2008	2007
Foreign subsidiaries											
Lotus Distribution Investment Limited	100.00	100.00		81	61		2,649	1,974		-	-
Emerald Innovation Management Co., Ltd.	55.00	55.00		3	3		1	1		-	-
Yangtze Supermarket Investment Co., Ltd.	-	55.00		-	0.0001		-	22		-	-
Total							2,650	1,997		-	-
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	810		810	810		-	-
Counter Service Co., Ltd.	99.99	99.99		70	70		61	61		329	280
Retailink (Thailand) Co., Ltd.	99.99	99.99		20	20		20	20		-	-
Dynamic Management Co., Ltd.	99.99	99.99		2	2		2	2		-	-
Gosoft (Thailand) Co., Ltd.	99.99	99.99		2	2		2	2		-	-
MAM Heart Co., Ltd.	99.99	99.99		1	1		1	1		10	15
Panyatara Co., Ltd.	99.99	99.99		1	1		1	1		30	20
Thai Smart Card Co., Ltd.	72.64	72.64		1,600	1,200		1,151	814		-	-
Total							2,648	2,311		369	315
Grand total							5,298	4,308		369	315



Investment in related company as at 31 December 2008 and 2007 was as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Investment in convertible bonds				
<i>Held-to-maturity debt securities</i>				
<i>- at amortised cost</i>				
Chia Tai Enterprises International Limited ("CTEI")	4,726	-	63	-
Total	4,726	-	63	-

Details of investment in convertible bonds were as follows:

Principal amount	Hong Kong Dollars 1,047.6 million for consolidated financial statements and Hong Kong Dollars 14 million for separate financial statements
Par value	Hong Kong Dollars 50 million per unit
Bond classification	Unsecured and registered bond
Maturity/redemption	3 years from 31 October 2008 unless either of the following events occur; <ul style="list-style-type: none"> 1) previously redeemed, converted or purchased and cancelled before the third anniversary 2) the fifth anniversary from 31 October 2008, if mutually agreed in writing between CTEI and the bondholders
Coupon rate	1% per annum, however, if the bonds are not converted on the third or the fifth anniversary, bondholders would receive such amount which would (if aggregated with all interest previously paid on the bond) resulting a 3.5% per annum yield to maturity on the principal amount for retroactive 3 years or 5 years
Conversion	The holders of convertible bonds shall have the right to convert any convertible bonds into CTEI ordinary shares during the conversion period. In addition, the convertible bonds will be automatically converted upon events as stipulated in the agreement.
Conversion price	Hong Kong Dollars 0.39 per share
Conversion ratio	1 unit of convertible bond per CTEI 128.205 million ordinary shares
Conversion period	Throughout the maturity date/redemption period and subject to the conditions of conversion
Exercise condition	Such convertible bonds may be converted only one time and in the whole amount within the maturity date/redemption period and subject to the condition that such conversion shall not cause the free float of CTEI to be lower than the level established by the Hong Kong Securities Market.
Default rate	In case of defaults in the payment of any sum due and payable under the bonds, CTEI shall pay interest on such sum to the Company and the subsidiary from the due date to the date of actual payment in full calculated at the rate of 3-month HIBOR plus 4% per annum.
Rank of conversion share	The conversion shares shall rank pari passu with all CTEI shares.
Governing law	Laws of Hong Kong

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
Cost							
At 1 January 2007	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
Additions	32	1,479	1,265	1,449	1,971	357	6,553
Disposals/transfers	-	(5,902)	(3,774)	(3,154)	(2,527)	(267)	(15,624)
Differences from translation of financial statements	-	558	340	237	14	20	1,169
At 31 December 2008	1,277	7,360	5,892	6,219	354	2,025	23,127



Consolidated financial statements

	Land	Buildings and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Assets under construction and installation	Other	Total
<i>Accumulated depreciation</i>							
At 1 January 2007	-	(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)
Depreciation charge for the year	-	(688)	(919)	(945)	-	(257)	(2,809)
Impairment losses	-	-	(6)	-	(43)	-	(49)
Reversal of impairment losses	-	-	47	-	-	-	47
Disposals/transfers	-	1,306	1,274	1,904	225	154	4,863
Differences from translation of financial statements	-	(115)	(112)	(142)	(9)	(11)	(389)
At 31 December 2008	-	(2,448)	(3,316)	(3,583)	-	(1,120)	(10,467)
<i>Net book value</i>							
At 31 December 2007	1,245	8,274	4,461	3,287	723	909	18,899
At 31 December 2008	1,277	4,912	2,576	2,636	354	905	12,660

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 December 2008 amounted to Baht 3,678 million (2007: Baht 3,316 million).

