

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

Interim financial statements
for the three-month and nine-month periods ended
30 September 2016
and
Independent Auditor's Report
on Review of Interim Financial Information



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Independent Auditor's Report on Review of Interim Financial Information

To the Board of Directors of CP ALL Public Company Limited

I have reviewed the accompanying consolidated and separate statements of financial position of CP ALL Public Company Limited and its subsidiaries, and of CP ALL Public Company Limited, respectively, as at 30 September 2016; the consolidated and separate statements of income and comprehensive income for the three-month and nine-month periods ended 30 September 2016; the consolidated and separate statements of changes in equity and cash flows for the nine-month period ended 30 September 2016; and condensed notes ("interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".

(Charoen Phosamritlert)
Certified Public Accountant
Registration No. 4068

KPMG Phoomchai Audit Ltd.
Bangkok
10 November 2016

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

		Consolidated		Separate	
		financial statements		financial statements	
		30 September	31 December	30 September	31 December
Assets	Note	2016	2015	2016	2015
		(Unaudited)		(Unaudited)	
<i>(in thousand Baht)</i>					
Current assets					
Cash and cash equivalents		30,193,256	21,518,252	22,609,225	15,329,709
Current investments		1,383,140	1,402,447	-	-
Trade accounts receivable	3,4	946,597	854,059	102,465	127,467
Other accounts receivable	3	2,078,797	2,034,188	2,164,743	2,193,375
Short-term loans to subsidiaries	3	-	-	4,562,000	2,900,000
Inventories	3	23,087,813	25,072,218	10,897,959	10,621,746
Other current assets	3	4,347,710	6,091,749	2,435,223	4,278,345
Total current assets		62,037,313	56,972,913	42,771,615	35,450,642
Non-current assets					
Investments in subsidiaries	5	-	-	205,506,615	202,599,631
Investment in related company	3	34,000	24,000	34,000	24,000
Other long-term investments		412	412	-	-
Investment properties		332,832	333,200	-	-
Property, plant and equipment	3,6	96,179,383	89,447,351	24,154,088	22,440,954
Goodwill		126,072,806	126,072,806	-	-
Leasehold rights		3,244,417	3,283,692	363,877	400,847
Other intangible assets	3	50,055,931	50,156,748	875,320	870,556
Deferred tax assets		810,370	731,395	379,395	346,343
Other non-current assets	3	2,337,261	2,060,421	1,917,148	2,487,031
Total non-current assets		279,067,412	272,110,025	233,230,443	229,169,362
Total assets		341,104,725	329,082,938	276,002,058	264,620,004

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

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

		Consolidated		Separate	
		financial statements		financial statements	
		30 September	31 December	30 September	31 December
Liabilities and equity	Note	2016	2015	2016	2015
		(Unaudited)		(Unaudited)	
		(in thousand Baht)			
<i>Current liabilities</i>					
Short-term borrowings from					
financial institutions	7	4,874,881	11,881,373	-	9,000,000
Trade accounts payable	3	57,202,445	62,623,567	31,160,014	32,807,381
Other accounts payable	3	3,387,442	3,643,053	6,990,751	8,768,756
Current portion of debentures	7	31,778,200	11,841,200	31,778,200	11,841,200
Current portion of finance lease					
liabilities		97,430	80,187	-	-
Income tax payable		586,128	1,131,907	161,908	388,373
Other current liabilities		11,382,325	9,929,749	7,654,958	6,508,416
Total current liabilities		109,308,851	101,131,036	77,745,831	69,314,126
<i>Non-current liabilities</i>					
Debentures	7	160,221,800	161,158,800	160,221,800	161,158,800
Long-term borrowings from					
financial institution	7	4,212,378	4,000,000	-	-
Finance lease liabilities		760,895	524,823	-	-
Employee benefit obligations		2,474,910	2,099,493	1,383,768	1,149,590
Accrued guarantee deposits		3,276,581	3,063,986	3,152,185	2,960,827
Deferred tax liabilities		15,173,222	15,229,400	-	-
Other non-current liabilities		310,015	199,663	24,823	-
Total non-current liabilities		186,429,801	186,276,165	164,782,576	165,269,217
Total liabilities		295,738,652	287,407,201	242,528,407	234,583,343

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

CP ALL Public Company Limited and its Subsidiaries

Statement of financial position

Liabilities and equity <i>(Continued)</i>	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 September	31 December	30 September	31 December
		2016	2015	2016	2015
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
<i>Equity</i>					
Share capital					
Authorised share capital		8,986,296	8,986,296	8,986,296	8,986,296
Issued and paid-up share capital		8,983,101	8,983,101	8,983,101	8,983,101
Additional paid-in capital					
Premium on ordinary shares		1,684,317	1,684,317	1,684,317	1,684,317
Retained earnings					
Appropriated					
Legal reserve		900,000	900,000	900,000	900,000
Unappropriated		31,055,082	26,894,168	21,906,233	18,469,243
Other components of equity		(1,605,034)	(1,112,145)	-	-
Equity attributable to equity					
holders of the Company		41,017,466	37,349,441	33,473,651	30,036,661
Non-controlling interests		4,348,607	4,326,296	-	-
Total equity		45,366,073	41,675,737	33,473,651	30,036,661
Total liabilities and equity		341,104,725	329,082,938	276,002,058	264,620,004

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

CP ALL Public Company Limited and its Subsidiaries
Statement of income (Unaudited)

		Consolidated financial statements		Separate financial statements	
		For the three-month period ended 30 September		For the three-month period ended 30 September	
	<i>Note</i>	2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Income	3				
Revenue from sale of goods and rendering of services		108,642,041	96,363,864	64,964,342	57,556,693
Interest income		59,408	42,623	82,711	27,829
Dividend income		39	34	1,694,521	1,888,411
Net foreign exchange gain		28,142	25,535	31	-
Other income		4,297,996	3,630,498	4,320,303	3,699,584
Total income		113,027,626	100,062,554	71,061,908	63,172,517
Expenses	3				
Cost of sale of goods and rendering of services		84,599,591	75,068,073	46,787,955	41,480,225
Selling expenses		18,063,436	15,994,853	15,395,667	13,571,702
Administrative expenses		3,219,615	2,911,367	2,546,418	2,397,199
Net foreign exchange loss		-	-	-	459
Finance costs		2,159,679	2,073,650	2,082,282	2,009,426
Total expenses		108,042,321	96,047,943	66,812,322	59,459,011
Profit before income tax expense		4,985,305	4,014,611	4,249,586	3,713,506
Income tax expense	9	832,198	718,076	350,636	270,612
Profit for the period		4,153,107	3,296,535	3,898,950	3,442,894
Profit attributable to:					
Equity holders of the Company		4,115,162	3,257,896	3,898,950	3,442,894
Non-controlling interests		37,945	38,639	-	-
Profit for the period		4,153,107	3,296,535	3,898,950	3,442,894
Basic earnings per share (Baht)	10	0.46	0.36	0.43	0.38

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

CP ALL Public Company Limited and its Subsidiaries
Statement of comprehensive income (Unaudited)

