

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

Financial statements for the year ended
31 December 2016
and
Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of CP ALL Public Company Limited

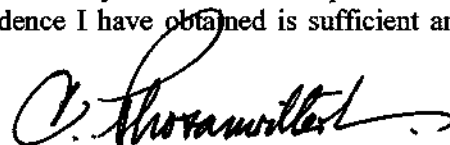
Opinion

I have audited the consolidated and separate financial statements of CP ALL Public Company Limited and its subsidiaries (the "Group") and of CP ALL Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2016, the consolidated and separate statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2016 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

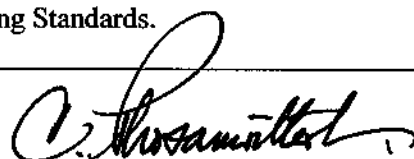
I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.



Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Valuation of inventories	
Refer to notes 3 (g) and 9 to the financial statements	
The key audit matter	How the matter was addressed in the audit
The valuation of inventories was focused on because the estimation of the valuation of inventories involves judgments or uncertainties relating to allowance for deteriorated, damaged, obsolete and slow-moving inventories; including the inventory was sold under its cost.	<p>My audit procedures are as follows:</p> <ul style="list-style-type: none">- I performed an understanding and evaluated the management's significant judgment and assumption used in their assessment of the valuation of inventories.- I tested the Group's inventory quantities control policy designed to identify deteriorated, damaged, obsolete and slow-moving inventories. I compared inventory quantities in Inventory report grouped by products to consider whether deteriorated, damaged, obsolete and slow-moving inventories had been appropriately identified in accordance with the policy and classified.- I tested the aging of inventory and the reasonableness of assumptions used to set the percentage of allowance for loss determined by management. The reasonableness of estimates in the past was considered by analysing the historical of the inventory disposal and recalculating the amount of allowance for loss based on the Group's policy.- I tested accuracy and reliable of information in the Calculation of Net Realisable Value report by testing the calculation in the system and testing a sample to assess the accuracy of inventory's unit cost recorded in the book; including testing the actual net selling prices post year-end and the estimated costs to complete and to make the sale in order to evaluate whether these inventories sold under cost were considered an allowance for decline in inventory value in accordance with the Group's policy.- I assessed the adequacy of the Group's disclosures in accordance with Thai Financial Reporting Standards.



Impairment of goodwill and other intangible assets	
Refer to notes 3 (k), 3 (m), 14 and 15 to the financial statements	
The key audit matter	How the matter was addressed in the audit
<p>The Group has significant goodwill and other , intangible assets with indefinite useful life which was mainly arising from a business acquisition.</p> <p>The management normally assesses the impairment from the estimated recoverable amount at the end of the period. The recoverable amount was based on its value in use, determined by discounting future cash flows to be generated from the continuing use of assets and related assumptions.</p> <p>The judgments of management required to be applied over assumptions and the inherent uncertainty involved in forecasting and discounting future cash flows. This area was focused on my audit accordingly.</p>	<p>My audit procedures are as follows:</p> <ul style="list-style-type: none"> - I evaluated the significant assumptions, which were approved by management, for the estimated asset's recoverable amount determined by discounting future cash flows. - I considered the key assumptions by comparing industry trends and historical data derived from external and internal sources and consulted with valuation specialists relating to financial methodologies used by the Group for calculating the estimates and discount rate. - I assessed the reasonableness of estimates based on the historical experience by comparing the actual performance with the previous management's estimates. - I considered the adequacy of the Group's disclosures in accordance with Thai Financial Reporting Standards.

Other Information

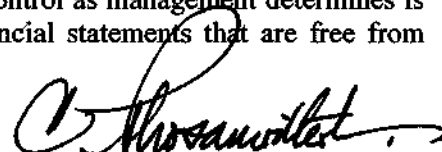
Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report the fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

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



In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

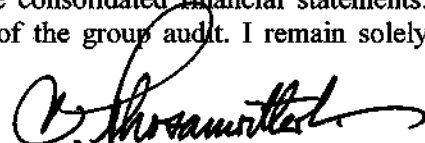
Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

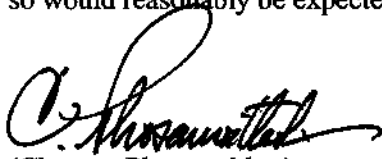
- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.



I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



(Charoen Phosamritlert)
Certified Public Accountant
Registration No. 4068

KPMG Phoomchai Audit Ltd.
Bangkok
23 February 2017

CP ALL Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2016	2015	2016	2015
<i>(in Baht)</i>					
Current assets					
Cash and cash equivalents	5	33,443,165,713	21,518,251,584	23,734,915,516	15,329,709,033
Current investments	6	1,375,805,321	1,402,447,572	-	-
Trade accounts receivable	4,7	1,026,397,342	854,058,581	135,154,279	127,466,889
Other accounts receivable	4,8	2,295,231,012	2,034,188,140	2,587,339,784	2,193,374,733
Short-term loans to subsidiaries	4	-	-	4,825,000,000	2,900,000,000
Inventories	4,9	26,704,519,921	25,072,218,354	11,768,808,006	10,621,745,573
Other current assets	4,10	5,054,012,341	6,091,748,606	2,707,906,443	4,278,345,517
Total current assets		69,899,131,650	56,972,912,837	45,759,124,028	35,450,641,745
Non-current assets					
Investments in subsidiaries	11	-	-	205,536,615,465	202,599,631,465
Investment in related company	4	34,000,000	24,000,000	34,000,000	24,000,000
Other long-term investments		411,582	411,582	-	-
Investment properties		332,832,502	333,200,009	-	-
Property, plant and equipment	4,13	99,127,338,210	89,447,351,068	25,638,562,200	22,440,953,899
Goodwill	14	126,072,806,116	126,072,806,116	-	-
Leasehold rights		3,310,401,353	3,283,692,607	353,623,206	400,846,569
Other intangible assets	4,15	50,276,019,608	50,156,747,998	1,085,225,352	870,556,090
Deferred tax assets	16	837,609,277	731,394,778	397,024,902	346,343,115
Other non-current assets	4,17	2,377,502,364	2,060,421,401	2,067,916,736	2,487,030,701
Total non-current assets		282,368,921,012	272,110,025,559	235,112,967,861	229,169,361,839
Total assets		352,268,052,662	329,082,938,396	280,872,091,889	264,620,003,584

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

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

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2016'	2015	2016	2015
<i>(in Baht)</i>					
Current liabilities					
Short-term borrowings from					
financial institutions	18	3,515,916,378	11,881,373,163	-	9,000,000,000
Trade accounts payable	4,19	66,958,801,792	62,623,567,182	33,621,093,859	32,807,381,296
Other accounts payable	4,20	3,043,966,044	3,643,052,918	8,918,167,832	8,768,755,865
Current portion of debentures	18	25,937,000,000	11,841,200,000	25,937,000,000	11,841,200,000
Current portion of long-term borrowings from financial institutions	18	2,000,000,000	-	-	-
Current portion of finance lease liabilities	18	101,129,260	80,187,197	-	-
Income tax payable		1,063,027,985	1,131,906,696	310,253,344	388,372,812
Other current liabilities	21	11,198,268,852	9,929,748,905	7,305,083,697	6,508,416,244
Total current liabilities		113,818,110,311	101,131,036,061	76,091,598,732	69,314,126,217
Non-current liabilities					
Debentures	18	154,221,800,000	161,158,800,000	154,221,800,000	161,158,800,000
Long-term borrowings from					
financial institutions	18	2,585,234,699	4,000,000,000	-	-
Finance lease liabilities	18	744,891,779	524,822,451	-	-
Employee benefit obligations	22	2,521,712,537	2,099,493,173	1,395,639,438	1,149,589,674
Accrued guarantee deposits	23	3,342,475,313	3,063,985,814	3,220,006,053	2,960,827,295
Deferred tax liabilities	16	15,154,065,090	15,229,399,734	-	-
Other non-current liabilities		276,558,816	199,663,667	30,391,263	-
Total non-current liabilities		178,846,738,234	186,276,164,839	158,867,836,754	165,269,216,969
Total liabilities		292,664,848,545	287,407,200,900	234,959,435,486	234,583,343,186

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 (Continued)	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2016	2015	2016	2015
<i>(in Baht)</i>					
Equity					
Share capital	24				
Authorised share capital		8,986,296,048	8,986,296,048	8,986,296,048	8,986,296,048
Issued and paid-up share capital		8,983,101,348	8,983,101,348	8,983,101,348	8,983,101,348
Additional paid-in capital	24				
Premium on ordinary shares		1,684,316,879	1,684,316,879	1,684,316,879	1,684,316,879
Retained earnings					
Appropriated					
Legal reserve	25	900,000,000	900,000,000	900,000,000	900,000,000
Unappropriated		35,343,853,721	26,894,168,922	24,392,313,676	18,469,242,171
Other components of equity		(1,668,028,969)	(1,112,145,691)	-	-
Equity attributable to shareholders of the Company		45,243,242,979	37,349,441,458	35,959,731,903	30,036,660,398
Subordinated perpetual debentures	26	9,952,924,500	-	9,952,924,500	-
Equity attributable to equity holders of the Company		55,196,167,479	37,349,441,458	45,912,656,403	30,036,660,398
Non-controlling interests	12	4,407,036,638	4,326,296,038	-	-
Total equity		59,603,204,117	41,675,737,496	45,912,656,403	30,036,660,398
Total liabilities and equity		352,268,052,662	329,082,938,396	280,872,091,889	264,620,003,584

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

CP ALL Public Company Limited and its Subsidiaries
Statement of income

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
		2016	2015	2016	2015
		(in Baht)			
Income	4				
Revenue from sale of goods and rendering of services		434,711,870,911	391,817,323,260	256,401,027,194	231,149,386,478
Interest income		229,690,303	204,527,242	308,173,491	147,067,681
Dividend income		163,239	136,044	4,470,886,226	4,475,214,257
Net foreign exchange gain		77,085,537	-	4,254	-
Other income	28	16,920,037,788	13,871,252,023	17,065,679,950	13,986,544,946
Total Income		451,938,847,778	405,893,238,569	278,245,771,115	249,758,213,362
Expenses	4				
Cost of sale of goods and rendering of services	9	339,688,047,959	306,518,667,368	183,850,369,455	166,485,322,136
Selling expenses	9,29	71,190,584,103	62,009,191,729	60,558,714,358	52,536,963,820
Administrative expenses	30	12,475,467,985	11,891,974,440	9,978,606,717	9,721,698,214
Net foreign exchange loss		-	4,181,102	-	1,249,185
Finance costs	33	8,442,319,828	8,585,503,362	8,154,747,068	8,336,387,465
Total expenses		431,796,419,875	389,009,518,001	262,542,437,598	237,081,620,820
Profit before income tax expense		20,142,427,903	16,883,720,568	15,703,333,517	12,676,592,542
Income tax expense	34	3,323,335,940	3,066,214,365	1,604,276,115	1,300,456,502
Profit for the year		16,819,091,963	13,817,506,203	14,099,057,402	11,376,136,040
Profit attributable to:					
Equity holders of the Company		16,676,510,405	13,682,459,324	14,099,057,402	11,376,136,040
Non-controlling interests	12	142,581,558	135,046,879	-	-
Profit for the year		16,819,091,963	13,817,506,203	14,099,057,402	11,376,136,040
Basic earnings per share	36	1.85	1.52	1.57	1.27