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 2007	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
Additions	31	836	685	1,325	1,055	265	4,197
Disposals/transfers	-	(114)	(198)	(512)	(1,068)	(44)	(1,936)
At 31 December 2008	737	5,863	4,236	6,273	51	1,759	18,919
Accumulated depreciation							
At 1 January 2007	-	(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)
Depreciation charge for the year	-	(450)	(582)	(822)	-	(212)	(2,066)
Disposals/transfers	-	41	118	268	-	23	450
At 31 December 2008	-	(2,192)	(2,625)	(3,750)	-	(1,035)	(9,602)
Net book value							
At 31 December 2007	706	3,358	1,588	2,264	64	692	8,672
At 31 December 2008	737	3,671	1,611	2,523	51	724	9,317

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2008 amounted to Baht 3,363 million (2007: Baht 2,451 million).



13 Intangible assets

Consolidated financial statements					
Technology and computer software					
Note	Goodwill	Negative goodwill	computer software	Trademarks	Total
(in million Baht)					
Cost					
At 1 January 2007	468	(187)	814	81	1,176
Additions	-	-	279	-	279
Disposals/transfers	-	-	(1)	-	(1)
Differences from translation of financial statements	(24)	-	(3)	(5)	(32)
At 31 December 2007	444	(187)	1,089	76	1,422
Eliminate as at 1 January 2008	32 (158)	-	-	-	(158)
Derecognise as at 1 January 2008	32 -	187	-	-	187
At 1 January 2008	286	-	1,089	76	1,451
Additions	71	-	225	-	296
Disposals/transfers	(228)	-	(384)	(78)	(690)
Differences from translation of financial statements	8	-	32	2	42
At 31 December 2008	137	-	962	-	1,099
Accumulated amortisation					
At 1 January 2007	(147)	60	(203)	(26)	(316)
Amortisation charge for the year	(19)	5	(124)	(2)	(140)
Disposals/transfers	-	-	1	-	1
Differences from translation of financial statements	8	-	1	1	10
At 31 December 2007	(158)	65	(325)	(27)	(445)
Eliminate as at 1 January 2008	32 158	-	-	-	158
Derecognise as at 1 January 2008	32 -	(65)	-	-	(65)
At 1 January 2008	-	-	(325)	(27)	(352)
Amortisation charge for the year	-	-	(129)	(1)	(130)
Disposals/transfers	-	-	92	29	121
Differences from translation of financial statements	-	-	(7)	(1)	(8)
At 31 December 2008	-	-	(369)	-	(369)
Net book value					
At 31 December 2007	286	(122)	764	49	977
At 31 December 2008	137	-	593	-	730

	Separate financial statements Technology and computer software (in million Baht)
Cost	
At 1 January 2007	417
Additions	32
Disposals/transfers	-
At 31 December 2007	449
Additions	170
Disposals/transfers	(8)
At 31 December 2008	611
Accumulated amortisation	
At 1 January 2007	(170)
Amortisation charge for the year	(84)
Disposals/transfers	-
At 31 December 2007	(254)
Amortisation charge for the year	(78)
Disposals/transfers	-
At 31 December 2008	(332)
Net book value	
At 31 December 2007	195
At 31 December 2008	279

14 Restricted deposits at financial institutions

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

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	(in million Baht)			
Collateralised for:				
Short-term borrowings from financial institutions	-	924	-	-
Legal claims	-	144	-	-
Total	-	1,068	-	-



15 Overdrafts and short-term borrowings from financial institutions

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	(in million Baht)			
Overdrafts - unsecured	3	-	-	-
Borrowings from financial institutions				
- secured by related parties and time deposits	-	7,692	-	-
- unsecured	28	55	-	-
Total	31	7,747	-	-
Liabilities under trust receipts	137	112	-	-
Grand total	168	7,859	-	-

Borrowings from financial institutions as at 31 December 2007 were undertaken and guaranteed by the Company and the following related parties and time deposits. Details are as follows:

		Consolidated financial statements		Separate financial statements	
	Note	2008	2007	2008	2007
		(in million Baht)			
Undertaken by the Company and Charoen Pokphand Group Co., Ltd.		-	4,204	-	-
Undertaken by Charoen Pokphand Group Co., Ltd.		-	1,687	-	-
Guaranteed by Chia Tai International Finance Co., Ltd.		-	416	-	-
Time deposits (guarantee for borrowings of Baht 1,385 million in 2007)	14	-	924	-	-
Total		-	7,231	-	-

Interest rates as at 31 December 2008 and 2007 were as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	(interest rate per annum)			
Overdrafts	7.00 % - 7.50%	-	-	-
Borrowings from financial institutions	3.99 % - 5.11%	3.98% - 8.00%	-	-
Liabilities under trust receipts	2.40 % - 6.605%	3.95% - 4.35%	-	-

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 2008 the Group and the Company had unutilised credit facilities totaling Baht 394 million and Baht 250 million respectively (2007: Baht 397 million and Baht 250 million respectively).