	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month		For the three-month	
	period ended 30 September		period ended 30 September	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Profit for the period	4,153,107	3,296,535	3,898,950	3,442,894
Other comprehensive income				
<i>Item that will never be reclassified</i>				
<i>to profit or loss</i>				
Defined benefit plan actuarial losses	(159,776)	(138,082)	(113,994)	(116,316)
Income tax income of other				
comprehensive income on				
actuarial losses	(29,667)	(27,899)	(22,798)	(23,263)
	<u>(130,109)</u>	<u>(110,183)</u>	<u>(91,196)</u>	<u>(93,053)</u>
<i>Item that is or may be reclassified</i>				
<i>to profit or loss</i>				
Currency translation differences				
from foreign operations	(135,833)	242,406	-	-
	<u>(135,833)</u>	<u>242,406</u>	<u>-</u>	<u>-</u>
Other comprehensive income				
for the period, net of income				
tax income	<u>(265,942)</u>	<u>132,223</u>	<u>(91,196)</u>	<u>(93,053)</u>
Total comprehensive income				
for the period	<u><u>3,887,165</u></u>	<u><u>3,428,758</u></u>	<u><u>3,807,754</u></u>	<u><u>3,349,841</u></u>
Total comprehensive income				
attributable to:				
Equity holders of the Company	3,849,390	3,390,465	3,807,754	3,349,841
Non-controlling interests	37,775	38,293	-	-
Total comprehensive income				
for the period	<u><u>3,887,165</u></u>	<u><u>3,428,758</u></u>	<u><u>3,807,754</u></u>	<u><u>3,349,841</u></u>

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

CP ALL Public Company Limited and its Subsidiaries
Statement of income (Unaudited)

		Consolidated financial statements		Separate financial statements	
		For the nine-month period ended 30 September		For the nine-month period ended 30 September	
	<i>Note</i>	2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
<i>Income</i>	3				
Revenue from sale of goods and rendering of services		323,608,485	289,209,768	191,833,923	170,543,228
Interest income		154,181	158,047	205,372	87,869
Dividend income		117	96	4,325,886	4,235,217
Net foreign exchange gain		94,414	-	31	-
Other income		12,584,606	10,125,975	12,583,135	10,262,151
Total income		336,441,803	299,493,886	208,948,347	185,128,465
<i>Expenses</i>	3				
Cost of sale of goods and rendering of services		252,887,690	226,327,683	137,537,256	123,013,326
Selling expenses		53,007,878	45,629,787	45,073,576	38,641,873
Administrative expenses		9,145,664	8,815,970	7,303,749	7,155,667
Net foreign exchange loss		-	29,922	-	1,479
Finance costs		6,310,877	6,503,771	6,102,284	6,326,267
Total expenses		321,352,109	287,307,133	196,016,865	175,138,612
Profit before income tax expense		15,089,694	12,186,753	12,931,482	9,989,853
Income tax expense	9	2,608,916	2,276,062	1,318,505	936,532
Profit for the period		12,480,778	9,910,691	11,612,977	9,053,321
Profit attributable to:					
Equity holders of the Company		12,375,795	9,805,835	11,612,977	9,053,321
Non-controlling interests		104,983	104,856	-	-
Profit for the period		12,480,778	9,910,691	11,612,977	9,053,321
Basic earnings per share (Baht)	10	1.38	1.09	1.29	1.01

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CP ALL Public Company Limited and its Subsidiaries
Statement of comprehensive income (Unaudited)

	Consolidated		Separate	
	financial statements		financial statements	
	For the nine-month		For the nine-month	
	period ended 30 September		period ended 30 September	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Profit for the period	12,480,778	9,910,691	11,612,977	9,053,321
Other comprehensive income				
<i>Item that will never be reclassified</i>				
<i>to profit or loss</i>				
Defined benefit plan actuarial losses	(159,776)	(138,082)	(113,994)	(116,316)
Income tax income of other				
comprehensive income on				
actuarial losses	(29,667)	(27,899)	(22,798)	(23,263)
	<u>(130,109)</u>	<u>(110,183)</u>	<u>(91,196)</u>	<u>(93,053)</u>
<i>Item that is or may be reclassified</i>				
<i>to profit or loss</i>				
Currency translation differences				
from foreign operations	(493,043)	363,955	-	-
	<u>(493,043)</u>	<u>363,955</u>	<u>-</u>	<u>-</u>
Other comprehensive income				
for the period, net of income				
tax income	<u>(623,152)</u>	<u>253,772</u>	<u>(91,196)</u>	<u>(93,053)</u>
Total comprehensive income				
for the period	<u>11,857,626</u>	<u>10,164,463</u>	<u>11,521,781</u>	<u>8,960,268</u>
Total comprehensive income				
attributable to:				
Equity holders of the Company	11,752,816	10,059,953	11,521,781	8,960,268
Non-controlling interests	104,810	104,510	-	-
Total comprehensive income				
for the period	<u>11,857,626</u>	<u>10,164,463</u>	<u>11,521,781</u>	<u>8,960,268</u>

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

CP ALL Public Company Limited and its Subsidiaries
Statement of changes in equity (Unaudited)

[illegible]

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

CP ALL Public Company Limited and its Subsidiaries
Statement of changes in equity (Unaudited)

[illegible]

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

CP ALL Public Company Limited and its Subsidiaries
Statement of changes in equity (Unaudited)

	Separate financial statements				
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Total equity
			Legal reserve	Unappropriated retained earnings	
<i>Note</i>			<i>(in thousand Baht)</i>		
For the nine-month period ended 30 September 2016					
Balance at 1 January 2016	8,983,101	1,684,317	900,000	18,469,243	30,036,661
Transactions with equity holders, recorded directly in equity					
<i>Distributions to equity holders</i>					
Dividends	-	-	-	(8,084,791)	(8,084,791)
Total transactions with equity holders, recorded directly in equity	-	-	-	(8,084,791)	(8,084,791)
Comprehensive income for the period					
Profit	-	-	-	11,612,977	11,612,977
Other comprehensive income	-	-	-	(91,196)	(91,196)
Total comprehensive income for the period	-	-	-	11,521,781	11,521,781
Balance at 30 September 2016	8,983,101	1,684,317	900,000	21,906,233	33,473,651

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

CP ALL Public Company Limited and its Subsidiaries
Statement of changes in equity (Unaudited)

Separate financial statements						
	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Total equity
				Legal reserve	Unappropriated retained earnings	
<i>(in thousand Baht)</i>						
For the nine-month period ended 30 September 2015						
Balance at 1 January 2015		8,983,101	1,684,317	900,000	14,372,640	25,940,058
Transactions with equity holders, recorded directly in equity						
Distributions to equity holders						
Dividends	11	-	-	-	(7,186,481)	(7,186,481)
Total transactions with equity holders, recorded directly in equity		-	-	-	(7,186,481)	(7,186,481)
Comprehensive income for the period						
Profit		-	-	-	9,053,321	9,053,321
Other comprehensive income		-	-	-	(93,053)	(93,053)
Total comprehensive income for the period		-	-	-	8,960,268	8,960,268
Balance at 30 September 2015		8,983,101	1,684,317	900,000	16,146,427	27,713,845

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

CP ALL Public Company Limited and its Subsidiaries

Statement of cash flows (Unaudited)