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

CP ALL Public Company Limited and its Subsidiaries

Statement of comprehensive income

		Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
		2016	2015	2016	2015
<i>(in Baht)</i>					
Profit for the year		16,819,091,963	13,817,506,203	14,099,057,402	11,376,136,040
Other comprehensive income					
<i>Items that will not be reclassified to profit or loss</i>					
Defined benefit plan actuarial losses	22	(172,406,411)	(168,883,812)	(113,993,355)	(116,315,864)
Income tax income of other comprehensive income on acturial losses	16, 34	(30,138,265)	(34,059,489)	(22,798,671)	(23,263,173)
		<u>(142,268,146)</u>	<u>(134,824,323)</u>	<u>(91,194,684)</u>	<u>(93,052,691)</u>
<i>Item that is or may be reclassified subsequently to profit or loss</i>					
Currency translation differences from foreign operations		(555,881,507)	205,217,136	-	-
		<u>(555,881,507)</u>	<u>205,217,136</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the year, net of income tax income		(698,149,653)	70,392,813	(91,194,684)	(93,052,691)
Total comprehensive income for the year		<u>16,120,942,310</u>	<u>13,887,899,016</u>	<u>14,007,862,718</u>	<u>11,283,083,349</u>
Total comprehensive income attributable to:					
Equity holders of the Company		15,978,592,734	13,753,716,060	14,007,862,718	11,283,083,349
Non-controlling interests		<u>142,349,576</u>	<u>134,182,956</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>16,120,942,310</u>	<u>13,887,899,016</u>	<u>14,007,862,718</u>	<u>11,283,083,349</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

	Consolidated financial statements						
	Retained earnings		Other components of equity				Total equity
	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated retained earnings	Currency translation differences from foreign operations	Differences on acquisition of non-controlling interests	
Note							
	8,983,101,348	1,684,316,879	900,000,000	26,884,168,922	30,439,934	(1,142,585,623)	(1,112,145,691)
For the year ended 31 December 2016							
Balance at 1 January 2016							
Transactions with equity holders, recorded directly in equity							
Distributions to equity holders							
Dividends	-	-	-	(8,084,791,213)	-	-	(8,084,791,213)
Total distributions to equity holders	-	-	-	(8,084,791,213)	-	-	(8,084,791,213)
Changes in ownership interests in subsidiaries							
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	-	-
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-
Total transactions with equity holders, recorded directly in equity	-	-	-	(8,084,791,213)	-	-	(8,084,791,213)
Comprehensive income for the year							
Profit	-	-	-	16,676,510,405	-	-	16,676,510,405
Other comprehensive income	-	-	-	(142,034,393)	(555,883,278)	-	(697,917,671)
Total comprehensive income for the year	-	-	-	16,534,476,012	(555,883,278)	-	15,978,592,734
Issuance of subordinated perpetual debentures	-	-	-	-	-	-	-
Balance at 31 December 2016	8,983,101,348	1,684,316,879	900,000,000	35,343,853,721	(525,443,344)	(1,142,585,623)	59,003,204,117

11

CP ALL Public Company Limited and its Subsidiaries

[illegible]

12

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

	Note	Separate financial statements					Total equity
		Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Subordinated perpetual debentures	
				Legal reserve	Unappropriated retained earnings		
<i>(in Baht)</i>							
For the year ended 31 December 2016							
Balance at 1 January 2016		8,983,101,348	1,684,316,879	900,000,000	18,469,242,171	-	30,036,660,398
Transactions with equity holders, recorded directly in equity							
<i>Distributions to equity holders</i>							
Dividends	37	-	-	-	(8,084,791,213)	-	(8,084,791,213)
Total transactions with equity holders, recorded directly in equity		-	-	-	(8,084,791,213)	-	(8,084,791,213)
Comprehensive income for the year							
Profit		-	-	-	14,099,057,402	-	14,099,057,402
Other comprehensive income		-	-	-	(91,194,684)	-	(91,194,684)
Total comprehensive income for the year		-	-	-	14,007,862,718	-	14,007,862,718
Issuance of subordinated perpetual debentures		-	-	-	-	9,952,924,500	9,952,924,500
Balance at 31 December 2016		8,983,101,348	1,684,316,879	900,000,000	24,392,313,676	9,952,924,500	45,912,656,403

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

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

	Note	Separate financial statements				Total equity
		Issued and paid-up share capital	Premium on ordinary shares	Legal reserve (in Baht)	Unappropriated retained earnings	
For the year ended 31 December 2015						
Balance at 1 January 2015		8,983,101,348	1,684,316,879	900,000,000	14,372,639,901	25,940,058,128
Transactions with equity holders, recorded directly in equity						
Distributions to equity holders						
Dividends	37	-	-	-	(7,186,481,079)	(7,186,481,079)
Total transactions with equity holders, recorded directly in equity		-	-	-	(7,186,481,079)	(7,186,481,079)
Comprehensive income for the year						
Profit		-	-	-	11,376,136,040	11,376,136,040
Other comprehensive income		-	-	-	(93,052,691)	(93,052,691)
Total comprehensive income for the year		-	-	-	11,283,083,349	11,283,083,349
Balance at 31 December 2015		8,983,101,348	1,684,316,879	900,000,000	18,469,242,171	30,036,660,398

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

CP ALL Public Company Limited and its Subsidiaries

Statement of cash flows

		Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
	Note	2016	2015	2016	2015
		(in Baht)			
Cash flows from operating activities					
Profit for the year		16,819,091,963	13,817,506,203	14,099,057,402	11,376,136,040
Adjustments for					
Depreciation	13, 32	7,531,514,686	6,693,940,672	4,695,945,107	4,164,761,000
Amortisation of leasehold rights	32	272,668,676	242,926,202	113,356,105	107,648,525
Amortisation of other intangible assets	15, 32	509,824,680	420,629,456	170,342,502	143,865,215
Interest income		(229,690,303)	(204,527,242)	(308,173,491)	(147,067,681)
Dividend income		(163,239)	(136,044)	(4,470,886,226)	(4,475,214,257)
Finance costs	33	8,442,319,828	8,585,503,362	8,154,747,068	8,336,387,465
Income tax expense	34	3,323,335,940	3,066,214,365	1,604,276,115	1,300,456,502
Provision for employees' severance pay	22	265,437,616	264,185,333	137,295,439	128,389,276
Allowance for losses on slow-moving inventories (reversal of allowance for losses on slow-moving inventories)		(61,448,372)	126,767,275	(23,812,867)	105,110,663
Reversal of impairment for losses on property, plant and equipment	13	(7,230,000)	(3,840,000)	-	-
Bad and doubtful debts expense (reversal of allowance for doubtful accounts)		12,187,265	(5,042,622)	5,265,577	(30,000)
Unrealised (gain) loss on exchange		33,250,913	(1,410,572)	-	-
Gain on disposal of investment properties		(749,056)	-	-	-
Loss on disposal and write-off of property, plant and equipment		29,784,778	46,182,595	29,059,367	27,416,032
Gain on disposal of leasehold rights		(12,522,420)	(4,628,449)	(12,522,420)	(4,628,449)
		36,927,612,955	33,044,270,534	24,193,949,678	21,063,230,331
Changes in operating assets and liabilities					
Trade accounts receivable		(172,889,978)	62,953,913	(7,687,390)	(5,420,041)
Other accounts receivable		(273,136,719)	(224,916,738)	(392,221,832)	(173,592,467)
Inventories		(1,571,418,745)	(3,030,043,631)	(1,123,249,566)	(484,521,125)
Other current assets		1,068,694,160	220,515,714	1,594,006,710	(64,528,078)
Other non-current assets		(544,558,393)	(22,154,238)	419,113,965	(538,936,484)
Trade accounts payable		4,336,248,197	3,308,483,463	813,712,563	1,591,412,700
Other accounts payable		41,194,763	237,914,993	386,080,733	527,187,063
Other current liabilities		1,267,986,587	919,379,207	704,392,760	677,686,370

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

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

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
		2016	2015	2016	2015
		<i>(in Baht)</i>			
Employee benefit obligations paid	22	(16,256,863)	(43,490,301)	(6,558,630)	(17,073,260)
Transferred out of employee benefit obligations	22	632,200	-	1,319,600	(4,670,100)
Accrued guarantee deposits		278,489,499	(206,783,065)	259,178,758	(192,917,064)
Other non-current liabilities		142,384,797	(19,477,142)	30,391,263	-
Cash generated from operating activities		41,484,982,460	34,246,652,709	26,872,428,612	22,377,857,845
Income tax paid		(3,545,531,914)	(2,827,774,017)	(1,710,278,698)	(955,799,363)
Net cash provided by operating activities		37,939,450,546	31,418,878,692	25,162,149,914	21,422,058,482
Cash flows from investing activities					
Interest received		197,872,783	207,701,416	286,930,263	138,318,288
Dividends received		163,239	136,044	4,470,886,226	4,475,214,257
Purchase of current investments	6	(2,757,000,000)	(3,024,000,000)	-	-
Sale of current investments	6	2,783,250,140	2,855,712,331	-	-
Cash outflow on short-term loans to subsidiaries	4	-	-	(1,992,000,000)	(3,870,000,000)
Cash inflow on short-term loans to subsidiaries	4	-	-	67,000,000	970,000,000
Cash outflow on investment in subsidiaries	11	-	-	(2,936,984,000)	(361,800,000)
Cash outflow on investment in related company	4	(10,000,000)	-	(10,000,000)	-
Cash inflow from sale of other long-term investments		-	100,000,000	-	100,000,000
Sale of investment properties		1,116,563	-	-	-
Purchase of property, plant and equipment	39	(17,875,623,316)	(16,098,405,116)	(8,214,091,270)	(6,553,348,202)
Sale of property, plant and equipment		284,223,637	95,692,233	89,321,502	70,256,901
Purchase of leasehold rights		(352,577,084)	(891,640,713)	(80,403,438)	(116,948,433)
Sale of leasehold rights		12,793,783	12,092,772	12,793,783	12,092,772
Purchase of other intangible assets	39	(1,079,916,911)	(670,758,945)	(455,484,693)	(283,242,975)
Sale of other intangible assets		1,533,826	4,158,958	-	-
Net cash used in investing activities		(18,794,163,340)	(17,409,311,020)	(8,762,031,627)	(5,419,457,392)

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

CP ALL Public Company Limited and its Subsidiaries

Statement of cash flows (Continued)

		Consolidated financial statements For the year ended 31 December		Separate financial statements For the year ended 31 December	
	Note	2016	2015	2016	2015
		(in Baht)			
Cash flows from financing activities					
Interest paid		(8,260,805,751)	(8,332,798,805)	(8,021,739,916)	(8,135,430,794)
Dividends paid to equity holders of the Company		(8,084,896,388)	(7,186,360,199)	(8,084,896,388)	(7,186,360,199)
Dividends paid to non-controlling interests		(82,499,566)	(83,520,963)	-	-
Finance lease payments		(146,747,222)	(114,299,309)	-	-
Decrease in short-term borrowings from financial institutions	18	(8,367,065,412)	(2,847,500,861)	(9,000,000,000)	(2,000,000,000)
Proceeds from issue of debentures	18	19,000,000,000	33,000,000,000	19,000,000,000	33,000,000,000
Repayment of debentures	18	(11,841,200,000)	-	(11,841,200,000)	-
Proceeds from long-term borrowings from financial institutions	18	576,507,800	2,000,000,000	-	-
Repayment of long-term borrowings from financial institutions	18	-	(41,215,130,600)	-	(41,215,130,600)
Proceeds from issue of subordinated perpetual debentures	26	9,952,924,500	-	9,952,924,500	-
Cash inflow from non-controlling interests		20,890,590	-	-	-
Net cash used in financing activities		(7,232,891,449)	(24,779,610,737)	(7,994,911,804)	(25,536,921,593)
Net increase (decrease) in cash and cash equivalents					
		11,912,395,757	(10,770,043,065)	8,405,206,483	(9,534,320,503)
Cash and cash equivalents at 1 January		21,518,251,584	32,204,375,266	15,329,709,033	24,864,029,536
Effect of exchange rate changes on balances held in foreign currencies		12,518,372	83,919,383	-	-
Cash and cash equivalents at 31 December	5	33,443,165,713	21,518,251,584	23,734,915,516	15,329,709,033

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

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Related parties
5	Cash and cash equivalents
6	Current investments
7	Trade accounts receivable
8	Other accounts receivable
9	Inventories
10	Other current assets
11	Investments in subsidiaries
12	Non-controlling interests
13	Property, plant and equipment
14	Goodwill
15	Other intangible assets
16	Deferred income tax
17	Other non-current assets
18	Interest-bearing liabilities
19	Trade accounts payable
20	Other accounts payable
21	Other current liabilities
22	Employee benefit obligations
23	Accrued guarantee deposits
24	Share capital
25	Reserves
26	Subordinated perpetual debentures
27	Segment information
28	Other income
29	Selling expenses
30	Administrative expenses
31	Employee benefit expenses
32	Expenses by nature
33	Finance costs
34	Income tax expense
35	Promotional privileges
36	Basic earnings per share
37	Dividends
38	Financial instruments
39	Supplemental disclosures of cash flows information
40	Commitments with non-related parties
41	Contingent liability
42	Events after the reporting period
43	Thai Financial Reporting Standards not yet adopted

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 23 February 2017.

