

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

Financial statements for the year ended
31 December 2017
and
Independent Auditor's Report



KPMG Phoomchai Audit Ltd.
Empire Tower, 50th-51st Floors
1 South Sathorn Road, Yannawa
Sathorn, Bangkok 10120, Thailand
Tel +66 2677 2000, Fax +66 2677 2222

บริษัท เคพีเอ็มจี ภูมิภาค ไทย สอบบัญชี จำกัด
ชั้น 50-51 เค็มไพร์ทาวเวอร์
1 ถนนสาทรใต้ แขวงยานนาวา
เขตสาทร กรุงเทพฯ 10120
โทร +66 2677 2000 แฟกซ์ +66 2677 2222

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 2017, 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 2017 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 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 10 to the financial statements	
The key audit matter	How the matter was addressed in the audit
<p>The valuation of inventories was focused on because the estimation of net realisable value of inventories involves management's judgment relating to estimate quantity and valuation for deteriorated, damaged, obsolete and slow-moving and shrinkage inventories.</p>	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> - Understood the inventory control and management policy and the estimation of net realisable value of inventories. - Tested a sample of the aging of inventory and the reasonableness of assumptions used to set the percentage of deteriorated, damaged, obsolete, slow-moving and shrinkage inventories determined by management and compared that percentage with information for destruction and shrinkage inventories. - Tested a sample of selling prices post year-end and the estimated costs to make the sale with related documents including recalculation of net realisable value. - Considered the adequacy of the Group's disclosures in accordance with Thai Financial Reporting Standards.

Acquisition of business	
Refer to note 3 (a) and 4 to the financial statements	
The key audit matter	How the matter was addressed in the audit
<p>On 26 January 2017, the Group acquired 4 companies, which are engaging in food services business. During 2017, the Group had completed assessing the fair value of the net assets acquired resulting in the recording of goodwill of Baht 2,256 million and intangible assets - trademark and customer relationship in the consolidated statement of financial position as at 31 December 2017 of Baht 449 million and Baht 59 million, respectively.</p> <p>I considered this as the key audit matter because the accounting for the business combination is complex and the identification and fair value measurement of assets acquired and liabilities assumed requires significant judgment and the amount of this business combination is significant.</p>	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> - Read the sale and purchase agreement and analysis memorandum of business combination prepared by the Group to understand key terms and conditions. - Evaluated the qualifications and independence of the independent valuer of the Group. - Evaluated the assessment by the Group of the identification of all the assets acquired and liabilities assumed and consideration transferred. - Consulted the valuation specialist to evaluate appropriateness of the key assumptions and the financial methodologies. - Tested calculation. - Considered the adequacy of the Group's disclosures in accordance with Thai Financial Reporting Standards.



Impairment of goodwill and other intangible assets	
Refer to note 3 (k), 3 (m), 4, 15 and 16 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 included the following:</p> <ul style="list-style-type: none">- Understood the process of the estimated recoverable amount to assess the impairment.- Considered the key assumptions in the estimated recoverable amount reports, which were approved by management, by comparing the actual operation results, industry trends and information derived from external and internal sources and consulted with valuation specialists relating to financial methodologies used by the Group and discount rate and performed sensitivity analysis around the key assumptions.- 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.

my



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.

A handwritten signature in black ink, appearing to read 'Munchupa S.' with a stylized flourish at the end.

(Munchupa Singsuksawat)
Certified Public Accountant
Registration No. 6112

KPMG Phoomchai Audit Ltd.
Bangkok
22 February 2018

CP ALL Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2017	2016	2017	2016
		(in Baht)			
Current assets					
Cash and cash equivalents	6	28,878,805,807	33,443,165,713	17,651,393,427	23,734,915,516
Current investments	7	1,384,828,450	1,375,805,321	-	-
Trade accounts receivable	5, 8	1,600,923,067	1,026,397,342	123,933,134	135,154,279
Other current receivables	5, 9	6,711,808,665	6,633,062,701	4,642,187,758	4,672,571,659
Short-term loans to subsidiaries	5	-	-	4,700,000,000	4,825,000,000
Inventories	5, 10	27,376,288,301	26,704,519,921	12,723,675,751	11,768,808,006
Other current assets	11	620,614,659	716,180,652	380,037,397	622,674,568
Total current assets		66,573,268,949	69,899,131,650	40,221,227,467	45,759,124,028
Non-current assets					
Investments in subsidiaries	12	-	-	206,833,435,450	205,536,615,465
Investment in related company	5	34,000,000	34,000,000	34,000,000	34,000,000
Other long-term investments		411,582	411,582	-	-
Other non-current receivables	5, 9	1,398,280,779	1,529,604,723	1,117,061,842	1,058,318,882
Investment properties		332,832,502	332,832,502	-	-
Property, plant and equipment	5, 14	106,394,003,141	99,127,338,210	28,293,610,814	25,638,562,200
Goodwill	15	128,328,020,219	126,072,806,116	-	-
Leasehold rights		4,075,075,362	3,310,401,353	350,572,697	353,623,206
Other intangible assets	5, 16	51,249,433,794	50,276,019,608	1,329,559,931	1,085,225,352
Deferred tax assets	17	914,761,384	837,609,277	427,728,693	397,024,902
Other non-current assets	18	998,477,965	847,897,641	1,102,560,662	1,009,597,854
Total non-current assets		293,725,296,728	282,368,921,012	239,488,530,089	235,112,967,861
Total assets		360,298,565,677	352,268,052,662	279,709,757,556	280,872,091,889