The currency denomination of overdrafts and borrowings from financial institutions as at 31 December 2008 and 2007 was as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Euro	59	-	-	-
Yen	56	-	-	-
Thai Baht	51	167	-	-
United States Dollars	2	6,747	-	-
China Renminbi	-	945	-	-
Total	168	7,859	-	-

16 Trade accounts payable

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2008	2007	2008	2007
		<i>(in million Baht)</i>			
Related parties	4	1,390	1,919	1,265	1,626
Other parties		16,343	22,969	11,346	9,662
Total		17,733	24,888	12,611	11,288

The currency denomination of trade accounts payable as at 31 December 2008 and 2007 was as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Thai Baht	17,750	16,817	12,611	11,288
United States Dollars	11	-	-	-
Yen	8	-	-	-
Euro	4	-	-	-
China Renminbi	-	8,071	-	-
Total	17,773	24,888	12,611	11,288



17 Other current liabilities

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2008	2007	2008	2007
		(in million Baht)			
Accrued personnel expenses		857	494	738	415
Other accounts payable to other parties		691	1,331	484	400
Deferred royalties income		639	584	637	572
Accrued royalties and other expenses		258	422	258	284
Accrued utilities expenses		161	221	146	147
Advance receipts from customers		106	123	-	-
Other accounts payable to related parties	4	24	66	3,512	4,783
Provision for legal claims		-	552	-	-
Other		623	805	412	435
Total		3,359	4,598	6,187	7,036

Provision for legal claims

As at 31 December 2007 a former subsidiary in The People's Republic of China had provided for legal claims, amounting to China Renminbi 120 million or approximately Baht 552 million, in relation to the non-compliance with some conditions stipulated in the contracts that the subsidiary entered with counterparties. The management, after taking appropriate legal advice, believed that the outcome of these legal claims will not give rise to any significant loss beyond the amount provided. (The Company and a foreign subsidiary have disposed of the investment in subsidiary since 31 October 2008 (see note 11 to the financial statements).

18 Other non-current liabilities

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
<i>(in million Baht)</i>				
Guarantee deposits from franchisees	1,271	931	1,107	769
Other	114	133	112	133
Total	1,385	1,064	1,219	902

19 Provision for employees' severance pay

Movements of provision for employees' severance pay for the years ended 31 December 2008 and 2007 were as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
At 1 January	115	50	105	50
Additions	83	65	73	55
At 31 December	198	115	178	105

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

20 Share capital

		Consolidated financial statements/ Separate financial statements			
		2008		2007	
	<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	4,470	4,470	4,447	4,447
Issue of new ordinary shares	1	23	23	23	23
At 31 December					
- ordinary shares	1	4,493	4,493	4,470	4,470



During the years ended 31 December 2008 and 2007, the Company's employees exercised their rights on 22,923,036 units and 23,262,338 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 as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Share capital	23	23	23	23
Share premium	71	73	71	73
Total	94	96	94	96

The exercise period of warrants under the Employee Stock Option Plan expired on 15 September 2008.

21 Reserves

Share premium

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

Currency translation changes

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

Surplus on common control transactions

Surplus on common control transactions recognised in equity relate to differences arising from disposal of SLS Interests and the value of convertible bonds acquired.

Legal reserve

Section 116 of the Public Limited Company 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.

22 Treasury shares

At the board of directors' meeting of the Company held on 13 November 2008, the Company's directors resolved to approve the share repurchase program for financial management purposes in accordance with section 66/1 (2) of the Public Limited Company Act (No. 2) B.E. 2544 in the amount not exceeding Baht 4,300 million. The number of ordinary shares to be repurchased is not exceeding 449.31 million shares (par value of Baht 1 per share); equal to 10% of the total number of paid-up share capital of the Company. The Company shall repurchase its ordinary shares through the main board of the Stock Exchange of Thailand during the period from 28 November 2008 to 27 May 2009. The Company's board of directors shall determine the share resale procedure and period after 6 months but no later than 3 years from the completion date of share repurchase.

As at 31 December 2008 the Company had not repurchased any shares under the share repurchase program.

23 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.

Geographic segments

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

The followings are the main geographic 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 2008 and 2007 were summarised as follows:

Business segment results

	Convenience stores		Retail superstores		Other		Eliminations		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	<i>(in million Baht)</i>									
Revenue from sale of goods and rendering of services	92,959	77,458	27,726	29,932	9,321	7,800	(5,923)	(4,565)	124,083	110,625
Interest income	227	227	69	73	28	28	(51)	(72)	273	256
Dividend income	371	321	-	-	-	-	(369)	(315)	2	6
Net foreign exchange gain	2	-	229	128	10	9	-	-	241	137
Other income	4,549	3,801	903	1,044	129	97	(725)	(608)	4,856	4,334
Total revenues	98,108	81,807	28,927	31,177	9,488	7,934	(7,068)	(5,560)	129,455	115,358
Cost of sale of goods and rendering of services	69,283	58,468	23,106	25,791	7,069	5,852	(5,104)	(3,954)	94,354	86,157
Selling and administrative expenses	24,109	20,197	6,933	8,627	1,597	1,513	(1,572)	(1,246)	31,067	29,091
Directors' remuneration	9	9	-	-	-	-	-	-	9	9
Total expenses	93,401	78,674	30,039	34,418	8,666	7,365	(6,676)	(5,200)	125,430	115,257
Profit (loss) before interest and income tax expenses	4,707	3,133	(1,112)	(3,241)	822	569	(392)	(360)	4,025	101
Interest expense	(21)	(28)	(502)	(639)	(58)	(39)	51	72	(530)	(634)
Income tax expense	(946)	(601)	-	-	(259)	(228)	-	-	(1,205)	(829)
Profit (loss) for the year	3,740	2,504	(1,614)	(3,880)	505	302	(341)	(288)	2,290	(1,362)