1 General information

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

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

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

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

The Company operates convenience stores under the “7-Eleven” trademark and franchises to other retailers in the territory of Thailand. The number of 7-Eleven convenience stores as at 31 December 2016 was 9,542 stores (2015: 8,832 stores).

	2016 (number of stores)	2015
The Company owns and manages convenience stores	4,205	3,908
The Company franchises the license to other retailers under management agreements	4,645	4,257
The Company franchises the license to other retailers under sub-license agreements	692	667
Total	9,542	8,832

Details of the Company’s subsidiaries as at 31 December 2016 and 2015 are given in note 11 to the financial statements.

2 Basis of preparation of the financial statements

(a) Statement of compliance

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

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2016. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2017 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 43 to the financial statements.

(b) *Basis of measurement*

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

(c) *Functional and presentation currency*

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

(d) *Use of judgements and estimates*

The preparation of 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes to the financial statements:

Notes 13 to 15	Impairment test: key assumptions underlying recoverable amounts
Note 22	Measurement of defined benefit obligations: key actuarial assumptions

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer (CFO).

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques (see note 38 to the financial statements).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is disclosed in note 38 to the financial statements.

3 Significant accounting policies

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

(a) Basis of consolidation

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

Business combinations

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

The Group controls an entity when it is exposed to, or has right to, variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

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

Consideration transferred is measured as the fair values of the assets transferred, liabilities incurred by the Group to the previous equity holders of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration.

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

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

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

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

(b) Foreign currencies

Foreign currency transactions

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

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

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign operations

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

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

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

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

Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the currency translation differences reserve in equity until disposed of the investments, except to extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

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

(c) *Derivative financial instruments*

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

(d) *Hedging*

Hedge of future foreign currency transactions

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

Foreign currency assets and liabilities hedged by forward exchange contracts are translated to Thai Baht at the contracted forward exchange rates and the forward premium/discount is recorded as income/expense on a straight-line basis over the forward contract period.

(e) *Cash and cash equivalents*

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

(f) *Trade and other accounts receivable*

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

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

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

(g) Inventories

Raw materials, work in progress and finished goods

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

Cost is calculated using the weighted average cost principal and comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, less purchase discount as specified in the contractual agreements. In the case of manufactured finished goods and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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 deteriorated, damaged, obsolete and slow-moving inventories and is assessed on analysis of aging of inventory and estimation of shrinkage inventories.

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

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

Disposal of investments

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

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

(i) Investment properties

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

Investment properties are stated at cost less accumulated impairment losses.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

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

(j) *Property, plant and equipment*

Recognition and measurement

Owned assets of the Group

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

Leased assets

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

Subsequent costs

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

Depreciation

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

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

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

Buildings and improvements	3 - 40 years
Leasehold improvements	over the lease period
Machinery and equipment	3 - 15 years
Furniture, fixtures and office equipment	2 - 10 years
Others	
- Electricity and water systems	5 - 20 years
- Vehicles	5 years
- Library book	5 years

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

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

(k) *Intangible assets*

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 3(a) to the financial statements. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

Other intangible assets

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

Other intangible assets that are acquired by the Group and have indefinite useful lives i.e. intellectual property, business license, etc. are measured at cost less accumulated impairment losses. They are not amortised but tested for impairment annually or more frequently if there is any impairment indicator. The assessment of the classification of intangible assets as indefinite is reviewed annually.

Subsequent expenditure

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

Amortisation

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

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

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

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

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

(l) Leasehold rights

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

Amortisation

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

(m) Impairment

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

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

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.

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

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost, the reversal is recognised in profit or loss.

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

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

(n) *Interest-bearing liabilities*

Interest-bearing liabilities are recognised as stated in the agreement.

(o) *Trade and other accounts payable*

Trade and other accounts payable are stated at cost.

(p) *Employee benefits*

Post-employment benefit - defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Post-employment benefit - defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

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

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Provisions

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

(r) Subordinated perpetual debentures

Subordinated perpetual debentures which are payable upon dissolution are recognised as equity as the Company has the sole right and discretion to early redemption as stipulated in terms and conditions of debentures, and the interest and cumulative interest payment are unconditionally deferred without time and number limitation and payable at the Company's discretion. Accordingly, any interest payments are recognised similar as dividends and directly in equity when payment obligation arises. Interest payments are presented in the statement of cash flows at the same way as dividends paid to ordinary shareholders.

(s) Revenues

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

Sales of goods and services rendered

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

Initial fees, royalties and exclusivity fees

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

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

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

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

Customer loyalty programmes

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

Other income

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

(i) Finance costs

Interest expenses and similar costs are charged to profit or loss 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 year of time to be prepared for its intended use or sale.

(ii) Lease payments

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

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

Determining whether an arrangement contains a lease

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

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

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

(v) Income tax

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

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

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

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

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

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

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

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

(w) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss for the years attributable to ordinary shareholders of the Company less cumulative interest payments on subordinated perpetual debentures whether it has been accrued or not by the weighted average number of ordinary shares outstanding during the year.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

(x) Segment reporting

Segment results that are reported to the chairman of the executive committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4 Related parties

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

Relationships with subsidiaries are described in note 11 to the financial statements. Relationship with key management and other related parties were as follows:

Name of parties	Country of incorporation/ nationality	Nature of relationships
Charoen Pokphand Group Company Limited	Thailand	Ultimate parent company of the group and 1 common director
True Corporation Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 4 common directors
Charoen Pokphand Foods Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 2 common directors
Cineplex Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 2 common directors
C.P. Trading Group 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
SM True 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
True Money Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 2 common directors
CPF (Thailand) Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
CPF IT Center Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
CP-Meiji Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
C.P. Consumer Products Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
C.P. Merchandising Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

Name of parties	Country of incorporation/ nationality	Nature of relationships
C.P. Land Public 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
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
Chester Food Co., Ltd.	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 Move H Universal Communication Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Leasing Company Limited	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
Allianz C.P. General Insurance Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
C.P. Food Store Co., Ltd.	Thailand	One of the Company's directors is a major shareholder.
Dees Supreme Co., Ltd.	Thailand	One of the Company's directors is a major shareholder.
Key management personnel	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

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

Transactions	Pricing policies
Sale of goods	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies
Service and other operating income	Contract prices determined by the terms and conditions used in the normal course of business
Interest income	Source of fund costs 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 leasehold rights and other intangible assets	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies

Significant transactions for the years ended 31 December 2016 and 2015 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<i>For the year ended 31 December</i>	<i>(in million Baht)</i>			
Ultimate parent company				
Administrative expenses	9	9	9	9
Subsidiaries				
Revenue from sale of goods and rendering of services	-	-	627	571
Interest income	-	-	178	44
Dividend income	-	-	4,471	4,475
Other income	-	-	1,388	1,172
Selling expenses	-	-	1,284	1,244
Administrative expenses	-	-	2,202	1,956
Purchases of goods and services	-	-	17,868	15,608
Purchases of property, plant and equipment and other intangible assets	-	-	2,843	1,761

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

<i>For the year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
<i>Other related companies</i>				
Revenue from sale of goods and rendering of services	1,911	1,560	788	720
Other income	1,943	806	1,915	786
Selling expenses	67	36	-	-
Administrative expenses	570	460	406	330
Purchases of goods and services	34,728	28,004	27,216	23,318
Purchases of property, plant and equipment, leasehold rights and other intangible assets	2	28	-	3
<i>Key management personnel</i>				
Key management benefit expenses				
Short-term employee benefits	633	592	430	393
Severance pay for employees	14	31	8	10
Total key management benefit expenses	647	623	438	403

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

Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Related companies	160	75	-	-
Less allowance for doubtful accounts	(2)	(2)	-	-
Net	158	73	-	-

Bad and doubtful debts expenses for the year

	-	-	-	-
--	---	---	---	---

Other accounts receivable

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Subsidiaries	-	-	522	374
Other related companies	335	340	311	324
Net	335	340	833	698

Bad and doubtful debts expenses for the year

	-	-	-	-
--	---	---	---	---

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

Short-term loans to subsidiaries

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
CPRAM Co., Ltd.	-	-	4,000	2,900
CP Retailink Co., Ltd.	-	-	750	-
Dynamic Management Co., Ltd.	-	-	75	-
Total	-	-	4,825	2,900

All short-term loans to subsidiaries of the Company as at 31 December 2016 and 2015 were denominated entirely in Thai Baht.

Movements during the years ended 31 December 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	-	-	1,992	3,870
Decreases	-	-	(67)	(970)
At 31 December	-	-	4,825	2,900

As at 31 December 2016 the outstanding balance of short-term loans to subsidiaries was unsecured and at call; and the interest rate was fixed at 4.75% per annum. (2015: 4.75% per annum)

Investment in related company

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

All investment in related company of the Company as at 31 December 2016 and 2015 was dominated entirely in Thai Baht.

Movements during the years ended 31 December 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
Increases	10	-	10	-
At 31 December	34	24	34	24

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

Prepaid rental and service fees

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in million Baht)			
Subsidiary				
Panyapiwat Institute of Management				
Current	-	-	30	30
Non-current	-	-	164	194
Total	<u>-</u>	<u>-</u>	<u>194</u>	<u>224</u>

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

Trade accounts payable

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in million Baht)			
Subsidiaries	-	-	1,506	1,440
Other related companies	6,790	5,593	4,878	4,159
Net	<u>6,790</u>	<u>5,593</u>	<u>6,384</u>	<u>5,599</u>

Other accounts payable

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in million Baht)			
Subsidiaries	-	-	8,044	7,409
Other related companies	109	69	30	18
Net	<u>109</u>	<u>69</u>	<u>8,074</u>	<u>7,427</u>

Future minimum lease payments under non-cancellable operating leases

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in million Baht)			
Within one year	51	131	7	104
After one year but within five years	137	101	4	-
After five years	152	180	-	-
Total	<u>340</u>	<u>412</u>	<u>11</u>	<u>104</u>

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

The Group has lease agreements covering lease of buildings, vehicles and other assets for periods of 3 to 25 years, which will expire between 2017 to 2039.

Significant agreements with related parties

As at 31 December 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 2017. 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.
- (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.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

- (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 2017. 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 the right to use certain trademarks under conditions stipulated in the agreement. In consideration thereof, the subsidiary is committed to pay a fee calculated as a percentage of its sales 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 December 2019.

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Cash on hand	9,321	8,581	7,647	7,087
Cash at financial institutions				
- current accounts	1,779	2,489	1,531	2,275
Cash at financial institutions				
- savings accounts	19,758	9,249	14,557	5,968
Highly liquid short-term investments	2,585	1,199	-	-
Total	33,443	21,518	23,735	15,330

6 Current investments

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Cash at financial institutions				
- time deposits	6	22	-	-
Promissory notes	1,370	1,380	-	-
Total	1,376	1,402	-	-

Current investments have interest rates ranging from 0.40% to 2.25% per annum (2015: ranging from 0.85% to 2.25% per annum).