	Consolidated		Separate	
	financial statements		financial statements	
	For the nine-month		For the nine-month	
	period ended 30 September		period ended 30 September	
Note	2016	2015	2016	2015
	(in thousand Baht)			
Cash flows from operating activities				
Profit for the period	12,480,778	9,910,691	11,612,977	9,053,321
Adjustments for				
Depreciation	5,527,636	4,905,415	3,458,448	3,065,539
Amortisation of leasehold rights	204,941	177,797	85,597	80,478
Amortisation of other intangible assets	395,069	297,138	138,043	105,671
Interest income	(154,181)	(158,047)	(205,372)	(87,869)
Dividend income	(117)	(96)	(4,325,886)	(4,235,217)
Finance costs	6,310,877	6,503,771	6,102,284	6,326,267
Income tax expense	2,608,916	2,276,062	1,318,505	936,532
Provision for employees' severance pay	223,099	220,674	124,300	116,000
Reversal of allowance for losses on slow-moving inventories	(81,660)	(103,762)	(93,743)	(51,973)
Reversal of impairment for losses on property, plant and equipment	(1,270)	(1,396)	-	-
Bad and doubtful debts expense (reversal of allowance for doubtful accounts)	6,011	(5,213)	-	-
Unrealised loss on exchange	11,230	3,762	-	-
Gain on disposal of investment properties	(749)	-	-	-
Loss on disposal and write-off of property, plant and equipment	17,266	36,189	20,593	21,738
Gain on disposal of leasehold rights	(9,347)	(4,582)	(9,347)	(4,582)
	27,538,499	24,058,403	18,226,399	15,325,905
Changes in operating assets and liabilities				
Trade accounts receivable	(92,966)	132,942	25,002	65,898
Other accounts receivable	(52,639)	(239,124)	34,341	(97,039)
Inventories	2,065,475	199,899	(182,470)	281,169
Other current assets	1,781,757	510,598	1,881,582	368,708
Other non-current assets	(438,049)	(11,533)	569,883	(438,210)
Trade accounts payable	(5,419,375)	(5,919,650)	(1,647,367)	(2,431,240)
Other accounts payable	78,770	(98,442)	(1,660,936)	(1,456,012)

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

CP ALL Public Company Limited and its Subsidiaries
Statement of cash flows (*continued*) (Unaudited)

		Consolidated		Separate	
		financial statements		financial statements	
		For the nine-month		For the nine-month	
		period ended 30 September		period ended 30 September	
	<i>Note</i>	2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Other current liabilities		1,708,678	1,326,677	1,350,830	936,163
Employee benefit obligations paid		(7,168)	(17,416)	(1,822)	(10,232)
Employee benefit obligations transferred		(290)	-	(2,293)	-
Accrued guarantee deposits		212,595	398,885	191,358	410,004
Other non-current liabilities		126,901	(25,405)	24,823	-
Cash generated from operating activities		27,502,188	20,315,834	18,809,330	12,955,114
Income tax paid		(3,261,574)	(2,575,554)	(1,555,223)	(814,985)
Net cash provided by operating activities		24,240,614	17,740,280	17,254,107	12,140,129
<i>Cash flows from investing activities</i>					
Interest received		115,915	144,501	164,848	65,822
Dividends received		117	96	4,325,886	4,235,217
Purchase of current investments		(1,957,000)	(2,214,000)	-	-
Sale of current investments		1,975,841	2,108,879	-	-
Cash outflow on short-term loans to subsidiaries	3	-	-	(1,679,000)	(3,770,000)
Cash inflow on short-term loans to subsidiaries	3	-	-	17,000	800,000
Cash outflow on investment in subsidiaries	5	-	-	(2,906,984)	-
Cash outflow on investment in related company	3	(10,000)	-	(10,000)	-
Cash inflow on other long-term investments		-	100,000	-	100,000
Sale of investment properties		1,117	-	-	-
Purchase of property, plant and equipment	12	(12,539,704)	(11,158,676)	(5,314,641)	(4,520,364)
Sale of property, plant and equipment		228,355	58,399	46,328	45,578
Purchase of leasehold rights		(207,038)	(792,453)	(57,208)	(95,801)
Sale of leasehold rights		9,617	8,856	9,617	8,856
Purchase of other intangible assets		(557,774)	(450,369)	(144,333)	(237,381)
Sale of other intangible assets		185	3,799	-	-
Net cash used in investing activities		(12,940,369)	(12,190,968)	(5,548,487)	(3,368,073)

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

CP ALL Public Company Limited and its Subsidiaries
Statement of cash flows (continued) (Unaudited)

		Consolidated		Separate	
		financial statements		financial statements	
		For the nine-month		For the nine-month	
		period ended 30 September		period ended 30 September	
Note		2016	2015	2016	2015
		(in thousand Baht)			
Cash flows from financing activities					
Interest paid		(6,484,220)	(6,573,590)	(6,341,208)	(6,439,597)
Dividends paid to equity holders of the Company		(8,084,896)	(7,186,361)	(8,084,896)	(7,186,361)
Dividends paid to non-controlling interests		(82,499)	(83,518)	-	-
Finance lease payment		(105,051)	(81,435)	-	-
Decrease in short-term borrowings from financial institutions	7	(7,005,993)	(1,288,974)	(9,000,000)	(2,600,000)
Proceeds from issue of debentures	7	19,000,000	33,000,000	19,000,000	33,000,000
Proceeds from long-term borrowings from financial institutions	7	215,833	-	-	-
Repayment of long-term borrowings from financial institutions	7	-	(41,215,131)	-	(41,215,131)
Net cash used in financing activities		(2,546,826)	(23,429,009)	(4,426,104)	(24,441,089)
Net increase (decrease) in cash and cash equivalents		8,753,419	(17,879,697)	7,279,516	(15,669,033)
Cash and cash equivalents at beginning of period		21,518,252	32,204,375	15,329,709	24,864,030
Effect of exchange rate changes on balances held in foreign currencies		(78,415)	155,492	-	-
Cash and cash equivalents at end of period		30,193,256	14,480,170	22,609,225	9,194,997

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

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2016 (Unaudited)

Note	Contents
1	General information
2	Basis of preparation of the interim financial statements
3	Related parties
4	Trade accounts receivable
5	Investments in subsidiaries
6	Property, plant and equipment
7	Interest-bearing liabilities
8	Segment information
9	Income tax expense
10	Basic earnings per share
11	Dividends
12	Supplemental disclosures of cash flows information
13	Financial instruments
14	Commitments with non-related parties
15	Contingent liability
16	Events after the reporting period
17	Thai Financial Reporting Standards not yet adopted

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2016 (Unaudited)

These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language interim financial statements have been prepared from the Thai language interim financial statements, and were approved and authorised for issue by the Board of Directors on 10 November 2016.

1 General information

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

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

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

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

The Company operates convenience stores under the “7-Eleven” trademark and franchises to other retailers in the territory of Thailand. The number of 7-Eleven convenience stores as at 30 September 2016 was 9,411 stores (31 December 2015: 8,832 stores).

	30 September 2016 (number of stores)	31 December 2015
The Company owns and manages convenience stores	4,204	3,908
The Company franchises the license to other retailers		
- under management agreements	4,531	4,257
- under sub-license agreements	676	667
Total	9,411	8,832

Details of the Company’s subsidiaries as at 30 September 2016 and 31 December 2015 are given in note 5 to the interim financial statements.

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (“TAS”) No. 34 (revised 2015) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2015. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company and its subsidiaries for the year ended 31 December 2015.

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2016 (Unaudited)

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2015 except that the Group has adopted all the new and revised Thai Financial Reporting Standards (“TFRS”) that are effective for annual periods beginning on or after 1 January 2016. The adoption of these new and revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Group or the Company.

(b) *Functional and presentation currency*

The interim financial statements are presented in Thai Baht, which is the Company’s functional currency. All financial information presented in Thai Baht has been rounded in the notes to the interim financial statements to the nearest million unless otherwise stated.

(c) *Use of judgements and estimates*

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

In preparing these interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2015.