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	
		2017	2016	2017	2016
		<i>(in Baht)</i>			
Current liabilities					
Short-term borrowings from					
financial institutions	19	4,325,529,841	3,515,916,378	-	-
Trade accounts payable	5, 20	74,742,349,126	66,958,801,792	38,336,434,575	33,621,093,859
Other payables	5, 21	14,079,123,589	13,229,465,176	16,848,314,053	15,624,826,365
Current portion of debentures	19	14,747,000,000	25,937,000,000	14,747,000,000	25,937,000,000
Current portion of long-term					
borrowings from financial					
institutions	19	2,031,562,129	2,000,000,000	-	-
Current portion of finance					
lease liabilities	19	118,346,596	101,129,260	-	-
Income tax payable		1,206,249,753	1,063,027,985	269,692,579	310,253,344
Other current liabilities		856,797,848	1,012,769,720	571,934,035	598,425,164
Total current liabilities		112,106,958,882	113,818,110,311	70,773,375,242	76,091,598,732
Non-current liabilities					
Debentures	19	140,877,900,000	154,221,800,000	140,877,900,000	154,221,800,000
Long-term borrowings from					
financial institutions	19	4,250,087,159	2,585,234,699	-	-
Finance lease liabilities	19	687,562,120	744,891,779	-	-
Provisions for employee benefits	22	2,787,297,899	2,521,712,537	1,537,960,822	1,395,639,438
Accrued guarantee deposits	23	3,592,742,121	3,342,475,313	3,457,758,770	3,220,006,053
Deferred tax liabilities	17	15,170,073,335	15,154,065,090	-	-
Other non-current liabilities		597,163,890	276,558,816	74,665,633	30,391,263
Total non-current liabilities		167,962,826,524	178,846,738,234	145,948,285,225	158,867,836,754
Total liabilities		280,069,785,406	292,664,848,545	216,721,660,467	234,959,435,486

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

CP ALL Public Company Limited and its Subsidiaries

Statement of financial position

Liabilities and equity <i>(Continued)</i>	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2017	2016	2017	2016
		<i>(in Baht)</i>			
Equity					
Share capital	24				
Authorised share capital		<u>8,986,296,048</u>	<u>8,986,296,048</u>	<u>8,986,296,048</u>	<u>8,986,296,048</u>
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		45,728,253,122	35,343,853,721	31,511,524,662	24,392,313,676
Other components of equity		<u>(1,871,909,946)</u>	<u>(1,668,028,969)</u>	-	-
Total		<u>55,423,761,403</u>	<u>45,243,242,979</u>	<u>43,078,942,889</u>	<u>35,959,731,903</u>
Subordinated perpetual debentures	26	<u>19,909,154,200</u>	<u>9,952,924,500</u>	<u>19,909,154,200</u>	<u>9,952,924,500</u>
Equity attributable to equity					
holders of the Company		75,332,915,603	55,196,167,479	62,988,097,089	45,912,656,403
Non-controlling interests	13	<u>4,895,864,668</u>	<u>4,407,036,638</u>	-	-
Total equity		<u>80,228,780,271</u>	<u>59,603,204,117</u>	<u>62,988,097,089</u>	<u>45,912,656,403</u>
Total liabilities and equity		<u>360,298,565,677</u>	<u>352,268,052,662</u>	<u>279,709,757,556</u>	<u>280,872,091,889</u>