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

Movements during the years ended 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
At 1 January	1,402	1,232	-	-
Increases	2,757	3,024	-	-
Decreases	(2,783)	(2,856)	-	-
Currency translation differences from foreign operations	-	2	-	-
At 31 December	1,376	1,402	-	-

7 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		<i>(in million Baht)</i>			
Related parties	4	160	75	-	-
Other parties		887	800	135	127
Total		1,047	875	135	127
Less allowance for doubtful accounts		(21)	(21)	-	-
Net		1,026	854	135	127

**Bad and doubtful debts expense
(reversal of allowance for
doubtful accounts) for the year**

	1	(6)	-	-
--	----------	------------	----------	----------

Aging analyses for trade accounts receivable are as follows:

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		<i>(in million Baht)</i>			
Related parties					
Within credit terms		107	37	-	-
Overdue:					
Less than 3 months		37	37	-	-
3 - 6 months		9	1	-	-
6 - 12 months		7	-	-	-
Total		160	75	-	-
Less allowance for doubtful accounts		(2)	(2)	-	-
Net	4	158	73	-	-

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		(in million Baht)			
Other parties					
Within credit terms		711	643	135	127
Overdue:					
Less than 3 months		152	133	-	-
3 - 6 months		6	8	-	-
6 - 12 months		7	6	-	-
Over 12 months		11	10	-	-
Total		887	800	135	127
Less allowance for doubtful accounts		(19)	(19)	-	-
Net		868	781	135	127
Grand total		1,026	854	135	127

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

8 Other accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		(in million Baht)			
Related parties	4	335	340	833	698
Other parties		1,985	1,713	1,763	1,504
Total		2,320	2,053	2,596	2,202
Less allowance for doubtful accounts		(25)	(19)	(9)	(9)
Net		2,295	2,034	2,587	2,193
Bad and doubtful debts expense for the year		11	1	5	-

Aging analyses for other accounts receivable are as follows:

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		(in million Baht)			
Related parties					
Within credit terms		209	204	705	545
Overdue:					
Less than 3 months		126	135	128	152
3 - 6 months		-	1	-	1
Total	4	335	340	833	698

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

Note	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in million Baht)			
Other parties				
Within credit terms	1,267	1,333	1,114	1,178
Overdue:				
Less than 3 months	666	347	636	311
3 - 6 months	8	4	1	1
6 - 12 months	17	7	1	2
Over 12 months	27	22	11	12
Total	1,985	1,713	1,763	1,504
Less allowance for doubtful accounts	(25)	(19)	(9)	(9)
Net	1,960	1,694	1,754	1,495
Grand total	2,295	2,034	2,587	2,193

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

9 Inventories

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in million Baht)			
Finished goods	26,936	25,354	12,201	11,078
Work in progress	114	97	-	-
Raw materials	383	410	-	-
Total	27,433	25,861	12,201	11,078
Less allowance for losses on slow-moving inventories	(728)	(789)	(432)	(456)
Net	26,705	25,072	11,769	10,622

The cost of inventories which is recognised as an expense and presented as part of the accounts "Cost of sale of goods and rendering of services" and "Selling expenses" in the statements of income for the year ended 31 December 2016 amounted to Baht 336,802 million (2015: Baht 303,895 million) and Baht 2,097 million (2015: Baht 1,976 million) in the consolidated financial statements, respectively, and Baht 183,850 million (2015: Baht 166,485 million) and Baht 2,088 million (2015: Baht 1,974 million) in the separate financial statements respectively.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

10 Other current assets

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Accrued income	2,983	2,357	1,328	1,066
Prepaid expenses	607	580	340	402
Cash card	563	2,378	563	2,378
Receivable from Revenue Department	476	451	395	371
Other	425	326	82	61
Total	5,054	6,092	2,708	4,278

11 Investments in subsidiaries

Movements during the years ended 31 December 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	-	-	2,937	362
At 31 December	-	-	205,537	202,600

Details of the additional investments during the years ended 31 December 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	362
Counter Service Co., Ltd.	-	-	30	-
Total	-	-	2,937	362

Additional investments during the year

At the Board of Directors' meeting of the Company held on 25 November 2015, the Company's Board of Directors approved to increase the authorised share capital of Lotus Distribution Investment Limited by United States Dollars 90 million (increase from United States Dollars 117 million to United States Dollars 207 million). During the fourth quarter of 2015, the subsidiary collected from the called for additional paid-up share capital of United States Dollars 10 million (increase from United States Dollars 116 million to United States Dollars 126 million). During the first quarter of 2016, the subsidiary collected from the called for additional paid-up share capital of United States Dollars 80 million (increase from United States Dollars 126 million to United States Dollars 206 million).

At the Board of Directors' meeting of a local subsidiary (Counter Service Co., Ltd.) held on 30 September 2016, the subsidiary's Board of Directors approved to increase the authorised share capital by Baht 30 million (increase from Baht 70 million to Baht 100 million) and the subsidiary collected from the called for paid-up share capital of Baht 30 million. The subsidiary registered the increase of the authorised share capital with the Ministry of Commerce on 10 October 2016.

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

Investments in subsidiaries as at 31 December 2016 and 2015, and dividend income for the years then ended were as follows:

Name of parties	Type of business	Country of incorporation	Separate financial statements							
			Ownership interests (%)		Paid-up capital		At cost		Dividend income	
			2016	2015	2016	2015	2016	2015	2016	2015
(in million Baht)										
Local direct subsidiaries										
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	100	70	91	61	714	
CP Retailink Co., Ltd.	Distributor of equipment for retailing and software development	Thailand	99.99	99.99	20	20	20	20	100	
Gosoft (Thailand) Co., Ltd.	Information system design and development services	Thailand	99.99	99.99	20	20	20	20	20	
All Corporation Limited	Holding company	Thailand	99.99	99.99	13	13	13	13	-	

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

Name of parties	Type of business	Country of incorporation	Ownership interests		Separate financial statements (Continued)						
			2016	2015	Paid-up capital		At cost		Dividend income		
			2016	2015	2016	2015	2016	2015	2016	2015	
			(%)			(in million Baht)					
Dynamic Management Co., Ltd.	Logistics and distribution of merchandises services	Thailand	99.99	99.99	2	2	2	2	-	-	-
MAM Heart Co., Ltd.	Marketing activities	Thailand	99.99	99.99	1	1	1	1	5	10	
Panyatara Co., Ltd.	Training center	Thailand	99.99	99.99	1	1	1	1	-	35	
All Training Co., Ltd.	Training center	Thailand	99.99	99.99	1	1	1	1	-	110	
OHT Co., Ltd.	Holding company	Thailand	99.99	99.99	12	12	57,754	57,754	989	1,103	
24 Shopping Co., Ltd.	Distributor of catalog merchandises and e-commerce	Thailand	99.99	99.99	30	30	30	30	105	-	
Thai Smart Card Co., Ltd.	Smart purse card services	Thailand	72.64	72.64	1,600	1,600	1,151	1,151	-	-	
Siam Makro Holding (Thailand) Ltd.	Holding company	Thailand	49.00	49.00	1,066	1,066	55,490	55,490	951	1,060	
Siam Makro Public Company Limited	Cash and carry	Thailand	42.87	42.87	2,400	2,400	82,427	82,427	1,667	1,687	
Total							198,411	198,381	4,471	4,475	

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

Name of parties	Type of business	Country of incorporation	Ownership interests		Separate financial statements (Continued)				
			2016	2015	Paid-up capital		At cost		Dividend income
					2016	2015	2016	2015	
			(%)						
<i>United States Dollars</i>									
<i>Foreign direct subsidiaries</i>									
Lotus Distribution	Holding company	British Virgin Islands	100.00	100.00	206	126	7,126	4,219	-
Investment Limited	Holding company	British Virgin Islands	100.00	100.00	-*	-*	-*	-*	-
Albuera International Limited	Holding company	British Virgin Islands	100.00	100.00	-*	-*	-*	-*	-
Total							<u>7,126</u>	<u>4,219</u>	<u>-</u>
Grand total							<u>205,537</u>	<u>202,600</u>	<u>4,475</u>

* As at 31 December 2016 Albuera International Limited ("Albuera") had paid-up capital amounting to United States Dollars 1 and the Company invested in Albuera amounting to United States Dollars 1.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

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

Name of parties	Type of business	Country of incorporation	Ownership interests	
			2016	2015
			(%)	
<i>Local indirect subsidiaries</i>				
Panyapiwat Institute of Management Demonstration School	Educational institution	Thailand	99.99	-
Panyapiwat Institute of Management	Educational institution	Thailand	99.99	99.99
Panyapiwat Technological College	Educational institution	Thailand	99.99	99.99
CP Foodlab Co., Ltd.	Research and development service, and microbiologic and scientific laboratory services	Thailand	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

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

Name of parties	Type of business	Country of incorporation	Ownership interests	
			2016	2015
			(%)	
<i>Foreign indirect subsidiaries</i>				
Successor Investments Limited	Holding company	Hong Kong Special Administrative Region of the People's Republic of China	100.00	100.00
Nanjing Zheng Yi Xin Trading Co., Ltd.	Commercial trading	The People's Republic of China	100.00	100.00
Successor (China) Investments Limited	Holding company	The People's Republic of China	100.00	100.00
Nanjing Tianqu Investment Management Co., Ltd.	Commercial trading, holding and educational institution	The People's Republic of China	100.00	100.00
Nanjing Tech University Pujiang Institute	Educational institution	The People's Republic of China	100.00	100.00
Nanjing Tech University Pujiang Institute Education 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
Makro (Cambodia) Company Limited	Commercial trading and related business	Cambodia	68.52	-

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

12 Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interest:

	31 December 2016				
	Siam Makro Public Company Limited	Thai Smart Card Co., Ltd.	Intra-group eliminations (in million Baht)	Fair value adjustment	Total
Non-controlling interests					
percentage	2.12	27.36			
Current assets	18,529	2,194			
Non-current assets	34,331	209			
Current liabilities	(33,705)	(977)			
Non-current liabilities	(3,413)	(18)			
Net assets	15,742	1,408			
Carrying amount of non-controlling interests	355*	385	(4)	3,671	4,407
Revenue	172,790	415			
Profit	5,412	122			
Other comprehensive income	(10)	-			
Total comprehensive income	5,402	122			
Profit allocated to non-controlling interests	114*	33	2	(6)	143
Cash flows from operating activities	9,071	173			
Cash flows from investing activities	(5,544)	(60)			
Cash flows from financing activities	(3,124)	-			
Dividends to non-controlling interests	(82)	-			
Net increase (decrease) in cash and cash equivalents	321	113			

* The carrying amount of non-controlling interests included non-controlling interests of an indirect subsidiary. This indirect subsidiary is not wholly-owned by the intermediate subsidiary.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

	31 December 2015				
	Siam Makro Public Company Limited	Thai Smart Card Co., Ltd.	Intra-group eliminations (in million Baht)	Fair value adjustment	Total
Non-controlling interests percentage	2.12	27.36			
Current assets	17,326	2,064			
Non-current assets	30,584	177			
Current liabilities	(28,684)	(939)			
Non-current liabilities	(5,019)	(15)			
Net assets	14,207	1,287			
Carrying amount of non-controlling interests	301	352	(6)	3,679	4,326
Revenue	155,917	415			
Profit	5,378	100			
Other comprehensive income	(22)	(1)			
Total comprehensive income	5,356	99			
Profit allocated to non-controlling interests	114	27	-	(6)	135
Other comprehensive income allocated to non-controlling interests	(1)	-	-	-	(1)
Cash flows from operating activities	6,701	234			
Cash flows from investing activities	(6,371)	(176)			
Cash flows from financing activities	(2,581)	-			
Dividends to non-controlling interests	(84)	-			
Net increase (decrease) in cash and cash equivalents	(2,335)	58			

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

13 Property, plant and equipment

<i>Cost</i>	Consolidated financial statements					
	Land	Buildings, building and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment <i>(in million Baht)</i>	Assets under construction and installation	Other
At 1 January 2015	38,781	31,039	23,897	12,226	5,162	4,597
Additions	1,345	260	2,531	2,343	9,305	240
Transfers	19	4,861	2,482	168	(8,242)	712
Disposals	-	(119)	(498)	(448)	(14)	(66)
Currency translation differences from foreign operations	-	4	1	4	46	1
At 31 December 2015 and 1 January 2016	40,145	36,045	28,413	14,293	6,257	5,484
Additions	936	1,051	3,041	3,149	9,297	276
Transfers	5	4,723	2,254	320	(7,959)	657
Disposals	-	(219)	(600)	(846)	(143)	(70)
Currency translation differences from foreign operations	-	(18)	(7)	(10)	(200)	(3)
At 31 December 2016	41,086	41,582	33,101	16,906	7,252	6,344
						(238)
						146,271