3 Related parties

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

Relationships with subsidiaries are described in note 5 to the interim financial statements. Relationships with key management and other related parties were as follows:

Name of parties	Country of incorporation/ nationality	Nature of relationships
Charoen Pokphand Group Company Limited	Thailand	Ultimate parent company of the Group and 1 common director
Charoen Pokphand Foods Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 2 common directors
Cineplex Co., Ltd	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 2 common directors
True Move Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 2 common directors
Panther Entertainment Co., Ltd	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 2 common directors
CPF (Thailand) Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
CPF IT Center Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2016 (Unaudited)

Name of parties	Country of incorporation/ nationality	Nature of relationships
CP-Meiji Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
C.P. Consumer Products Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
C.P. Merchandising Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
C.P. Land Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
True Leasing Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
True Lifestyle Retail Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
True Universal Convergence Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
True Internet Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
Perfect Companion Group Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
Freewill Solutions Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
Allianz C.P. General Insurance Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
C.P.Vietnam Corporation	Vietnam	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
C.P. Tower Growth Leasehold Property Fund	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
CPF Trading Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
C.P. Packaging Industry Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True GS Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Distribution and Sales Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Money Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Move H Universal Communication Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Internet Data Center Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
Real Move Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
SM True Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
C.P. Food Store Co., Ltd.	Thailand	1 of the Company's director is a major shareholder
Dees Supreme Co., Ltd.	Thailand	1 of the Company's director is a major shareholder

CP ALL Public Company Limited and its Subsidiaries**Notes to the interim financial statements****For the three-month and nine-month periods ended 30 September 2016 (Unaudited)**

Name of parties	Country of incorporation/ nationality	Nature of relationships
Key management personnel	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group

The pricing policies for particular types of transactions with related parties 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	Source of fund cost plus capital management expenses
Dividend income	Right to receive dividends
Purchase of goods and services	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies
Rental and service fees	Rates advised by the lessors and service providers
Technical service fees	Contract prices determined by the terms and conditions used in the normal course of business
Insurance premiums	Standard rates as specified by the insurers
Interest expense	Agreed rates stipulated in the agreements
Purchase of property, plant and equipment	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies
Purchase of other intangible assets	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2016 (Unaudited)

Significant transactions for the three-month and nine-month periods ended 30 September 2016 and 2015 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
<i>For the three-month period ended 30 September</i>	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Ultimate parent company				
Administrative expenses	2	2	2	2
Subsidiaries				
Revenue from sale of goods and rendering of services	-	-	159	143
Interest income	-	-	47	8
Dividend income	-	-	1,695	1,888
Other income	-	-	338	306
Selling expenses	-	-	368	324
Administrative expenses	-	-	556	558
Purchases of goods and services	-	-	4,657	3,887
Purchases of property, plant and equipment and other intangible assets	-	-	562	366
Related companies				
Revenue from sale of goods and rendering of services	565	406	185	135
Other income	482	220	476	216
Selling expenses	16	10	-	-
Administrative expenses	162	151	121	118
Purchases of goods and services	8,820	6,926	6,807	5,705
Purchases of property, plant and equipment and other intangible assets	1	5	-	-
Key management personnel				
Key management benefit expenses				
Short-term employee benefits	148	136	102	92
Severance pay for employees	4	7	2	2
Total key management benefit expenses	152	143	104	94

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2016 (Unaudited)

	Consolidated financial statements		Separate financial statements	
<i>For the nine-month period ended 30 September</i>	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Ultimate parent company				
Administrative expenses	7	7	7	7
Subsidiaries				
Revenue from sale of goods and rendering of services	-	-	459	420
Interest income	-	-	124	10
Dividend income	-	-	4,326	4,235
Other income	-	-	941	852
Selling expenses	-	-	929	892
Administrative expenses	-	-	1,612	1,466
Purchases of goods and services	-	-	13,251	11,343
Purchases of property, plant and equipment and other intangible assets	-	-	1,703	1,224
Related companies				
Revenue from sale of goods and rendering of services	1,356	1,119	598	487
Other income	1,667	616	1,652	609
Selling expenses	49	28	-	-
Administrative expenses	420	361	301	265
Purchases of goods and services	25,494	20,679	20,361	17,306
Purchases of property, plant and equipment and other intangible assets	1	22	-	3
Key management personnel				
Key management benefit expenses				
Short-term employee benefits	487	456	334	309
Severance pay for employees	10	23	6	8
Total key management benefit expenses	497	479	340	317

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2016 (Unaudited)

Balances as at 30 September 2016 and 31 December 2015 with related parties were as follows:

Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in million Baht)</i>			
Related companies	194	75	-	-
Less allowance for doubtful accounts	(2)	(2)	-	-
Net	192	73	-	-

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Bad and doubtful debts expense for the				
- three-month period ended 30 September	-	-	-	-
- nine-month period ended 30 September	-	-	-	-

Other accounts receivable

	Consolidated financial statements		Separate financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in million Baht)</i>			
Subsidiaries	-	-	335	374
Other related companies	277	340	251	324
Total	277	340	586	698

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Bad and doubtful debts expense for the				
- three-month period ended 30 September	-	-	-	-
- nine-month period ended 30 September	-	-	-	-

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2016 (Unaudited)

Short-term loans to subsidiaries

	Consolidated financial statements		Separate financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in million Baht)</i>			
CPRAM Co., Ltd.	-	-	3,900	2,900
CP Retailink Co., Ltd.	-	-	600	-
Dynamic Management Co., Ltd.	-	-	62	-
Total	-	-	4,562	2,900

Movements during the nine-month periods ended 30 September 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
At 1 January	-	-	2,900	-
Increases	-	-	1,679	3,770
Decreases	-	-	(17)	(800)
At 30 September	-	-	4,562	2,970
At 31 December		-		2,900

At 30 September 2016 the outstanding balance of short-term loans to the subsidiaries were unsecured and at call; and the interest rate was fixed at 4.75% per annum.

Investment in related company

	Consolidated financial statements		Separate financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in million Baht)</i>			
True GS Co., Ltd.	34	24	34	24
Total	34	24	34	24

Movements during the nine-month periods ended 30 September 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
At 1 January	24	24	24	24
Increase	10	-	10	-
At 30 September	34	24	34	24
At 31 December		24		24

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2016 (Unaudited)

Prepaid rental and service fees

	Consolidated financial statements		Separate financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in million Baht)</i>			
Panyapiwat Institute of Management				
Current	-	-	30	30
Non-current	-	-	172	194
Total	-	-	202	224

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

Trade accounts payable

	Consolidated financial statements		Separate financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in million Baht)</i>			
Subsidiaries	-	-	1,472	1,440
Other related companies	4,853	5,593	3,392	4,159
Total	4,853	5,593	4,864	5,599

Other accounts payable

	Consolidated financial statements		Separate financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in million Baht)</i>			
Subsidiaries	-	-	5,998	7,409
Other related companies	164	69	31	18
Total	164	69	6,029	7,427

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2016 (Unaudited)

Non-cancellable operating lease commitments

	Consolidated financial statements		Separate financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in million Baht)</i>			
Within one year	75	131	33	104
After one year but within five years	128	101	13	-
After five years	155	180	-	-
Total	358	412	46	104

The Group has lease agreements covering lease of buildings, vehicles and other assets for periods of 3 to 25 years, which will expire between 2016 to 2039.

Significant agreements with related parties

As at 30 September 2016 the Group had the following significant agreements with related parties.