Business segment financial position

	Convenience stores		Retail superstores		Other		Eliminations		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Cash and cash equivalents	8,866	9,036	-	1,755	3,031	1,311	-	(20)	11,897	12,082
Trade accounts receivable	97	73	-	187	2,877	4,183	(2,429)	(3,557)	545	886
Inventories	4,940	4,273	-	2,908	529	535	(25)	(17)	5,444	7,699
Property, plant and equipment	9,317	8,672	-	7,362	3,480	3,027	(137)	(162)	12,660	18,899
Intangible assets	279	195	-	551	330	293	121	(62)	730	977
Other assets	10,125	8,087	-	1,511	7,497	2,109	(8,739)	(7,030)	8,883	4,677
Total assets	33,624	30,336	-	14,274	17,744	11,458	(11,209)	(10,848)	40,159	45,220
Overdrafts and short-term borrowings from financial institutions	-	-	-	7,693	168	166	-	-	168	7,859
Trade accounts payable	12,611	11,288	-	8,071	5,370	5,748	(248)	(219)	17,733	24,888
Other liabilities	7,884	8,225	-	2,511	2,354	1,649	(4,880)	(5,543)	5,358	6,842
Total liabilities	20,495	19,513	-	18,275	7,892	7,563	(5,128)	(5,762)	23,259	39,589
Capital expenditure	4,367	4,799	533	978	2,052	2,055	(103)	(100)	6,849	7,732
Depreciation charges	2,066	1,798	433	700	414	354	(104)	(86)	2,809	2,766
Amortisation charges	78	84	27	28	28	29	(3)	(1)	130	140
Loss on disposal and write-off of property, plant and equipment	(23)	(37)	(23)	(258)	(7)	(2)	-	-	(53)	(297)

Geographic and business segment results

	The People's Republic of China		Thailand		Total	
	2008	2007	2008	2007	2008	2007
Revenue from sale of goods and rendering of services from external customers	27,726	29,990	96,357	80,635	124,083	110,625
Segment assets	5,198	14,273	34,961	30,947	40,159	45,220
Property, plant and equipment	9	7,362	12,651	11,537	12,660	18,899



24 Other income

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Income on royalties and other fees relating to licenses income	833	806	833	806
Sale promotion income	1,604	1,220	1,468	1,068
Other	2,419	2,308	2,248	1,927
Total	4,856	4,334	4,549	3,801

25 Selling and administrative expenses

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Personnel expenses	9,766	8,602	7,093	5,762
Rental fees	4,247	4,475	2,516	2,252
Utilities expenses	2,930	2,812	2,252	2,028
Depreciation and amortisation charges	2,689	2,730	2,223	1,964
Convenience store management fees	3,496	2,679	3,496	2,679
Advertising and sale promotion expenses	1,710	1,563	1,534	1,259
Other	6,229	6,229	4,995	4,239
Total	31,067	29,090	24,109	20,183

26 Personnel expenses

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Salaries, wages and bonus	9,919	8,505	6,425	5,213
Staff welfares	516	479	144	123
Contribution to provident fund	197	201	41	35
Contribution to social security fund	223	195	180	158
Training expenses	10	110	285	218
Other	105	37	18	15
Total	10,970	9,527	7,093	5,762

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	0.4-1%

27 Interest expense

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
<i>Interest paid and payable to:</i>				
Financial institutions	453	571	-	-
Related parties	51	29	-	-
Other parties	26	34	21	28
Total	530	634	21	28

28 Income tax expense

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
<i>Current tax expense</i>				
Current year	1,205	829	946	601

The current tax expense in the consolidated statements of income for the years ended 31 December 2008 and 2007 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 set-off 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 2008 and 2007 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 for tax purpose under the conditions promulgated 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 2008 and 2007 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 30% normal corporate tax rate.

29 Promotional privileges

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

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

30 Earnings per share

Basic earnings per share

The calculations of basic earnings per share of the consolidated and separate financial statements for the years ended 31 December 2008 and 2007 were based on the profit for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years ended 31 December 2008 and 2007.