Notes to the financial statements
For the year ended 31 December

52

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

	Separate financial statements					
	Land	Buildings, building and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment (in million Baht)	Assets under construction and installation	Other
Cost						Total
At 1 January 2015	2,206	14,138	8,916	10,908	958	41,160
Additions	395	19	1,487	1,656	2,903	6,668
Transfers	19	2,286	128	26	(3,025)	-
Disposals	-	(98)	(222)	(363)	-	(727)
At 31 December 2015 and 1 January 2016	2,620	16,345	10,309	12,227	836	47,101
Additions	34	548	1,770	2,669	2,727	8,011
Transfers	-	1,819	37	94	(2,339)	-
Disposals	-	(108)	(399)	(733)	-	(1,290)
At 31 December 2016	2,654	18,604	11,717	14,257	1,224	53,822
Accumulated depreciation and impairment losses						
At 1 January 2015	-	(5,401)	(5,932)	(7,382)	-	(21,124)
Depreciation charge for the year	-	(1,213)	(1,165)	(1,371)	-	(4,165)
Disposals	-	69	217	304	-	629
At 31 December 2015 and 1 January 2016	-	(6,545)	(6,880)	(8,449)	-	(24,660)
Depreciation charge for the year	-	(1,355)	(1,340)	(1,539)	-	(4,696)
Disposals	-	79	390	656	-	1,173
At 31 December 2016	-	(7,821)	(7,830)	(9,332)	-	(28,183)
Net book value						
At 1 January 2015	2,206	8,737	2,984	3,526	958	20,036
At 31 December 2015 and 1 January 2016	2,620	9,800	3,429	3,778	836	22,441
At 31 December 2016	2,654	10,783	3,887	4,925	1,224	25,639

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

As at 31 December 2016 the Group had assets under finance leases with a net book value amounted to Baht 789 million (2015: Baht 564 million.)

The gross amount of the Group's and the Company's fully depreciated plant and equipment that were still in use as at 31 December 2016 amounted to Baht 20,711 million (2015: Baht 18,357 million) in the consolidated financial statements and Baht 12,658 million (2015: Baht 11,166 million) in the separate financial statements respectively.

14 Goodwill

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in million Baht)			
Cost				
At 1 January	126,073	126,073	-	-
At 31 December	<u>126,073</u>	<u>126,073</u>	<u>-</u>	<u>-</u>
Impairment losses				
At 1 January	-	-	-	-
Impairment losses	-	-	-	-
At 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book value				
At 1 January	126,073	126,073	-	-
At 31 December	<u>126,073</u>	<u>126,073</u>	<u>-</u>	<u>-</u>

Most of the Goodwill arose from the Company's purchase of shares of Siam Makro Public Company Limited both directly and indirectly.

Impairment testing for carrying amount of goodwill and other intangible assets within indefinite useful life

The recoverable amount was based on its value in use, determined by discounting future cash flows to be generated from the continuing use of assets.

The values assigned to the key assumptions represented management's assessment of future trends in the relevant industries and were based on historical data from external and internal sources. The key assumptions used in the estimation of the recoverable amount were as follows:

Discount rate

The discount rate was based on weighted average cost of capital, with average industry cost of debt, risk free rate of 10-year government bond, market risk premium and average industry beta.

Terminal value growth rate

Terminal value growth rate was determined based on average gross domestic product ("GDP") growth rate, inflation rate and historical earnings before income tax, depreciation and amortisation ("EBITDA") growth rate of Siam Makro Public Company Limited.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

Budgeted EBITDA

Budgeted EBITDA was based on expectations of future outcomes taking into the past experience, adjusted for the anticipated revenue growth. Revenue growth was projected taking into account the average growth level experience over the past five years and estimated number of new stores, sale growth of new stores and sale growth of same stores of Siam Makro Public Company Limited.

Based on the impairment testing, the recoverable amount was estimated to be higher than its carrying amount and no impairment was required to these financial statements.

15 Other intangible assets

	Consolidated financial statements			
	Computer software in use and under development	Intellectual property (in million Baht)	Other	Total
Cost				
At 1 January 2015	2,824	46,072	2,231	51,127
Additions	865	-	-	865
Currency translation differences from foreign operations	-	-	52	52
Disposals	(5)	-	(1)	(6)
At 31 December 2015 and 1 January 2016	3,684	46,072	2,282	52,038
Additions	714	-	-	714
Currency translation differences from foreign operations	(2)	-	(81)	(83)
Disposals	(2)	-	-	(2)
At 31 December 2016	4,394	46,072	2,201	52,667
Accumulated amortisation				
At 1 January 2015	(1,217)	-	(245)	(1,462)
Amortisation charge for the year	(257)	-	(164)	(421)
Disposals	2	-	-	2
At 31 December 2015 and 1 January 2016	(1,472)	-	(409)	(1,881)
Amortisation charge for the year	(347)	-	(163)	(510)
At 31 December 2016	(1,819)	-	(572)	(2,391)
Net book value				
At 1 January 2015	1,607	46,072	1,986	49,665
At 31 December 2015 and 1 January 2016	2,212	46,072	1,873	50,157
At 31 December 2016	2,575	46,072	1,629	50,276

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

	Separate Financial statements
	Computer software in use and under development (in million Baht)
<i>Cost</i>	
At 1 January 2015	1,436
Additions	305
At 31 December 2015 and 1 January 2016	<u>1,741</u>
Additions	384
At 31 December 2016	<u>2,125</u>
<i>Accumulated amortisation</i>	
At 1 January 2015	(726)
Amortisation charge for the year	(144)
At 31 December 2015 and 1 January 2016	<u>(870)</u>
Amortisation charge for the year	(170)
At 31 December 2016	<u>(1,040)</u>
<i>Net book value</i>	
At 1 January 2015	<u>710</u>
At 31 December 2015 and 1 January 2016	<u>871</u>
At 31 December 2016	<u>1,085</u>

The gross amount of the Group's and the Company's fully amortised other intangible assets that were still in use as at 31 December 2016 amounted to Baht 1,304 million (2015: Baht 987 million) in the consolidated financial statements and Baht 928 million (2015: Baht 785 million) in the separate financial statements respectively.

16 Deferred income tax

Deferred tax assets and liabilities as at 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Deferred tax assets	838	731	397	346
Deferred tax liabilities	(15,154)	(15,229)	-	-

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

Movements in deferred tax assets and liabilities during the years ended 31 December 2016 and 2015 were as follows:

	Consolidated financial statements			At 31 December 2016
	At 1 January 2016	(Charged)/ credited to profit or loss comprehensive income (Note 34) (in million Baht)	other	
Deferred tax assets (liabilities)				
Trade and other accounts receivable	5	2	-	7
Inventories	221	12	-	233
Property, plant and equipment	67	(14)	-	53
Employee benefit obligations	383	48	30	461
Tax losses	-	15	-	15
Fair value adjustment assets acquired through business combinations	(15,229)	75	-	(15,154)
Other	55	14	-	69
Total	(14,498)	152	30	(14,316)

	Consolidated financial statements			At 31 December 2015
	At 1 January 2015	(Charged)/ credited to profit or loss comprehensive income (Note 34) (in million Baht)	other	
Deferred tax assets (liabilities)				
Trade and other accounts receivable	5	-	-	5
Inventories	231	(10)	-	221
Property, plant and equipment	70	(3)	-	67
Employee benefit obligations	314	35	34	383
Fair value adjustment assets acquired through business combinations	(15,304)	75	-	(15,229)
Other	42	13	-	55
Total	(14,642)	110	34	(14,498)

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

	At 1 January 2016	Separate financial statements (Charged)/ credited to		At 31 December 2016
		profit or loss (Note 34) (in million Baht)	other comprehensive income	
<i>Deferred tax assets</i>				
Other accounts receivable	2	-	-	2
Inventories	91	(5)	-	86
Property, plant and equipment	24	-	-	24
Employee benefit obligations	229	27	23	279
Other	-	6	-	6
Total	346	28	23	397

	At 1 January 2015	Separate financial statements (Charged)/ credited to		At 31 December 2015
		profit or loss (Note 34) (in million Baht)	other comprehensive income	
<i>Deferred tax assets</i>				
Other accounts receivable	2	-	-	2
Inventories	70	21	-	91
Property, plant and equipment	24	-	-	24
Employee benefit obligations	185	21	23	229
Total	281	42	23	346

17 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in million Baht)			
Prepaid rental and service fees	1,530	1,288	1,058	1,020
Guarantee deposit	820	743	1,008	1,465
Other	28	29	2	2
Total	2,378	2,060	2,068	2,487

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

18 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in million Baht)			
Current				
Short-term borrowings from financial institutions				
Promissory notes and bill of exchanges - unsecured	3,080	11,210	-	9,000
Liabilities under trust receipts - unsecured	325	579	-	-
Short-term borrowings - unsecured	111	92	-	-
Total	3,516	11,881	-	9,000
Current portion of debentures	25,937	11,841	25,937	11,841
Total	25,937	11,841	25,937	11,841
Current portion of long-term borrowing from financial institutions	2,000	-	-	-
Total	2,000	-	-	-
Current portion of liabilities under finance leases	101	80	-	-
Total	101	80	-	-
Total current	31,554	23,802	25,937	20,841
Non-current				
Debentures	154,222	161,159	154,222	161,159
Long-term borrowings from financial institutions - unsecured	2,000	4,000	-	-
Long-term borrowings from financial institutions - secured	585	-	-	-
Liabilities under finance leases	745	525	-	-
Total non-current	157,552	165,684	154,222	161,159
Grand total	189,106	189,486	180,159	182,000

The periods to maturity of interest-bearing liabilities, excluding liabilities under finance leases, as at 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in million Baht)			
Within one year	31,453	23,722	25,937	20,841
After one year but within five years	84,418	87,668	82,418	83,668
After five years	72,389	77,491	71,804	77,491
Total	188,260	188,881	180,159	182,000

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

Short-term borrowings from financial institutions

Movements during the years ended 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in million Baht)			
At 1 January	11,881	14,726	9,000	11,000
Decreases	(8,367)	(2,848)	(9,000)	(2,000)
Unrealised loss on exchange rates from translation of outstanding borrowing balance of United States Dollars and Vietnamese Dong to Thai Baht	2	3	-	-
At 31 December	3,516	11,881	-	9,000

As at 31 December 2016 the Group had promissory notes and bill of exchanges from local financial institutions denominated in Thai Baht which bear interest at the rates of 1.70% per annum (2015: ranging from 1.65% to 2.51% per annum) and mature at call.

As at 31 December 2016 the Group had liabilities under trust receipts with local financial institutions which bear interest rates ranging from 2.07% to 2.18% per annum (2015: ranging from 2.25% to 2.70% per annum).

As at 31 December 2016 the Group had short-term borrowings from foreign financial institutions denominated in United States Dollars and Vietnamese Dong which bear interest rates ranging from 2.90% to 6.65% per annum and mature within June 2017.

As at 31 December 2015 the Group had short-term borrowings from a foreign financial institution denominated in United States Dollars which bear interest rates ranging from 2.60% to 2.98% per annum and mature within June 2016 and had short-term borrowings from another local financial institution denominated in Thai Baht which bear interest at the rate of 2.75% per annum and mature within March 2016.

Debentures

Movements during the years ended 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in million Baht)			
At 1 January	173,000	140,000	173,000	140,000
Increases	19,000	33,000	19,000	33,000
Decreases	(11,841)	-	(11,841)	-
At 31 December	180,159	173,000	180,159	173,000

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

Debentures 1/2013

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

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

These series of debentures have a credit rating of “A(thai)” latest 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 31 October 2013.