- (a) The Company has a service agreement with Charoen Pokphand Group Company Limited, the ultimate parent company, covering technical advisory, management, technical assistances and right to use the trademark and services of the ultimate parent company for a period of 1 year ending in December 2016. In consideration thereof, the Company agreed to pay a monthly service fee to the ultimate parent company totaling Baht 0.8 million.
- (b) The Company has a cash management agreement with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agreed to provide cash management services under conditions stipulated in the agreement to the subsidiary. In consideration thereof, the subsidiary agreed to pay a cash management service fee to the Company at the rates stipulated in the agreement, and the Company agreed to pay benefits for cash management to the subsidiary at the rate stipulated in the agreement. If either party has intention to terminate the agreement, a written notification must be made to the other party at least 60 days before the expiry date of the agreement.
- (c) The Company has service agreements with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreements, the Company agreed to provide and install the computer system to support bill payment services. In consideration thereof, the subsidiary agreed to pay monthly service fees to the Company in accordance with the types of service stipulated in the agreements.
- (d) The Company has a service agreement with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agreed to be appointed as the agent of the subsidiary for bill payment services under conditions stipulated in the agreement. In consideration thereof, the subsidiary agreed to pay a service fee to the Company at the amount stipulated in the agreement. If either party has intention to terminate the agreement, a written notification must be made to the other party at least 60 days before the expiry date of the agreement.
- (e) The Company has a maintenance service agreement with CP Retailink Co., Ltd., a local subsidiary. Under the terms of the agreement, the subsidiary agreed to provide maintenance of computer hardware and equipment services to the Company for a period of 5 years ending in December 2019. In consideration thereof, the Company agreed to pay an annual service fee to the subsidiary at the amount stipulated in the agreement.

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2016 (Unaudited)

- (f) The Company has a computer service center agreement with Thai Smart Card Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agreed to provide place for setting up computer center and other facilities to the subsidiary for a period of 3 years ending in September 2017. In consideration thereof, the subsidiary agreed to pay an annual service fee to the Company at the amount stipulated in the agreement.
- (g) The Company and certain local subsidiaries have lease and service agreements with C.P. Tower Growth Leasehold Property Fund, a related company, to lease space in its buildings for offices of the Company and the subsidiaries. In consideration thereof, the Company and the subsidiaries agreed to pay monthly rental and services fees totaling Baht 9.5 million, and placed guarantee deposits with the related company totaling Baht 28.4 million. The guarantee deposits will be refunded to the Company and the subsidiaries upon the termination of the lease. These agreements are effective for a period of 3 years, and will expire on various dates until July 2019.
- (h) The Company and certain local subsidiaries have information system services agreements with Gosoft (Thailand) Co., Ltd. ("the service provider"), a local subsidiary. Under the terms of these agreements, the service provider agreed to provide consulting, advisory, development, design, installation, maintenance and supporting services to the Company and its subsidiaries for a period of 1 year ending in December 2016. In consideration thereof, the Company and its subsidiaries agreed to pay service fees to the service provider at the amounts stipulated in the agreements. If either party has intention to terminate the agreement, a written notification must be made to the other party at least 90 days before the expiry date of the agreement.
- (i) The Company has a service agreement with Siam Makro Public Company Limited, a local subsidiary. Under the terms of the agreement, the Company agrees to grant:
 - (1) the right to use certain trademarks under conditions stipulated in the agreement. In consideration thereof, the subsidiary is committed to pay a fee calculated as a percentage of sales of the subsidiary as stipulated in the agreement. This agreement is effective for a period of 1 year and is renewable for additional periods of 1 year each.
 - (2) the rights to use software under conditions stipulated in the agreement. In consideration thereof, the subsidiary is committed to pay fees to the Company as stipulated in the agreement. This agreement is effective for a period of 1 year and is renewable for additional periods of 1 year each.
- (j) A local subsidiary, Siam Makro Public Company Limited, has lease and service agreements with CP Retailink Co., Ltd, a local subsidiary ("the party"). Under the terms of these agreements, the subsidiary agreed to provide space for trading and related services to the party. In consideration thereof, the party agreed to pay monthly rental and services fees, and placed guarantee deposits with the subsidiary as stipulated in the agreement. The guarantee deposits will be refunded to the party upon the termination of the lease. These agreements are effective for a period of 3 years, and will expire on various dates until September 2019.

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2016 (Unaudited)

4 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
		30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>Note</i>				
		<i>(in million Baht)</i>			
Related parties	3	194	75	-	-
Other parties		773	800	102	127
Total		967	875	102	127
Less allowance for doubtful accounts		(20)	(21)	-	-
Net		947	854	102	127

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<i>(in million Baht)</i>				
Bad and doubtful debts expense (reversal of allowance for doubtful accounts) for the				
- three-month period ended 30 September	1	-	-	-
- nine-month period ended 30 September	-	(5)	-	-

Aging analyses for trade accounts receivable are as follows:

		Consolidated financial statements		Separate financial statements	
	Note	30 September 2016	31 December 2015	30 September 2016	31 December 2015
		(in million Baht)			
Related parties					
Within credit terms		122	37	-	-
Overdue:					
Less than 3 months		62	37	-	-
3 - 6 months		9	1	-	-
6 - 12 months		1	-	-	-
Total		194	75	-	-
Less allowance for doubtful accounts		(2)	(2)	-	-
Net	3	192	73	-	-

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2016 (Unaudited)

	Consolidated financial statements		Separate financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in million Baht)</i>			
Other parties				
Within credit terms	579	643	102	127
Overdue:				
Less than 3 months	168	133	-	-
3 - 6 months	10	8	-	-
6 - 12 months	6	6	-	-
Over 12 months	10	10	-	-
Total	773	800	102	127
Less allowance for doubtful accounts	(18)	(19)	-	-
Net	755	781	102	127
Grand total	947	854	102	127

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

5 Investments in subsidiaries

Movements during the nine-month periods ended 30 September 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
At 1 January	-	-	202,600	202,238
Increases	-	-	2,907	-
At 30 September	-	-	205,507	202,238
At 31 December		-		202,600

Details of the increase in investments in subsidiary during the nine-month periods ended 30 September 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Lotus Distribution Investment Limited	-	-	2,907	-
Total	-	-	2,907	-

Additional investments

During the first quarter of 2016, the subsidiary collected from the called for additional paid-up share capital of United States Dollars 80 million; from United States Dollars 126 million to United States Dollars 206 million.

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2016 (Unaudited)

Investments in subsidiaries as at 30 September 2016 and 31 December 2015, and dividend income for the nine-month periods ended 30 September 2016 and 2015 were as follows:

Name of parties	Type of business	Country of incorporation	Ownership interest		Separate financial statements						Dividend income for the nine-month period ended
					(in million Baht)						
			30 September 2016	31 December 2015	30 September 2016	31 December 2015	Paid-up capital 30 September 2016	At cost 30 September 2016	At cost 31 December 2015	September 2016	September 2015
<i>Local direct subsidiaries</i>											
Suksapiwat Co., Ltd.	Holding company	Thailand	99.99	99.99	810	810	810	810	-	-	
CPRAM Co., Ltd.	Frozen food plant and bakery	Thailand	99.99	99.99	600	600	600	600	-	-	
Counter Service Co., Ltd.	Bill payment services, e-commerce, distributor of all types of commercial cards and tickets and insurance broker	Thailand	99.99	99.99	70	70	61	61	714	350	
CP Retailink Co.,Ltd.	Distributor of equipment for retailing and software development	Thailand	99.99	99.99	20	20	20	20	-	-	
Gosoft (Thailand) Co., Ltd.	Information system design and development services	Thailand	99.99	99.99	20	20	20	20	-	-	

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2016 (Unaudited)