Profit for the year attributable to equity holders of the Company

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
		(in million Baht)		
For the year ended 31 December	<u>3,301</u>	<u>1,460</u>	<u>3,740</u>	<u>2,504</u>

Weighted average number of ordinary shares (basic)

	Consolidated financial statements/ Separate financial statements	
	2008	2007
	<i>(in million Baht)</i>	
Number of ordinary shares outstanding at 1 January	4,470	4,447
Effect of ordinary shares issued during the year	13	13
Weighted average number of ordinary shares outstanding during the year (basic)	4,483	4,460

Diluted earnings per share

The calculations of diluted earnings per share of the consolidated and separate financial statements for the years ended 31 December 2008 and 2007 were based on the profit for the years attributable to equity holders of the Company after adjusting for the effects of all dilutive potential ordinary shares and the weighted average number of ordinary shares outstanding during the years ended 31 December 2008 and 2007 after adjusting for the effects of all dilutive potential ordinary shares.

Profit for the year attributable to equity holders of the Company

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
For the year ended 31 December	3,301	1,460	3,740	2,504

Weighted average number of ordinary shares (diluted)

	Consolidated financial statements/ Separate financial statements	
	2008	2007
	<i>(in million Baht)</i>	
Weighted average number of ordinary shares outstanding during the year (basic)	4,483	4,460
Effect of shares options on issue	-	16
Weighted average number of ordinary shares outstanding during the year (diluted)	4,483	4,476

31 Dividends

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, totaling Baht 1,114 million, from the profit attributable to equity holders of the Company for the year 2006 to the Company's existing ordinary shareholders for 4,446,962,650 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. The dividends were paid to the Company's shareholders on 15 May 2007.



At the annual general meeting of the shareholders of the Company held on 24 April 2008, the Company's shareholders approved the appropriation of dividends of Baht 0.35 per share, totaling Baht 1,569 million, from the profit attributable to equity holders of the Company for the year 2007 to the Company's existing ordinary shareholders of 4,470,224,988 shares, and the Company's shareholders who exercised the warrants in accordance with the Employee Stock Option Plan on 15 March 2008 of 11,330,813 shares. The dividends were paid to the Company's shareholders on 15 May 2008.

32 Change in accounting policy

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

Until 31 December 2007 the Group accounted for goodwill and negative goodwill arising from a business combination at cost less accumulated amortisation and impairment losses. Amortisation is charged to the statement of income on a straight line basis over the estimated useful lives. The estimated useful lives are as follows:

Goodwill	10 and 30 years
Negative goodwill	30 years

The carrying amount of goodwill and negative goodwill as at 31 December 2007 was Baht 286 million and Baht 122 million respectively.

During 2007, the Federation of Accounting Professions issued the new Thai Accounting Standard ("TAS") No. 43 (revised 2007) *Business Combinations*, which is effective for accounting periods beginning on or after 1 January 2008. TAS No. 43 (revised 2007) requires that the acquirer shall, at the acquisition date, recognise goodwill acquired in a business combination as an asset at cost. After initial recognition, goodwill shall be measured at cost less any accumulated impairment losses and also requires that any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost, commonly referred to as "negative goodwill", shall be recognised immediately in profit or loss. Transitional provisions for the carrying amount of goodwill and negative goodwill in the consolidated financial statements at the beginning of the first annual accounting period beginning on or after 1 January 2008 that arose from a business combination for which the agreement date was before 1 January 2008 are as follows:

Goodwill

- from the beginning of the first annual period beginning on or after 1 January 2008, discontinue amortising such goodwill;
- at the beginning of the first annual period beginning on or after 1 January 2008, eliminate the carrying amount of the related accumulated amortisation with a corresponding decrease in goodwill; and
- from the beginning of the first annual period beginning on or after 1 January 2008, test the goodwill for impairment.

Negative goodwill

- (a) derecognise the carrying amount of negative goodwill at the beginning of the first annual period beginning on or after 1 January 2008, with a corresponding adjustment to the opening balance of retained earnings.

Starting from 1 January 2008, the Group has, accordingly, changed its accounting policies for goodwill and negative goodwill as follows:

- (a) Discontinued the amortisation of the carrying amount of goodwill as at 1 January 2008, amounting to Baht 286 million, eliminated the carrying amount of the related accumulated amortisation with corresponding decrease in goodwill and tested for impairment. Management has determined that there was no impairment in the carrying value of goodwill as at 31 December 2008.
- (b) Derecognised the carrying amount of negative goodwill as at 1 January 2008, amounting to Baht 122 million, by adjusting the Group's retained earnings as at 1 January 2008.