Debentures 1/2014

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

- Debentures term of 3 years of Baht 3,736 million, fully repayable on 27 March 2017 and bearing interest at the fixed rate of 3.70% per annum
- Debentures term of 5 years of Baht 11,066 million, fully repayable on 27 March 2019 and bearing interest at the fixed rate of 4.30% per annum
- Debentures term of 7 years of Baht 9,884 million, fully repayable on 27 March 2021 and bearing interest at the fixed rate of 4.85% per annum
- Debentures term of 10 years of Baht 15,314 million, fully repayable on 27 March 2024 and bearing interest at the fixed rate of 5.14% per annum

These series of debentures have a credit rating of “A(thai)” latest 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 27 March 2014.

Debentures 2/2014

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

- Debentures term of 3 years of Baht 6,351 million, fully repayable on 22 August 2017 and bearing interest at the fixed rate of 3.71% per annum

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

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

These series of debentures have a credit rating of “A(thai)” latest 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 22 August 2014.

Debentures 3/2014

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

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

These series of debentures have a credit rating of “A(thai)” latest 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 December 2014.

Debentures 1/2015

On 20 March 2015 the Company issued Baht 20,000 million unsubordinated and unsecured debentures in registered name form, which had the objective to repayment of long-term borrowings from financial institutions, divided into:

- Debentures term of 2 years of Baht 9,850 million, fully repayable on 20 March 2017 and bearing interest at the fixed rate of 3.55% per annum
- Debentures term of 5 years of Baht 10,150 million, fully repayable on 20 March 2020 and bearing interest at the fixed rate of 4.10% per annum

These series of debentures have a credit rating of “A-(thai)” latest 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 20 March 2015.

Debentures 2/2015

On 30 June 2015 the Company issued Baht 13,000 million unsubordinated and unsecured debentures in registered name form, which had the objective to repayment of long-term borrowings from financial institutions, divided into:

- Debentures term of 3 years of Baht 2,500 million, fully repayable on 30 June 2018 and bearing interest at the fixed rate of 2.98% per annum

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

- Debentures term of 5 years of Baht 1,500 million, fully repayable on 30 June 2020 and bearing interest at the fixed rate of 3.65% per annum
- Debentures term of 7 years of Baht 3,000 million, fully repayable on 30 June 2022 and bearing interest at the fixed rate of 4.10% per annum
- Debentures term of 10 years of Baht 6,000 million, fully repayable on 30 June 2025 and bearing interest at the fixed rate of 4.45% per annum

These series of debentures have a credit rating of “A-(tha)” latest 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 30 June 2015.

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
- 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.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 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 31 December 2016, which were pledged in accordance with the conditions stipulated in the bond issuance, totaled 3,295 million shares. The fair value of those shares totaled Baht 115,339 million.

Long-term borrowings from financial institutions

Movement during the years ended 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in million Baht)			
At 1 January	4,000	43,215	-	41,215
Increases	577	2,000	-	-
Decreases	-	(41,215)	-	(41,215)
Currency translation differences from foreign operations	8	-	-	-
At 31 December	<u>4,585</u>	<u>4,000</u>	<u>-</u>	<u>-</u>

As at 31 December 2016 the Group had unsecured long-term borrowings agreements with a local branch of a foreign financial institution and had a secured long-term borrowings agreement with a foreign financial institution. Details are as follows:

Borrowing agreement	Approved credit facilities	Balance of borrowings as at 31 December 2016	Interest rate (% per annum)	Term of payment
The first agreement	Baht 1,000 million	Baht 1,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in November 2017
The second agreement	Baht 1,000 million	Baht 1,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in December 2017
The third agreement	Baht 1,000 million	Baht 1,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in October 2018
The fourth agreement	Baht 1,000 million	Baht 1,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in November 2018

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

Borrowing agreement	Approved credit facilities	Balance of borrowings as at 31 December 2016	Interest rate (% per annum)	Term of payment
The fifth agreement	China Renminbi 450 million (or equivalent to approximately Baht 2,383 million)	China Renminbi 114 million (or equivalent to approximately Baht 585 million)	Floating interest rate as stipulated in the agreement	Entire principal of borrowing in May 2026

In this regard, certain foreign subsidiaries issued the letters of guarantee for the fifth long-term borrowing agreement

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.

Finance lease liabilities

Details of finance leases liabilities as at 31 December 2016 and 2015 were as follows:

	Consolidated financial statements					
	2016			2015		
	Future minimum lease payments	Interest	Present value of minimum lease payments (in million Baht)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	167	(66)	101	131	(51)	80
After one year but within five years	534	(179)	355	441	(130)	311
After five years	498	(108)	390	251	(37)	214
Total	1,199	(353)	846	823	(218)	605

As at 31 December 2016 the Group entered into finance lease contracts. Under the terms of the contracts, the Group must comply with certain conditions as stipulated in the agreements.

Unutilised credit facilities

As at 31 December 2016 the Group had unutilised credit facilities totaling Baht 932 million (2015: Baht 957 million).

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

19 Trade accounts payable

		Consolidated		Separate	
		financial statements		financial statements	
	<i>Note</i>	2016	2015	2016	2015
		<i>(in million Baht)</i>			
Related parties	4	6,790	5,593	6,384	5,599
Other parties		60,169	57,031	27,237	27,208
Total		66,959	62,624	33,621	32,807

20 Other accounts payable

		Consolidated		Separate	
		financial statements		financial statements	
	<i>Note</i>	2016	2015	2016	2015
		<i>(in million Baht)</i>			
Related parties	4	109	69	8,074	7,427
Other parties		2,935	3,574	844	1,342
Total		3,044	3,643	8,918	8,769

21 Other current liabilities

		Consolidated		Separate	
		financial statements		financial statements	
		2016	2015	2016	2015
		<i>(in million Baht)</i>			
Accrued personnel expenses		2,164	2,154	1,433	1,275
Accrued royalties and other accrued expenses		2,038	1,398	692	590
Accrued interest expense		1,939	1,820	1,924	1,796
Deferred royalties income		1,243	1,185	1,243	1,185
Accrued advertising and sale promotion expenses		691	490	538	346
Accrued utilities expenses		677	689	496	473
Advance receipts from customers		400	514	-	-
Accrued rental fees		114	116	113	113
Other		1,932	1,564	866	730
Total		11,198	9,930	7,305	6,508

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

22 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
As at 31 December				
Statement of financial position				
Obligations for:				
Defined benefit plans	2,522	2,099	1,396	1,150
Total	2,522	2,099	1,396	1,150
Year ended 31 December				
Statement of income				
Recognised in profit or loss:				
Defined benefit plans	266	264	137	128
Total	266	264	137	128
Statement of comprehensive income				
Recognised in other comprehensive income:				
Defined benefit plan actuarial losses recognised in the year	172	169	114	116
Total	172	169	114	116

The Group operates a defined benefit plans which have characteristics as follows:

Pension fund benefit

Certain local subsidiaries operate a pension scheme for employees who joined before the 1st of January 2003 and choose to retain the benefits of the original scheme. Employees, upon resignation or retirement after having completed 3 years of service, shall be entitled to receive cash payment equivalent to their prevailing salary multiplied by the number of years of service, but not exceeding the equivalent of 10 months of the final salary.

Severance benefit

Under Thai Labour Protection Act B.E 2541 (1998) and the Group's employment policy, all employees completing 120 days of service are entitled to severance pay on termination or retrenchment without cause or upon retirement age of 55 and 60. The severance pay will be at the rate according to number of years of service as stipulated in the Labor Law which is currently at a maximum rate of 300 days of the final salary.

Additional benefit related to provident fund

A local subsidiary operates an employee benefit scheme under which employees who are members of the Company's provident fund, being a defined contribution plan, for at least 9 years are entitled to receive additional contribution from the subsidiary on their resignation or retirement from employment. Employees, who are a member of the provident fund for at least 9 years, shall be entitled to receive an additional 50% of the contributions made by the subsidiary on their behalf.

The defined benefit plans expose the Group to actuarial risks, such as interest rate risk, future salary growth risk and turnover rate risk.

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

Movements in the present value of the defined benefit obligations are detailed as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Defined benefit obligations at 1 January	2,099	1,710	1,150	927
Included in profit or loss:				
Transitional obligation recognised	-	38	-	14
Current service costs	195	158	96	76
Interest on obligation	71	68	41	38
Included in other comprehensive income:				
Defined benefit plan actuarial losses	172	169	114	116
Other				
Benefits paid by the plan	(16)	(44)	(6)	(17)
Transfer employee benefits obligations to subsidiaries	1	-	1	(4)
Defined benefit obligations at 31 December	2,522	2,099	1,396	1,150

Actuarial gains and losses recognised in other comprehensive income arising from:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Demographic assumptions and financial assumptions	97	159	78	116
Experience adjustments	75	10	36	-
Total	172	169	114	116

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date.

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(%)</i>			
Discount rate	2.20 - 2.72	2.80 - 3.60	2.72	3.57
Retirement age (year)	55 and 60	55 and 60	55 and 60	55 and 60
Future salary growth	4.0 - 8.0	4.0 - 8.0	6.0 - 8.0	6.0 - 8.0

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2016, the weighted-average duration of the defined benefit obligations were 10 to 18 years (2015: 10 to 23 years).

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Defined benefit obligation 31 December 2016	Consolidated financial statements (in million Baht)		Separate financial statements	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(224)	262	(132)	155
Future salary growth (1% movement)	241	(211)	148	(129)
Turnover rate (1% movement)	(211)	230	(132)	155

Defined benefit obligation 31 December 2015	Consolidated financial statements (in million Baht)		Separate financial statements	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(185)	217	(108)	126
Future salary growth (1% movement)	202	(177)	122	(106)
Turnover rate (1% movement)	(178)	183	(111)	125

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

23 Accrued guarantee deposits

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in million Baht)			
Guarantee deposits payable to franchisees	3,297	3,046	3,220	2,961
Other accrued guarantee deposits	45	18	-	-
Total	3,342	3,064	3,220	2,961

24 Share capital

	Par value per share (in Baht)	Consolidated financial statements/ Separate financial statements 2016		2015	
		Number of shares	Baht (in million)	Number of shares	Baht
Authorised					
At 1 January					
- ordinary shares	1	8,986	8,986	8,986	8,986
At 31 December					
- ordinary shares	1	8,986	8,986	8,986	8,986

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

	<i>Par value per share (in Baht)</i>	<i>Number of shares</i>	<i>Consolidated financial statements/ Separate financial statements</i>		<i>Baht</i>
			<i>2016</i>	<i>2015</i>	
			<i>Baht (in million)</i>	<i>Number of shares</i>	<i>Baht</i>
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	1	8,983	8,983	8,983	8,983
At 31 December					
- ordinary shares	1	8,983	8,983	8,983	8,983

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.

25 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

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

Legal reserve as at 31 December 2016 and 2015 was higher than 10% of the registered authorised capital.

Other components of equity

Currency translation differences from foreign operations

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

Differences on acquisition of non-controlling interests

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

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

26 Subordinated perpetual debentures

On 30 November 2016 the Company issued unsecured, unconvertible and subordinated perpetual debentures in registered name form ("Debentures") of Baht 10,000 million which are payment upon dissolution of the Company or upon the exercise of the Company's early redemption right per condition as stipulated in the terms and conditions of debentures. These debentures bear interest which is calculated based on 5-year government bond yield adjusted with initial credit spread and coupon rate as stipulated in the terms and condition of the debentures and are paid on a semi-annual basis. In this regard, the Company has the sole right to unconditionally defer interest and cumulative interest payments without time and number limitation based on the Company's discretion. If the Company defers interest and cumulative interest payment, the Company shall not perform as follows:

- (a) declare or pay any dividend; and
- (b) pay any interest or distribute any assets to any holder of Parity Securities or Junior Securities; and
- (c) redeem, reduce, cancel, acquire, or buy-back any of any securities issued by the Company which rank *pari passu* or junior to these debentures.

These Debentures of Baht 9,953 million, net of issuance cost of Baht 47 million, are recognised as a part of equity in the consolidated and separate financial statements for the year ended 31 December 2016.