Separate financial statements (Continued)									
Name of parties	Type of business	Country of incorporation	Ownership interest		Paid-up capital		At cost		Dividend income for the nine-month period ended
			30 September 2016	31 December 2015	30 September 2016	31 December 2015	30 September 2016	31 December 2015	
(in million Baht)									
All Corporation Limited Dynamic Management Co., Ltd.	Holding company	Thailand	99.99	99.99	13	13	13	13	-
	Logistics and distribution of merchandises services	Thailand	99.99	99.99	2	2	2	2	-
MAM Heart Co., Ltd.	Marketing activities	Thailand	99.99	99.99	1	1	1	1	10
Panyatara Co., Ltd. All Training Co., Ltd. OHT Co., Ltd. 24 Shopping Co., Ltd.	planning services	Thailand	99.99	99.99	1	1	1	1	15
	Training center	Thailand	99.99	99.99	1	1	1	1	10
	Training center	Thailand	99.99	99.99	12	12	57,754	57,754	989
	Holding company	Thailand	99.99	99.99	30	30	30	30	-
Thai Smart Card Co., Ltd.	Distributor of catalog merchandises and e-commerce	Thailand	72.64	72.64	1,600	1,600	1,151	1,151	-
	Smart purse card services	Thailand	49.00	49.00	1,066	1,066	55,490	55,490	951
Siam Makro Holding (Thailand) Ltd.	Holding company	Thailand	42.87	42.87	2,400	2,400	82,427	82,427	1,667
Siam Makro Public Company Limited	Cash and carry	Thailand	42.87	42.87	2,400	2,400	82,427	82,427	1,667
Total							198,381	198,381	4,326
									4,235

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2016 (Unaudited)

Separate financial statements (Continued)									
Name of parties	Type of business	Country of incorporation	Ownership interest		Paid-up capital		At cost		Dividend income for the nine-month period ended
			30 September 2016	31 December 2015	30 September 2016	31 December 2015	30 September 2016	31 December 2015	
			(in million US\$)		(in million Baht)				
<i>Foreign direct subsidiaries</i>									
Lotus Distribution Investment Limited	Holding company	British Virgin Islands	100.00	100.00	206	126	7,126	4,219	-
Albuera International Limited	Holding company	British Virgin Islands	100.00	100.00	-.*	-.*	-.*	-.*	-
Total							7,126	4,219	-
Grand total							205,507	202,600	4,235

* As at 30 September 2016 Albuera International Limited ("Albuera") had paid-up capital amounting to USD 1 and the Company invested in Albuera amounting to USD 1.

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2016 (Unaudited)

Details of the Company's indirect subsidiaries as at 30 September 2016 and 31 December 2015 were as follows:

Name of parties	Type of business	Country of incorporation	Ownership interests	
			30 September 2016	31 December 2015
(%)				
Local indirect subsidiaries				
Panyapiwat Institute of Management	Educational institution	Thailand	99.99	99.99
Panyapiwat Technological College	Educational institution	Thailand	99.99	99.99
Siam Food Services Limited	Commercial trading	Thailand	97.88	97.88
Makro ROH Co., Ltd	Providing technical and supporting services to the Group	Thailand	97.88	97.88
ProMart Co., Ltd.	Trading of non-food products	Thailand	97.88	97.88
Siam Makro Public Company Limited	Cash and carry	Thailand	55.01	55.01
Siam Makro Holding (Thailand) Ltd.	Holding company	Thailand	50.99	50.99
Foreign indirect subsidiaries				
Successor Investments Limited	Holding company	Hong Kong Special Administrative Region of the People's Republic of China	100.00	100.00
Nanjing Zheng Yi Xin Trading Co., Ltd.	Commercial trading	The People's Republic of China	100.00	100.00
Successor (China) Investments Limited	Holding company	The People's Republic of China	100.00	100.00
Nanjing Tianqu Investment Management Co., Ltd.	Commercial trading, holding and educational institution	The People's Republic of China	100.00	100.00
Nanjing Tech University Pujiang Institute	Educational institution	The People's Republic of China	100.00	100.00
Nanjing Tech University Pujiang Institute Educational Development Fund	Educational Development Fund	The People's Republic of China	100.00	-
Vina Siam Food Co., Ltd.	Commercial trading	Vietnam	97.88	97.88
ARO Company Limited	Providing marketing and consulting services	Republic of the Union of Myanmar	97.88	97.88

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2016 (Unaudited)

6 Property, plant and equipment

Acquisitions, disposals and transfers of property, plant and equipment during the nine-month periods ended 30 September 2016 and 2015 were as follows:

	Consolidated financial statements			
	2016	2015	2016	2015
	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value (in million Baht)	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value
Land	784	-	584	-
Buildings, building and leasehold improvements	4,402	45	3,691	33
Machinery and equipment	3,919	18	3,373	14
Furniture, fixtures and office equipment	1,956	43	1,800	39
Assets under construction and installation	7,112	6,300	6,777	5,643
Other	683	4	560	5
Total	18,856	6,410	16,785	5,734

	Separate financial statements			
	2016	2015	2016	2015
	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value (in million Baht)	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value
Land	4	-	81	-
Buildings, building and leasehold improvements	1,626	18	1,295	23
Machinery and equipment	1,282	8	1,064	4
Furniture, fixtures and office equipment	1,569	39	1,157	37
Assets under construction and installation	1,832	1,515	2,361	1,692
Other	440	2	439	3
Total	6,753	1,582	6,397	1,759

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2016 (Unaudited)

7 Interest-bearing liabilities

Short-term borrowings from financial institutions

Movements during the nine-month periods ended 30 September 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
At 1 January	11,881	14,726	9,000	11,000
Decreases	(7,006)	(1,289)	(9,000)	(2,600)
At 30 September	4,875	13,437	-	8,400
At 31 December		11,881		9,000

Debentures

	Consolidated financial statements		Separate financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in million Baht)</i>			
Current	31,778	11,841	31,778	11,841
Non-current	160,222	161,159	160,222	161,159
Total	192,000	173,000	192,000	173,000

Movements during the nine-month periods ended 30 September 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
At 1 January	173,000	140,000	173,000	140,000
Increases	19,000	33,000	19,000	33,000
At 30 September	192,000	173,000	192,000	173,000
At 31 December		173,000		173,000

Debentures 1/2016

On 18 March 2016 the Company issued Baht 7,000 million unsubordinated and unsecured debentures in registered name form, which had the objective to repayment of borrowings, divided into:

- Debentures term of 5 years of Baht 1,382 million, fully repayable on 18 March 2021 and bearing interest at the fixed rate of 2.95% per annum.
- Debentures term of 7 years of Baht 937 million, fully repayable on 18 March 2023 and bearing interest at the fixed rate of 3.40% per annum.

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2016 (Unaudited)

- Debentures term of 10 years of Baht 2,074 million, fully repayable on 18 March 2026 and bearing interest at the fixed rate of 4.00% per annum.
- Debentures term of 12 years of Baht 2,607 million, fully repayable on 18 March 2028 and bearing interest at the fixed rate of 4.15% per annum.

These series of debentures have a credit rating of “A-(tha)” updated by Fitch Ratings (Thailand) Limited on 23 September 2016 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 18 March 2016.

Debentures 2/2016

On 26 August 2016 the Company issued Baht 12,000 million unsubordinated and unsecured debentures in registered name form, which had the objective to repayment of borrowings, divided into:

- Debentures term of 3 years of Baht 5,901 million, fully repayable on 26 August 2019 and bearing interest at the fixed rate of 2.49% per annum.
- Debentures term of 7 years of Baht 500 million, fully repayable on 26 August 2023 and bearing interest at the fixed rate of 3.25% per annum.
- Debentures term of 10 years of Baht 748 million, fully repayable on 26 August 2026 and bearing interest at the fixed rate of 3.68% per annum.
- Debentures term of 12 years of Baht 4,851 million, fully repayable on 26 August 2028 and bearing interest at the fixed rate of 4.00% per annum.

These series of debentures have a credit rating of “A-(tha)” updated by Fitch Ratings (Thailand) Limited on 23 September 2016 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 26 August 2016.