The financial statements for the year ended 31 December 2007 have not been adjusted for the change in accounting policy of negative goodwill. The effect of the change in accounting policy on the Group's consolidated financial statements for the year ended 31 December 2008 is as follows:

	Consolidated financial statements 2008 (in million Baht)
<i>Negative Goodwill</i>	
Balance at 1 January before change in accounting policy	(122)
Increase in intangible assets	122
Balance at 1 January after change in accounting policy	-
<i>Goodwill</i>	
Balance at 1 January before change in accounting policy	286
Increase in intangible assets	-
Balance at 1 January after change in accounting policy	286
<i>Retained earnings</i>	
Balance at 1 January before change in accounting policy	2,554
Derecognised the carrying amount of negative goodwill	122
Balance at 1 January after change in accounting policy	2,676
<i>Statement of income</i>	
Profit for the year attributable to equity holders of the Company before change in accounting policy	3,291
Decrease in amortisation of goodwill	15
Decrease in amortisation of negative goodwill	(5)
Profit for the year attributable to equity holders of the Company after change in accounting policy	3,301
Increase in basic earnings per share attributable to equity holders of the Company (Baht)	0.002



33 Financial instruments

Financial risk management policies

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

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

Interest rate risk

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

The effective interest rates of debt securities and loans receivable as at 31 December 2008 and 2007 and the periods in which the debt securities and loans receivable mature were as follows:

Consolidated financial statements					
	Effective interest rate (%)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2008					
Non-current					
- Debt securities	1.00	-	4,726	-	4,726
Total		-	4,726	-	4,726

Separate financial statements					
	Effective interest rate (%)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2008					
Non-current					
- Debt securities	1.00	-	63	-	63
- Long-term loans to related parties	5.75	-	787	-	787
Total		-	850	-	850

	Effective interest rate (%)	Separate financial statements			Total
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	
2007					
Non-current					
- Long-term loans to related parties	5.875	-	690	-	690
Total		-	690	-	690

The effective interest rates of borrowings and guarantee deposits from franchisees as at 31 December 2008 and 2007 and the periods in which the borrowings and guarantee deposits from franchisees mature were as follows:

	Effective interest rate (%)	Consolidated financial statements			Total
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	
2008					
Current					
- Overdrafts	7.00-7.50	3	-	-	3
- Short-term borrowings from financial institutions	3.99-5.11	28	-	-	28
- Liabilities under trust receipts	2.40-6.605	137	-	-	137
Non-current					
- Guarantee deposits from franchisees	1.75-3.125	-	164	1,094	1,258
Total		168	164	1,094	1,426
2007					
Current					
- Short-term borrowings from financial institutions	3.98-8.00	7,747	-	-	7,747
- Liabilities under trust receipts	3.95-4.35	112	-	-	112
- Long-term borrowings from related parties	5.125-7.37	-	772	-	772
Non-current					
- Guarantee deposits from franchisees	2.25-4.00	-	162	755	917
Total		7,859	934	755	9,548



	Effective interest rate (%)	Separate financial statements			
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2008					
Non-current					
- Guarantee deposits from franchisees	3.125	-	-	1,094	1,094
Total		-	-	1,094	1,094
2007					
Non-current					
- Guarantee deposits from franchisees	4.00	-	-	755	755
Total		-	-	755	755

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 2008 and 2007 the Group had foreign currency forward contracts as follows:

	Currency	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
				(in million)	
Foreign currency forward contracts for hedging the financial assets (equivalent to Baht 35.6 million in 2008 and Baht 106.9 million in 2007)	POUND	0.4	1.6	-	-
	EURO	0.1	-	-	-
	SWISS				
	FRANC	0.5	-	-	-
Foreign currency forward contracts for hedging the financial liabilities (equivalent to Baht 50.3 million in 2008 and Baht 30.0 million in 2007)	USD	0.3	0.5	-	-
	YEN	62.0	9.6	-	-
	EURO	0.3	0.2	-	-

Credit risk

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

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the 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.

The Group's management could not measure reliably and reasonably the fair value of investment in convertible bonds due to the limitation of time and there are no reference published price quotations in an active market or a similar active market. The Group's management, however, believes that as at 31 December 2008 the carrying value of the convertible bonds does not materially differ from the fair value because the Group intends and is able to hold the bonds to maturity.

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

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

34 Supplemental disclosures of cash flows information

- (a) Investment in convertible bonds of a related company acquired during the years ended 31 December 2008 and 2007 was as follows:

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2008	2007	2008	2007
		<i>(in million Baht)</i>			
Increase in investment in convertible bonds during the year	11	4,726	-	63	-
Add (less) - trade with SLS					
Interests		1,610	-	(22)	-
- surplus on common control transactions	11	(5,631)	-	(41)	-
Purchase of convertible bonds paid by cash		705	-	-	-



- (b) During the third quarter of 2007, the Company's board of directors approved the increase of capital and the increase in investment in a foreign subsidiary, Lotus Distribution Investment Limited, at the amount of U.S. Dollars 29.7 million or approximately Baht 1,017 million by converting debt to equity.
- (c) Property, plant and equipment purchased during the years ended 31 December 2008 and 2007 are detailed as follows:

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2008	2007	2008	2007
		<i>(in million Baht)</i>			
Increase in property, plant and equipment during the year	12	6,553	7,453	4,197	4,768
Less - payables on purchase of property, plant and equipment		87	275	(91)	11
- increase from surplus on property revaluation		-	(1)	-	-
- transfers from assets under construction and installation		(2,683)	(2,829)	(1,372)	(1,420)
Purchase of property, plant and equipment paid by cash		3,957	4,898	2,734	3,359

- (d) Intangible assets purchased during the years ended 31 December 2008 and 2007 are detailed as follows:

		Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
		<i>(in million Baht)</i>			
Increase in intangible assets during the year		296	279	170	32
Less increase of goodwill		(71)	-	-	-
Purchase of intangible assets paid by cash		225	279	170	32

35 Commitments with non-related parties

Capital commitments

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Contracted but not provided for (construction cost of new plants and installation cost of machinery)	49	308	-	-

The currency denomination of capital commitments as at 31 December 2008 and 2007 was as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
		(in million Baht)		
Thai Baht	49	296	-	-
Foreign currency (China Renminbi 2.58 million in 2007)	-	12	-	-
Total	49	308	-	-

Non-cancellable operating lease commitments

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
		(in million Baht)		
Within one year	2,396	3,215	2,375	2,016
After one year but within five years	3,755	4,188	3,738	3,375
After five years	6	221	-	-
Total	6,157	7,624	6,113	5,391

The Group has lease agreements covering lease of land, buildings, vehicles and other assets for periods of 1 to 15 years, which will expire between 2009 and 2020.

Other commitments

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
		(in million Baht)		
Unused letters of credit for purchase of goods and supplies	34	10	-	-
Total	34	10	-	-

Significant agreements

As at 31 December 2008 the Group had the following significant agreements.

- (a) The Company has an area license agreement with 7-Eleven, Inc., which was incorporated in the United States of America, to acquire a license to use the systems and trademarks of 7-Eleven, Inc. in connection with the operations of 7-Eleven convenience stores or franchising of such operations to other retailers in Thailand. The Company has also obtained certain services from 7-Eleven, Inc. in relation to training and technical assistance. In consideration thereof, the Company is committed to pay royalties to 7-Eleven, Inc. calculated as percentages of total sales of the 7-Eleven convenience stores that are operating in Thailand.



- (b) The Company has management agreements with local companies for their management of the Company-owned 7-Eleven convenience stores. Under the terms of the agreements, the Company is committed to pay management fees to those licensees calculated as percentages of gross operating profits of these convenience stores. The Company is entitled to receive the initial payments and royalties in connection with the licenses granted for operating these 7-Eleven convenience stores. These initial payments and royalties are not refundable to the licensees in any case. The initial payments include deposits to guarantee the licensees' compliance with the agreements and any damage and/or liability that might be caused by the licensees. In consideration thereof, the Company pays interest on the deposits calculated at the time deposits rates announced by a local financial institution. These deposits will be refunded to the licensees upon termination of the agreements.
- (c) The Company has sub-area license agreements for operating 7-Eleven convenience stores and franchising such operations to other retailers. Under the terms of the agreements, the Company will provide certain technical assistance and related services to the sub-area licensees. In consideration thereof, the Company is entitled to receive royalties as percentages of total sales of the 7-Eleven convenience stores operating in the licensed areas.
- (d) A local subsidiary, 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
- (e) 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 December 2011. If either of the parties has no intention to renew the agreement, a written notification must be made to the other party at least 30 days before the expiry date of the agreement.
- (f) A local subsidiary, Counter Service Co., Ltd., has service agreements with government entities and state enterprises (e.g., utilities, telephone expenses, etc.) 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, state enterprises and local companies, then remits funds to the government entities, state enterprises and local companies. The subsidiary can collect service income from customers or local companies as stipulated in the agreements. These agreements are for periods of 1 to 5 years, and will expire on the various dates up to May 2013. If either of the parties has an intention to terminate the agreements, a notification must be made to the other party at least the number of days stipulated in the agreements before the expiry date of the agreements.
- (g) A local subsidiary, Gosoft (Thailand) Co., Ltd., has service agreements with local companies, for the installation and development 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 either of the parties does not intend to renew the agreements, then notification must be made to the other party in advance.

36 Contingent liabilities

As at 31 December 2008 the Company:

- (a) Was contingently liable on the undertaking of borrowings from a local financial institution in favor of a related company totaling China Renminbi 20 million or approximately Baht 104 million.
- (b) Was contingently liable for a Standby Letter of Credit guarantee issued by a local branch of a foreign financial institution in favor of the related company, mentioned in (a), for borrowings from a foreign financial institution totaling U.S. Dollars 23 million or approximately Baht 804 million.

37 Thai Accounting Standards not yet adopted

The Company and local subsidiaries have not adopted the following revised Thai Accounting Standards (“TAS”) that have been issued as of the balance sheet date but are not yet effective. These revised TAS will become effective for financial periods beginning on or after 1 January 2009.