27 Segment information

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

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

Other operations include bill payment services, frozen food plant and bakery, and distributor of retailing equipment and educational institutions. None of these segments meets the quantitative thresholds for determining reportable segments in 2016 and 2015.

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 segments relative to other entities that operate within these industries.

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

Revenue and results, based on segments, in the consolidated financial statements for the years ended 31 December 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)									
Revenue from sale of goods and rendering of services	256,401	231,149	172,093	155,217	31,800	27,709	(25,582)	(22,258)	434,712	391,817
Interest income	308	147	10	19	89	84	(177)	(45)	230	205
Dividend income	4,471	4,475	-	-	50	-	(4,521)	(4,475)	-	-
Net foreign exchange gain	-	-	-	-	97	-	(20)	-	77	-
Other income	17,066	13,987	689	678	665	495	(1,500)	(1,289)	16,920	13,871
Total revenues	278,246	249,758	172,792	155,914	32,701	28,288	(31,800)	(28,067)	451,939	405,893
Cost of sale of goods and rendering of services	183,850	166,485	153,722	137,937	24,411	21,363	(22,295)	(19,266)	339,688	306,519
Selling expenses	60,559	52,537	10,121	9,241	2,423	2,085	(1,912)	(1,854)	71,191	62,009
Administrative expenses	9,979	9,722	2,394	2,073	2,923	2,502	(2,820)	(2,405)	12,476	11,892
Net foreign exchange loss	-	1	5	(4)	15	7	(20)	-	-	4
Finance costs	8,155	8,336	279	237	112	30	(104)	(18)	8,442	8,585
Total expenses	262,543	237,081	166,521	149,484	29,884	25,987	(27,151)	(23,543)	431,797	389,009
Profit before income tax expense	15,703	12,677	6,271	6,430	2,817	2,301	(4,649)	(4,524)	20,142	16,884

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

Financial position, based on segments, in the consolidated financial statements as at 31 December 2016 and 2015 were as follows:

	Convenience stores		Cash and carry		Other		Eliminate		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	<i>(in million Baht)</i>									
Investment properties	-	-	333	333	-	-	-	-	333	333
Property, plant and equipment	25,639	22,441	58,513	55,409	15,294	11,800	(319)	(203)	99,127	89,447
Goodwill	-	-	125,936	125,936	137	137	-	-	126,073	126,073
Leasehold rights	354	401	2,656	2,558	300	325	-	-	3,310	3,284
Other intangible assets	1,085	871	47,796	47,899	1,531	1,504	(136)	(117)	50,276	50,157
Other assets	253,794	240,907	19,262	17,664	22,505	18,604	(222,412)	(217,386)	73,149	59,789
Segment assets as at 31 December	280,872	264,620	254,496	249,799	39,767	32,370	(222,867)	(217,706)	352,268	329,083
Segment liabilities as at 31 December	234,959	234,583	52,280	48,932	21,351	17,725	(15,925)	(13,833)	292,665	287,407
Capital expenditure	8,477	7,089	5,620	6,208	5,718	4,820	(998)	(335)	18,817	17,782
Depreciation	4,696	4,165	2,018	1,877	1,118	896	(300)	(244)	7,532	6,694
Amortisation - leasehold rights	113	108	155	132	5	3	-	-	273	243
Amortisation - other intangible assets	170	144	307	235	64	68	(31)	(26)	510	421
Loss on disposal and write-off of property, plant and equipment	29	27	23	16	(22)	3	-	-	30	46
Gain on disposal of leasehold rights	(13)	(5)	-	-	-	-	-	-	(13)	(5)

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

28 Other income

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Sale promotion income	9,751	7,681	9,693	7,619
Income on royalties and other fees relating to licenses income	1,931	1,772	1,931	1,772
Other	5,238	4,418	5,442	4,596
Total	16,920	13,871	17,066	13,987

29 Selling expenses

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Convenience store management fees	15,955	14,017	15,955	14,017
Employee benefit expenses	14,616	12,768	10,973	9,560
Advertising and sale promotion expenses	11,720	9,056	10,767	8,153
Utilities expenses	6,773	6,501	5,538	5,334
Depreciation and amortisation	6,082	5,408	4,041	3,549
Rental fees	6,028	5,257	5,571	4,962
Other	10,017	9,002	7,714	6,962
Total	71,191	62,009	60,559	52,537

30 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Employee benefit expenses	7,691	7,129	5,952	5,464
Rental fees	939	890	817	771
Depreciation and amortisation	979	790	516	465
Utilities expenses	273	287	174	156
Other	2,593	2,796	2,520	2,866
Total	12,475	11,892	9,979	9,722

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

31 Employee benefit expenses

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		<i>(in million Baht)</i>			
Salaries, wages and bonus		25,756	23,045	16,969	15,081
Staff welfares		664	579	260	235
Contribution to social security fund		608	545	403	359
Severance pay for employees	22	266	264	137	128
Contribution to provident fund		230	206	125	117
Training expenses		101	98	1,042	951
Other		100	84	39	30
Total		27,725	24,821	18,975	16,901

The Company and its local subsidiaries have jointly established a contributory registered provident fund to which the Company, subsidiaries and employees each contribute monthly at the rates ranging from 2% to 3% of the employees' basic salaries. The Company's and the subsidiaries' contributions to the provident fund are recorded as expenses in the statement of income as incurred. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

32 Expenses by nature

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

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		<i>(in million Baht)</i>			
Changes in inventories of finished goods and work in progress		(1,598)	(2,959)	(1,123)	(485)
Purchase of finished goods		318,072	290,542	175,869	160,852
Raw materials and consumables used		7,010	6,305	-	-
Depreciation	13	7,532	6,694	4,696	4,165
Amortisation - leasehold rights		273	243	113	108
Amortisation - other intangible assets	15	510	421	170	144
Employee benefit expenses	31	27,725	24,821	18,975	16,901
Convenience store management fees		15,955	14,017	15,955	14,017
Advertising and sale promotion expenses		14,705	9,143	13,656	8,153
Utilities expenses		7,588	7,291	5,828	5,604
Rental fees		7,134	6,342	6,457	5,816
Other		18,448	17,560	13,792	13,469
Total cost of sales of goods and rendering of services, selling expenses and administrative expenses		423,354	380,420	254,388	228,744

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

33 Finance costs

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in million Baht)			
<i>Finance costs paid to:</i>				
Financial institutions	8,381	8,537	8,155	8,336
Other parties under finance lease	61	49	-	-
Total	8,442	8,586	8,155	8,336

34 Income tax expense

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		(in million Baht)			
<i>Current tax</i>					
Current year		3,490	3,180	1,632	1,342
Over provided in prior year		(15)	(4)	-	-
		3,475	3,176	1,632	1,342
<i>Deferred income tax</i>					
Movements in temporary differences		(152)	(110)	(28)	(42)
	16	(152)	(110)	(28)	(42)
Total		3,323	3,066	1,604	1,300

Income tax recognised in other comprehensive income

	Consolidated financial statements					
	Before tax	2016 Tax income	Net of tax	Before tax	2015 Tax income	Net of tax
	(in million Baht)					
Defined benefit plan actuarial losses	172	(30)	142	169	(34)	135
Total	172	(30)	142	169	(34)	135

	Separate financial statements					
	Before tax	2016 Tax income	Net of tax	Before tax	2015 Tax income	Net of tax
	(in million Baht)					
Defined benefit plan actuarial losses	114	(23)	91	116	(23)	93
Total	114	(23)	91	116	(23)	93

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

Reconciliation of effective tax rate

Applicable tax rate (%)	Consolidated financial statements			
	0%	20%	Other	Total
		(in million Baht)		
2016				
Accounting profit (loss) before income tax expense	92	20,220	(170)	20,142
Income tax at the applicable tax rates	-	4,044	-	4,044
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit	-	(706)	-	(706)
Over provided in prior year	-	(15)	-	(15)
Net	-	3,323	-	3,323
2015				
Accounting profit (loss) before income tax expense	37	17,042	(195)	16,884
Income tax at the applicable tax rates	-	3,408	-	3,408
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit	-	(338)	-	(338)
Over provided in prior year	-	(4)	-	(4)
Net	-	3,066	-	3,066

Applicable tax rate (%)	Separate financial statements	
	20%	20%
	2016	2015
	(in million Baht)	
Accounting profit before income tax expense	15,703	12,677
Income tax at the applicable tax rates	3,141	2,535
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit	(1,537)	(1,235)
Net	1,604	1,300

Income tax reduction

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

35 Promotional privileges

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

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

Revenue from sales of goods under the promoted business of the subsidiary for the years ended 31 December 2016 and 2015 were as follows:

	Consolidated financial statements	
	2016	2015
	<i>(in million Baht)</i>	
Export sales	-	29
Domestic sales	5,634	6,907
Total	5,634	6,936

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

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

36 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2016 and 2015 are based on the profit for the years attributable to ordinary shareholders of the Company less cumulative interest payment on subordinated perpetual debentures and the weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht/million shares)</i>			
Profit for the year attributable to shareholders of the Company	16,677	13,682	14,099	11,376
Less: cumulative interest payment on subordinated perpetual debentures	(35)	-	(35)	-
Profit used in calculation of basic earnings per share	16,642	13,682	14,064	11,376
Weighted average number of ordinary shares outstanding during the year	8,983	8,983	8,983	8,983
Basic earnings per share (in Baht)	1.85	1.52	1.57	1.27

37 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. 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. The dividends were paid to the Company's shareholders on 20 May 2015.

38 Financial instruments

Financial risk management policies

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

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

Capital management

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

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

Interest rate risk

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

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

Consolidated financial statements					
	Effective Interest rate Per annum (%)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2016					
Current					
- Time deposits	0.40 - 2.25	6	-	-	6
- Debt securities	1.15 - 1.50	1,370	-	-	1,370
Total		1,376	-	-	1,376
2015					
Current					
- Time deposits	0.85 - 2.25	22	-	-	22
- Debt securities	1.60 - 1.75	1,380	-	-	1,380
Total		1,402	-	-	1,402
Separate financial statements					
	Effective Interest rate Per annum (%)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2016					
Current					
Short-term loans to subsidiaries	4.75	4,825	-	-	4,825
Total		4,825	-	-	4,825
2015					
Current					
Short-term loans to subsidiary	4.75	2,900	-	-	2,900
Total		2,900	-	-	2,900

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

The effective interest rates of interest-bearing liabilities as at 31 December and the periods in which interest-bearing liabilities mature were as follows:

	Effective Interest rate Per annum (%)	Consolidated financial statements			Total
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	
2016					
Current					
- Promissory notes and bill of exchanges	1.70	3,080	-	-	3,080
- Liabilities under trust receipts	2.07 - 2.18	325	-	-	325
- Short-term borrowings from financial institutions	2.90 - 6.65	111	-	-	111
- Current portion of debentures	3.45 - 3.71	25,937	-	-	25,937
- Current portion of long-term borrowings from financial institutions	Interest rate as stipulated on agreement	2,000	-	-	2,000
- Current portion of liabilities under finance leases	9.00	101	-	-	101
Total		31,554	-	-	31,554
Non-current					
- Debentures	2.49 - 5.35	-	82,418	71,804	154,222
- Long-term borrowings from financial institutions	Interest rate as stipulated on agreement	-	2,000	585	2,585
- Liabilities under finance leases	9.00	-	355	390	745
- Guarantee deposits payable to franchisees	1.38 - 2.00	-	77	3,220	3,297
Total		-	84,850	75,999	160,849
2015					
Current					
- Promissory notes and bill of exchanges	1.65 - 2.51	11,210	-	-	11,210
- Liabilities under trust receipts	2.25 - 2.70	579	-	-	579
- Short-term borrowings from financial institutions	2.60 - 2.98	92	-	-	92
- Current portion of debentures	4.10	11,841	-	-	11,841
- Current portion of liabilities under finance leases	9.00	80	-	-	80
Total		23,802	-	-	23,802