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

Siam Makro Public Company Limited shares as at 30 September 2016, which were pledged in accordance with the conditions stipulated in the bond issuance, totaled 3,599 million shares. The fair value of those shares totaled Baht 116,972 million.

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2016 (Unaudited)

Long-term borrowings from financial institutions

Movements during the nine-month periods ended 30 September 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
At 1 January	4,000	43,215	-	41,215
Increases	216	-	-	-
Currency translation differences from foreign operations	(4)	-	-	-
Decreases	-	(41,215)	-	(41,215)
At 30 September	4,212	2,000	-	-
At 31 December		4,000		-

During the third quarter of 2016, a foreign subsidiary entered into a long-term borrowing agreement with a foreign financial institution totaling China Renminbi 450 million (or equivalent to approximately Baht 2,383 million) with floating interest rate as stipulated in the agreement. In this regard, certain foreign subsidiaries issued the letters of guarantee for this long-term borrowing agreement. As at 30 September 2016 the Company had drawn down the long-term borrowings totaling China Renminbi 41 million (or equivalent to approximately Baht 216 million).

In this regard, the Group must comply with the specified covenants in each long-term borrowings agreements, such as to maintain debt to equity ratio, total debts to total assets ratio and the shareholdings of the Company in a local subsidiary as stipulated in the agreements, etc.

8 Segment information

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

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

Other operations principally comprise bill payment services, frozen food plant and bakery, distributor of retailing equipment and educational institutions. None of these segments meets the quantitative threshold for determining reportable segments.

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

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2016 (Unaudited)

Revenue and results, based on segments, in the consolidated financial statements for the three-month and nine-month periods ended 30 September 2016 and 2015 were as follows:

	Convenience stores		Cash and carry		Other		Eliminate		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	(in million Baht)									
<i>For the three-month period ended 30 September</i>										
Revenue from sale of goods and rendering of services to external customers	64,964	57,557	42,040	37,264	8,055	7,067	(6,417)	(5,524)	108,642	96,364
Total income	71,062	63,173	42,203	37,406	8,289	7,231	(8,526)	(7,747)	113,028	100,063
Profit before income tax expense for the period	4,250	3,714	1,621	1,501	820	699	(1,706)	(1,899)	4,985	4,015
<i>For the nine-month period ended 30 September</i>										
Revenue from sale of goods and rendering of services to external customers	191,834	170,543	127,313	114,786	22,855	20,077	(18,394)	(16,196)	323,608	289,210
Total income	208,948	185,128	127,854	115,272	23,524	20,502	(23,884)	(21,408)	336,442	299,494
Profit before income tax expense for the period	12,931	9,990	4,431	4,747	2,062	1,706	(4,334)	(4,256)	15,090	12,187

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2016 (Unaudited)

Assets, based on segments, in the consolidated financial statements at 30 September 2016 and 31 December 2015 were as follows:

	Convenience stores 30 September 2016	Cash and carry 30 September 2016	31 December 2015	Other 30 September 2016	31 December 2015	Eliminate 30 September 2016	31 December 2015	Total 30 September 2016	31 December 2015
Segment assets	276,002	249,075	249,799	36,136	32,370	(220,108)	(217,706)	341,105	329,083

(in million Baht)

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2016 (Unaudited)

9 Income tax expense

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period.

10 Basic earnings per share

The calculations of basic earnings per share for the three-month and nine-month periods ended 30 September 2016 and 2015 were based on the profit for the periods attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the periods as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in million Baht/million shares)			
<i>For the three-month period ended 30 September</i>				
Profit for the period attributable to equity holders of the Company	<u>4,115</u>	<u>3,258</u>	<u>3,899</u>	<u>3,443</u>
Weighted average number of ordinary shares outstanding during the period	<u>8,983</u>	<u>8,983</u>	<u>8,983</u>	<u>8,983</u>
Basic earnings per share (in Baht)	<u>0.46</u>	<u>0.36</u>	<u>0.43</u>	<u>0.38</u>
<i>For the nine-month period ended 30 September</i>				
Profit for the period attributable to equity holders of the Company	<u>12,376</u>	<u>9,806</u>	<u>11,613</u>	<u>9,053</u>
Weighted average number of ordinary shares outstanding during the period	<u>8,983</u>	<u>8,983</u>	<u>8,983</u>	<u>8,983</u>
Basic earnings per share (in Baht)	<u>1.38</u>	<u>1.09</u>	<u>1.29</u>	<u>1.01</u>

11 Dividends

At the annual general meeting of the shareholders of the Company held on 21 April 2016, the Company's shareholders approved the appropriation of 2015 annual dividends of Baht 0.90 per share for 8,983,101,348 ordinary shares, totaling Baht 8,085 million, from the profit attributable to equity holders of the Company for the year 2015. The dividends were paid to the Company's shareholders on 19 May 2016.

At the annual general meeting of the shareholders of the Company held on 23 April 2015, the Company's shareholders approved the appropriation of 2014 annual dividends of Baht 0.80 per share for 8,983,101,348 ordinary shares, totaling Baht 7,186 million, from the profit attributable to equity holders of the Company for the year 2014. The dividends were paid to the Company's shareholders on 20 May 2015.

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2016 (Unaudited)

12 Supplemental disclosures of cash flows information

Details of property, plant and equipment paid by cash during the nine-month periods ended 30 September 2016 and 2015 were as follows:

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2016	2015	2016	2015
		<i>(in million Baht)</i>			
Increases during the period	6	18,856	16,785	6,753	6,397
Less - changes in payables		164	111	77	(185)
- assets under finance leases		(315)	(98)	-	-
- transfers from assets under construction and installation		(6,165)	(5,639)	(1,515)	(1,692)
Purchase and paid by cash		12,540	11,159	5,315	4,520

13 Financial instruments

Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Consolidated financial statements		Separate financial statements	
	Carrying amount	Fair value	Carrying amount	Fair value
	<i>(in million Baht)</i>			
As at 30 September 2016				
<i>Financial assets/Financial liabilities not measured at fair value</i>				
<i>Current</i>				
Debentures	31,778	31,960	31,778	31,960
Finance lease liabilities	97	160	-	-
<i>Non-current</i>				
Debentures	160,222	168,184	160,222	168,184
Long-term borrowings from financial institutions	4,212	4,280	-	-
Finance lease liabilities	761	891	-	-
Accrued guarantee deposits	3,277	2,742	3,152	2,618

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2016 (Unaudited)

	Consolidated financial statements		Separate financial statements	
	Carrying amount	Fair value	Carrying amount	Fair value
<i>(in million Baht)</i>				
As at 31 December 2015				
Financial assets/Financial liabilities not measured at fair value				
Current				
Debentures	11,841	12,050	11,841	12,050
Finance lease liabilities	80	128	-	-
Non-current				
Debentures	161,159	170,106	161,159	170,106
Long-term borrowings from financial institutions	4,000	4,056	-	-
Finance lease liabilities	525	607	-	-
Accrued guarantee deposits	3,064	2,522	2,961	2,412

As at 30 September 2016 and 31 December 2015 the Group had total forward currency contracts as follows:

		Consolidated financial statements	
		30 September 2016	31 December 2015
		<i>(in million)</i>	
Forward currency contracts - to buy	Foreign currency		
	Yen	421.3	3,026.3
	United States Dollars	16.2	29.5
	Euro	0.7	2.8
	Australian Dollars	0.2	0.2
	Pound Sterling	-	0.4
Forward currency contracts - to sell	United States Dollars	0.4	0.7
	Swiss Franc	0.1	0.2
	Pound Sterling	-	0.2

As at 30 September 2016 the fair value of forward currency contracts - to buy and forward currency contracts - to sell amounting to Baht 736 million and Baht 17 million respectively (31 December 2015: Baht 2,114 million and Baht 40 million respectively).