TAS 36 (revised 2007) *Impairment of Assets*

TAS 54 (revised 2007) *Non-current Assets Held for Sale and Discontinued Operations*

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

38 Reclassification of accounts

Certain accounts in the 2007 financial statements have been reclassified to conform to the presentation in the 2008 financial statements as follows:

	2007			2007		
	Consolidated financial statements			Separate financial statements		
	Before reclassi- fication	Reclassi- fication	After reclassi- fication	Before reclassi- fication	Reclassi- fication	After reclassi- fication
	(in million Baht)					
Balance sheet						
Intangible assets	1,297	(320)	977	515	(320)	195
Leasehold rights	-	320	320	-	320	320
		<u>-</u>			<u>-</u>	

The reclassification has been made to comply with the accounting guidance for leasehold rights.

• Shareholdings of the Company by •
Directors and Management

As at December 31, 2008

Shareholder's name	Designation	Number of shares
Prof.Dr. Komain Bhatrabhirom	Chairman of the Audit Committee and Independent Director	-
Mr. Pridi Boonyoung	Audit Committee and Independent Director	455,599
Mr. Padoong Techasarintr	Audit Committee and Independent Director	454,912
Mr. Dhanin Chearavanont	Chairman	765,738
Mr. Korsak Chairasmisak	Vice Chairman and Chief Executive Officer	10,168,488
Mr. Adirek Sripratak	Director	-
Mr. Umroong Sanphasitvong	Director	803,868
Mr. Soopakij Chearavanont	Director	111,198
Mr. Narong Chearavanont	Director	194,901
Mr. Prasert Jarupanich	Director	-
Mr. Pittaya Jearavisitkul	Director and Deputy Chief Executive Officer	810,041
Mr. Piyawat Titasattavorakul	Director and Managing Director	24,062
Mr. Suraphan Pussadej	Assistant Chief Executive Officer Human Resource	-
Mr. Tanin Buranamanit	Executive Vice President – Operation and Marketing	11,697
Mr. Taweesak Kaewrathtanapattama	Senior Vice President – Accounting and Finance	4,000
Mr. Chuan Nimkittikul	Senior Vice President – Purchasing and Distribution	358,777
Mr. Suwit Kingkaew	Senior Vice President – General Management	644,227
Mr. Kosa Pongsupath	Vice President – Information Technology	33

• Subsidiaries Information •

as at December 31, 2008

Subsidiaries and Affiliates in Thailand			
Counter Service Co., Ltd.		Gosoft (Thailand) Co., Ltd.	
Type of business	: Bill payment collection	Type of business	: Information technology services
Incorporated	: Thailand	Incorporated	: Thailand
Paid-up capital	: Baht 70 million	Paid-up capital	: Baht 2 million
Par value	: Baht 10 per share	Par value	: Baht 10 per share
Shareholding	: 99.99%	Shareholding	: 99.99%
C.P. Retailing and Marketing Co., Ltd.		MAM Heart Co., Ltd.	
Type of business	: Manufacturing and sale of frozen foods and bakery	Type of business	: Marketing services
Incorporated	: Thailand	Incorporated	: Thailand
Paid-up capital	: Baht 600 million	Paid-up capital	: Baht 1 million
Par value	: Baht 10 per share	Par value	: Baht 10 per share
Shareholding	: 99.99%	Shareholding	: 99.99%
Retailink (Thailand) Co., Ltd.		Dynamic Management Co., Ltd.	
Type of business	: Sale and maintenance of retail equipment	Type of business	: Logistics services
Incorporated	: Thailand	Incorporated	: Thailand
Paid-up capital	: Baht 20 million	Paid-up capital	: Baht 2 million
Par value	: Baht 10 per share	Par value	: Baht 10 per share
Shareholding	: 99.99%	Shareholding	: 99.99%

Suksapiwat Co., Ltd.

Type of business	: Educational institution
Incorporated	: Thailand
Paid-up capital	: Baht 810 million
Par value	: Baht 10 per share
Shareholding	: 99.99%

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%

Thai Smart Card Co., Ltd.

Type of business	: Payment of products and services through smart card
Incorporated	: Thailand
Paid-up capital	: Baht 1,600 million
Par value	: Baht 10 per share
Shareholding	: 72.64%

Subsidiaries and Affiliates in overseas
Lotus Distribution Investment Limited

Type of business	: Investment business
Incorporated	: British Virgin Island
Paid-up capital	: USD 80.8 million
Shareholding	: 100%

Ek Chor Trading (Shanghai) Co., Ltd.

Type of business	: Non-active
Incorporated	: People's Republic of China
Paid-up capital	: USD 11.7 million
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%

Ek Chor Distribution System Co., Ltd.

Type of business	: Investment business
Incorporated	: Hong Kong
Paid-up capital	: HKD 2
Shareholding	: 100%



บริษัท ซีพี ออลล์ จำกัด (มหาชน)

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