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

	Effective Interest rate Per annum (%)	Within 1 year	Consolidated financial statements			Total
			After 1 year but within 5 years (in million Baht)	After 5 years		
Non-current						
- Debentures	2.98 - 5.35	-	83,668	77,491		161,159
- Long-term borrowings from financial institutions	Fixed rate as stipulated on agreement	-	4,000	-		4,000
- Liabilities under finance leases	9.00	-	311	214		525
- Guarantee deposits payable to franchisees	1.37 - 2.00	-	85	2,961		3,046
Total		-	88,064	80,666		168,730
	Effective Interest rate Per annum (%)	Within 1 year	Separate financial statements			Total
			After 1 year but within 5 years (in million Baht)	After 5 years		
2016						
Current						
- Current portion of debentures	3.45 - 3.71	25,937	-	-		25,937
Total		25,937	-	-		25,937
Non-current						
- Debentures	2.49 - 5.35	-	82,418	71,804		154,222
- Guarantee deposits payable to franchisees	1.38	-	-	3,220		3,220
Total		-	82,418	75,024		157,442
2015						
Current						
- Bill of exchanges	1.65 - 1.70	9,000	-	-		9,000
- Current portion of debentures	4.10	11,841	-	-		11,841
Total		20,841	-	-		20,841
Non-current						
- Debentures	2.98 - 5.35	-	83,668	77,491		161,159
- Guarantee deposits payable to franchisees	1.37 - 1.50	-	-	2,961		2,961
Total		-	83,668	80,452		164,120

Foreign currency risk

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

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

At 31 December 2016 and 2015 the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		Consolidated financial statements		Separate financial statements	
	Foreign currency	2016	2015	2016	2015
		(in million Baht)			
Cash and cash equivalents					
Foreign currency	China Renminbi	2,572	1,179	-	-
	United States Dollars	106	24	-	-
	Vietnamese Dong	11	5	-	-
	Hong Kong Dollars	1	-	-	-
Other investments					
Foreign currency	United States Dollars	4	19	-	-
	Hong Kong Dollars	-	1	-	-
Trade and other accounts receivable					
Foreign currency	United States Dollars	57	46	-	-
	Vietnamese Dong	29	24	-	-
	China Renminbi	18	31	-	-
	Swiss Franc	3	4	-	-
Forward currency contracts - to buy and sell	United States Dollars	26	26	-	-
	Swiss Franc	6	6	-	-
	Pound Sterling	-	8	-	-
Other current assets					
Foreign currency	China Renminbi	271	99	-	-
	Vietnamese Dong	2	5	-	-
	Myanmar Kyat	1	1	-	-
Short-term borrowings from financial institutions					
Foreign currency	United States Dollars	107	67	-	-
	Vietnamese Dong	3	-	-	-
Trade and other accounts payable					
Foreign currency	United States Dollars	660	575	-	-
	Euro	165	139	-	-
	Yen	43	204	-	-
	Pound Sterling	31	13	-	-
	Australian Dollars	27	56	-	-
	China Renminbi	21	61	-	-
	Vietnamese Dong	3	4	-	-
	Swiss Franc	1	-	-	-
	New Zealand Dollars	-	3	-	-
Forward currency contracts – to buy and sell	United States Dollars	308	1,070	-	-
	Euro	115	113	-	-
	Yen	84	916	-	-
	Australian Dollars	15	4	-	-
	Pound Sterling	-	22	-	-

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

		Consolidated		Separate	
		financial statements		financial statements	
Foreign currency		2016	2015	2016	2015
(in million Baht)					
Other current liabilities					
Foreign currency	China Renminbi	547	490	-	-
	Vietnamese Dong	3	3	-	-
	United States Dollars	1	-	-	-

Credit risk

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

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

Liquidity risk

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

Carrying amount and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. 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.

	Carrying amount	Consolidated financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
<i>(in million Baht)</i>					
31 December 2016					
<i>Financial assets and financial liabilities not measured at fair value</i>					
<i>Current</i>					
Debentures	25,937	-	26,114	-	26,114
Long-term borrowings from financial institutions	2,000	-	2,019	-	2,019
Finance lease liabilities	101	-	162	-	162
<i>Non-current</i>					
Debentures	154,222	-	160,183	-	160,183
Long-term borrowings from financial institutions	2,585	-	2,603	-	2,603
Finance lease liabilities	745	-	847	-	847
Accrued guarantee deposits	3,342	-	2,764	-	2,764

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

		Consolidated financial statements			
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
31 December 2015					
Financial assets and financial liabilities not measured at fair value					
Current					
Debentures	11,841	-	12,050	-	12,050
Finance lease liabilities	80	-	128	-	128
Non-current					
Debentures	161,159	-	170,106	-	170,106
Long-term borrowings from financial institutions	4,000	-	4,056	-	4,056
Finance lease liabilities	525	-	607	-	607
Accrued guarantee deposits	3,064	-	2,522	-	2,522
		Separate financial statements			
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
31 December 2016					
Financial assets and financial liabilities not measured at fair value					
Current					
Debentures	25,937	-	26,114	-	26,114
Non-current					
Debentures	154,222	-	160,183	-	160,183
Accrued guarantee deposits	3,220	-	2,642	-	2,642
31 December 2015					
Financial assets and financial liabilities not measured at fair value					
Current					
Debentures	11,841	-	12,050	-	12,050
Non-current					
Debentures	161,159	-	170,106	-	170,106
Accrued guarantee deposits	2,961	-	2,412	-	2,412

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

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

		Consolidated financial statement	
		2016	2015
		<i>(in million)</i>	
Forward currency contracts - to buy	Yen	270.4	3,026.3
	United States Dollars	8.5	29.5
	Euro	3.0	2.8
	Australian Dollars	0.6	0.2
	Pound Sterling	-	0.4
Forward currency contracts - to sell	United States Dollars	0.7	0.7
	Swiss Franc	0.2	0.2
	Pound Sterling	-	0.2

Fair value of forward currency contracts - to buy and forward currency contracts - to sell amounting to Baht 518 million and Baht 31 million, respectively. (2015: Baht 2,114 million and Baht 40 million, respectively).

Fair value hierarchy

The table above analyses recurring fair value measurements for financial assets and liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

Financial instruments not measured at fair value

Fair value for trade debentures have been determined base on quoted selling price from the Thai Bond Market Associated at the close of the business on the reporting date.

Fair value of forward currency contracts are derived from financial institutions as at the reporting date which calculated from financial models with reference to market input parameter.

Fair value for finance lease liabilities, long-term borrowing from financial institutions and accrued guarantee deposits were calculated by using discounted cash flow method.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

39 Supplemental disclosures of cash flows information

Property, plant and equipment and other intangible assets purchased during the years ended 31 December 2016 and 2015 are detailed as follows:

Property, plant and equipment

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		(in million Baht)			
Increase during the year	13	17,750	16,024	8,011	6,668
Add (less) - payables		453	205	203	(115)
- assets under finance leases		(327)	(131)	-	-
Purchase and paid by cash		17,876	16,098	8,214	6,553

Other intangible assets

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		(in million Baht)			
Increase during the year	15	714	865	384	305
Add (less) - payables		366	(194)	71	(22)
Purchase and paid by cash		1,080	671	455	283

40 Commitments with non-related parties

Capital commitments

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in million Baht)			
Contracted but not provided for (construction cost of new plants and installation cost of machinery, and computer system development costs)	421	1,671	-	-
Total	421	1,671	-	-

Future minimum lease payments under non-cancellable operating leases

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in million Baht)			
Within one year	5,481	4,979	4,947	4,548
After one year but within five years	7,988	7,070	6,253	5,672
After five years	6,660	6,270	2,226	2,219
Total	20,129	18,319	13,426	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 2017 and 2046.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

Other commitments

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in million Baht)			
Unused lettes of credit for purchase of goods and supplies	322	1,000	-	-
Total	322	1,000	-	-

Letters of guarantee

As at 31 December 2016 the Group has commitments under letters of guarantee with financial institutions, principally guarantee for utilities, rental agreements and others totaling Baht 1,273 million and United States Dollars 0.3 million (2015 : Baht 1,147 million and United States Dollars 0.3 million).

Significant agreements

As at 31 December 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 2017.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 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 November 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.
- (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 June 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.

41 Contingent liability

As at 31 December 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 financial statements for the year ended 31 December 2016.

On 14 November 2016 the Company and the plaintiff filed the petition with the supreme court. Both are presently on the process of providing against a petition to the court.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

42 Events after the reporting period

- 42.1 At the Board of Directors' meeting held on 8 August 2016 of a local subsidiary (Siam Makro Public Company Limited ("Siam Makro")), the subsidiary's Board of Directors approved Siam Food Services Limited ("Siam Food"), a wholly-owned subsidiary of Siam Makro, the following resolutions:
- 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 110.58 million or equivalent to approximately Baht 2,743.4 million (Currency Rate of Baht 24.81: SGD 1). The subsidiary has accomplished the terms according to the sale and purchase agreement and the share transfer has been completed on 26 January 2017. However, within 90 days from transaction date, it may be subject to increase or decrease in the value of the transaction based on the terms of sale and purchase agreement.
 - to increase Siam Food's authorised share capital of Baht 3,138 million (increase from Baht 45 million to Baht 3,183 million) by issue 31,380,000 new ordinary shares with the par value of Baht 100 per share and to call for paid-up share capital at 90% of Baht 2,824 million. In this regard, Siam Makro has a 99.99% shareholding in the subsidiary's paid-up share capital. The registration of the increase authorised share capital with the Ministry of Commerce was completed on 1 February 2017.
- 42.2 At the Board of Directors' meeting of a local subsidiary (Siam Makro Public Company Limited ("Siam Makro")) held on 8 November 2016, the subsidiary's Board of Directors approved to set up a foreign subsidiary, CP Wholesale India Private Limited (registered in India), which is owned 99.99% by Makro ROH Co., Ltd. (99.99% owned by Siam Makro). The main business of this subsidiary is wholesale and related businesses. The subsidiary would have the authorised share capital of Rupee 100 million. The incorporation was completed in January 2017.
- 42.3 At the Board of Directors' meeting of a local subsidiary (Siam Makro Public Company Limited ("Siam Makro")) held on 21 February 2017, the subsidiary's Board of Directors approved to propose to the annual general shareholders' meeting of the Company for approval to declare the dividends from the profit for the equity holders of the Company for the year 2016 of Baht 0.49 per share for 4,800 million ordinary shares, totaling Baht 2,352 million. The declaration of dividend payment must be approved by the shareholders' meeting of the subsidiary.
- 42.4 At the Board of Directors' meeting of the Company held on 23 February 2017, the Company's Board of Directors approved to propose to the annual general shareholders' meeting of the Company for approval to declare the dividends from the profit for the equity holders of the Company for the year 2016 of Baht 1 per share for 8,983 million ordinary shares, totaling Baht 8,983 million. The declaration of dividend payment must be approved by the shareholders' meeting of the Company.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

43 Thai Financial Reporting Standards not yet adopted

A number of new and revised Thai Financial Reporting Standards (“TFRS”) have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Group’s operations, which become effective for annual financial periods beginning on or after 1 January 2017, are set out below.

TFRS	Topic
TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events after the Reporting Period
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 27 (revised 2016)	Separate Financial Statements
TAS 33 (revised 2016)	Earnings per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible Assets
TAS 40 (revised 2016)	Investment Property
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments: Disclosure and Presentation
TFRS 3 (revised 2016)	Business Combinations
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 15 (revised 2016)	Operating Leases - Incentives
TSIC 25 (revised 2016)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions involving the Legal Form of a Lease
TSIC 31 (revised 2016)	Revenue - Barter Transactions involving Advertising Services
TSIC 32 (revised 2016)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

TFRS	Topic
TFRIC 13 (revised 2016)	Customer Loyalty Programmes
TFRIC 21 (revised 2016)	Levies
FAP Announcement no. 5/2559	Accounting guidance for derecognition of financial assets and financial liabilities

Management expects to adopt and apply these new and revised TFRS in accordance with the FAP's announcement and expects that there will be no material impact on the consolidated financial statements and separate financial statements in the year of initial application.