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2016 (Unaudited)

14 Commitments with non-related parties

Capital commitments

	Consolidated financial statements		Separate financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in million Baht)</i>			
Contracted but not provided for (construction costs of new plants, installation costs of machinery, and computer system development costs)	882	1,671	-	-
Total	882	1,671	-	-

Non-cancellable operating lease commitments

	Consolidated financial statements		Separate financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in million Baht)</i>			
Within one year	5,456	4,979	4,947	4,548
After one year but within five years	7,916	7,070	6,244	5,672
After five years	6,488	6,270	2,185	2,219
Total	19,860	18,319	13,376	12,439

The Group has lease agreements covering lease of land, buildings, vehicles and other assets for periods of 1 to 31 years, which will expire between 2016 to 2046.

Other commitments

	Consolidated financial statements		Separate financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in million Baht)</i>			
Unused letters of credit for purchase of goods and supplies	368	1,000	-	-
Total	368	1,000	-	-

Letters of guarantee

As at 30 September 2016 the Group had commitments under letters of guarantee with the financial institutions, principally guarantee for utilities, lease agreements and others totaling Baht 1,296 million and USD 0.3 million (31 December 2015: Baht 1,147 million and USD 0.3 million).

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2016 (Unaudited)

Significant agreements

As at 30 September 2016 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 from those licensees in connection with the licenses granted for operating these 7-Eleven convenience stores. These initial payments and royalties are not refundable to the licensees in any case. The initial payments include deposits to guarantee the licensees' compliance with the agreements and any damage and/or liability that might be caused by the licensees. In consideration thereof, the Company pays interest on the deposits calculated at the time deposit rates announced by a local financial institution. These deposits will be refunded to the licensees upon termination of the agreements.
- (c) The Company has sub-area license agreements for operating 7-Eleven convenience stores and franchising such operations to other retailers ("licensees"). 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 from the sub-area licensees as percentages of total sales of the 7-Eleven convenience stores operating in the licensed areas.
- (d) A local subsidiary, Gosoft (Thailand) Co., Ltd., has service agreements with local companies ("the parties"), whereby the latter parties provide the installation and development of systems as stipulated in the agreements. Under the terms of the agreements, the subsidiary is committed to pay a service fee to the parties as stipulated in the agreements. These agreements are effective for periods of 6 months, and will expire on various dates until December 2016.
- (e) A local subsidiary, Counter Service Co., Ltd., has service agreements with government entities and state enterprises (e.g., utilities, telephone expenses, etc.), and other local companies (e.g., hire purchase, life insurance premium, etc.) ("the parties"). Under the terms of the agreements, the subsidiary is committed to operate payment centers to collect customer payments on behalf of the parties then remits funds to the parties as the agreed procedures. The subsidiary can collect service income from customers or local companies as stipulated in the agreements. These agreements are effective for periods over 1 to 5 years, and will expire on various dates up to June 2021. If either of the parties has an intention to terminate the agreement, a written notification must be made to the other party at least the number of day stipulated in the agreement before the expiry date of the agreement.

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2016 (Unaudited)

- (f) A local subsidiary, Counter Service Co., Ltd., has service agreements with certain individuals and local companies (“the parties”), 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 to the parties as stipulated in the agreements. These agreements are effective for periods over 1 to 5 years, and will expire on various dates up to May 2021. If either of the parties has no intention to renew the agreement, a written notification must be made to the other party at least 30 days before the expiry date of the agreement.
- (g) A local subsidiary, CP Retailink Co., Ltd., has repair and maintenance management service agreements with local companies (“the parties”), whereby the latter parties agree to install and repair and maintenance of computer equipment and software, utility systems, electric appliances and other equipment used for operations in retail stores. Under the terms of the agreements, the subsidiary is committed to pay a service fee to the parties as stipulated in the agreements. These agreements are for a period of 1 year and are renewable for additional periods of 1 year. If either of the parties has no intention to renew the agreement, a written notification must be made to the other party at least 30 days before the expiry date of the agreement.

15 Contingent liability

As at 30 September 2016 the Company had contingently liable to a legal case with a fund (“the plaintiff”), which the Company is a defendant in a lawsuit involving the compliance with Tender Offer Rule. The court of first instance had a judgement on 24 February 2015 and ruled the Company to pay the claimed damages amounting to Baht 104.7 million including interest at the rate of 7.5% per annum starting from 2 August 2013 up to the settlement of claimed damages will be completed. Consequently on 19 June 2015 the Company appealed the court’s judgement; and on 16 November 2015 the plaintiff filed against an appeal to the court.

Subsequently, on 13 July 2016 the civil court read the appeal court’s judgment on the legal case. The appeal court dismissed the claim according to the Company did not commit a wrongful act against the plaintiff. Therefore, the Company does not have a liability to pay the claimed damages in accordance to the first instance court’s judgment. Accordingly, no provision has been made in the interim financial statements for the three-month and nine-month periods ended 30 September 2016.

As for further legal proceedings, if the plaintiff does not file a petition with the supreme court within the procedures and period as prescribed by law, this case will be deemed final. However, if the plaintiff files a petition with the supreme court, this case will be further proceeded in accordance with procedures of the supreme court.

16 Events after the reporting period

- 16.1 At the Board of Directors’ meeting of a local subsidiary (Siam Makro Public Company Limited (“Siam Makro”)) held on 8 August 2016, the Board of Directors of the subsidiary approved Siam Food Services Limited, a wholly-owned subsidiary of Siam Makro, to enter into a sale and purchase agreement dated 31 October 2016 with the sellers who are not related persons of Siam Makro (the “Agreement”) for an acquisition of a 80% interest in certain companies engaged in food services business, namely Indoguna (Singapore) Pte Ltd (a company incorporated in Singapore), Indoguna Dubai LLC (a company incorporated in the United Arab Emirates), Lordly Company Limited (a company incorporated in Hong Kong), and Just Meat Company Limited (a company incorporated in Hong Kong), with a total transaction value of approximately SGD 117.6 million (One Hundred Seventeen point Six Million Singapore Dollar) which is equivalent to Baht 3,057.6 million (Three Thousand Fifty Seven point Six Million Baht) (Currency Rate of Baht 26 : SGD 1). The transaction value may be subject to adjustment in accordance with the Agreement and the completion of the acquisition is subject to certain conditions precedent, defined in the Agreement.

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2016 (Unaudited)

- 16.2 On 31 October 2016, the Company filed with The Securities and Exchange Commission, a registration statement for the offer for sale of Subordinated Perpetual Debentures (“Debentures”) which are payable upon dissolution with the issuer’s right to early redemption and unconditional interest deferral to the public investors and/or the institutional investors. The issuance will not be excess of 10 million units at the offering price of Baht 1,000 per unit, totaling not excess Baht 10,000 million. The Debentures have a credit rating of “BBB(thai)” updated by Fitch Ratings (Thailand) Limited on 23 September 2016.

17 Thai Financial Reporting Standards not yet adopted

FAP Announcement No. 5/2559 *Accounting Guidance for derecognition of financial assets and financial liabilities* has been issued but are not yet effective and has not been applied in preparing these interim financial statements. This FAP Announcement may be relevant to the Group’s operations, which become effective for annual financial periods beginning on or after 1 January 2017. The Group does not plan to adopt this FAP Announcement early. Management has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statement and expects that there will be no material impact on the financial statements in the period of initial application.