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 31 December		For the year ended 31 December	
		2017	2016	2017	2016
		<i>(in Baht)</i>			
Revenues	5				
Revenue from sale of goods and rendering of services		471,069,225,169	434,711,870,911	278,751,086,839	256,401,027,194
Interest income		238,501,420	229,690,303	363,751,532	308,173,491
Dividend income		182,701	163,239	5,472,621,331	4,470,886,226
Net foreign exchange gain		-	77,085,537	-	4,254
Other income	28	18,095,340,480	16,920,037,788	17,996,860,731	17,065,679,950
Total revenues		489,403,249,770	451,938,847,778	302,584,320,433	278,245,771,115
Expenses	5				
Cost of sale of goods and rendering of services	10	366,002,294,766	339,688,047,959	200,515,856,459	183,850,369,455
Distribution costs	10, 29	77,299,851,358	71,190,584,103	65,297,505,088	60,558,714,358
Administrative expenses	30	14,601,877,254	12,475,467,985	10,946,347,799	9,978,606,717
Net foreign exchange loss		539,437	-	15,883	-
Finance costs	33	7,992,599,228	8,442,319,828	7,643,856,164	8,154,747,068
Total expenses		465,897,162,043	431,796,419,875	284,403,581,393	262,542,437,598
Profit before income tax expense		23,506,087,727	20,142,427,903	18,180,739,040	15,703,333,517
Income tax expense	34	3,487,045,675	3,323,335,940	1,563,042,248	1,604,276,115
Profit for the year		20,019,042,052	16,819,091,963	16,617,696,792	14,099,057,402
Profit attributable to:					
Equity holders of the Company		19,907,708,161	16,676,510,405	16,617,696,792	14,099,057,402
Non-controlling interests	13	111,333,891	142,581,558	-	-
Profit for the year		20,019,042,052	16,819,091,963	16,617,696,792	14,099,057,402
Basic earnings per share (Baht)	36	2.14	1.85	1.77	1.57

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

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

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2017	2016	2017	2016
		<i>(in Baht)</i>			
Profit for the year		20,019,042,052	16,819,091,963	16,617,696,792	14,099,057,402
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Exchange differences on translating financial statement		(222,219,626)	(555,881,507)	-	-
		<u>(222,219,626)</u>	<u>(555,881,507)</u>	<u>-</u>	<u>-</u>
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Loss on remeasurement of defined benefit plans	22, 34	(50,608,119)	(172,406,411)	(19,230,572)	(113,993,355)
Income tax relating to components of other comprehensive income on losses on remeasurement of defined benefit plans	17, 34	9,817,033	30,138,265	3,846,114	22,798,671
		<u>(40,791,086)</u>	<u>(142,268,146)</u>	<u>(15,384,458)</u>	<u>(91,194,684)</u>
Other comprehensive income for the year, net of income tax		(263,010,712)	(698,149,653)	(15,384,458)	(91,194,684)
Total comprehensive income for the year		19,756,031,340	16,120,942,310	16,602,312,334	14,007,862,718
Total comprehensive income attributable to:					
Equity holders of the Company		19,663,619,772	15,978,592,734	16,602,312,334	14,007,862,718
Non-controlling interests	13	92,411,568	142,349,576	-	-
Total comprehensive income for the year		19,756,031,340	16,120,942,310	16,602,312,334	14,007,862,718

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						
Note	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated	Exchange differences on translating financial statement	Differences on acquisition of non-controlling interests	Total other components of equity	Subordinated perpetual debentures	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
	8,983,101,348	1,684,316,879	900,000,000	35,343,853,721	(525,443,344)	(1,142,585,625)	(1,668,028,969)	9,952,924,500	55,196,167,479	4,407,036,638	59,603,204,117
37	-	-	-	(8,983,101,348)	-	-	-	-	(8,983,101,348)	(90,654,511)	(9,073,755,859)
	8,983,101,348	1,684,316,879	900,000,000	(8,983,101,348)	(525,443,344)	(1,142,585,625)	(1,668,028,969)	9,952,924,500	55,196,167,479	4,407,036,638	59,603,204,117
<i>Distributions to equity holders</i>											
<i>Dividends</i>											
<i>Total distributions to equity holders</i>											
<i>Changes in ownership interests in subsidiaries</i>											
Acquisition of subsidiaries with non-controlling interests											
Called for additional paid-up share capital from subsidiaries											
	-	-	-	-	-	-	-	-	-	205,555,158	205,555,158
	-	-	-	-	-	-	-	-	-	281,515,815	281,515,815
	-	-	-	-	-	-	-	-	-	487,070,973	487,070,973
	-	-	-	(8,983,101,348)	-	-	-	-	(8,983,101,348)	396,416,462	(8,586,684,886)
<i>Total transactions with equity holders, recorded directly in equity</i>											
<i>Comprehensive income for the year</i>											
	-	-	-	19,907,708,161	-	-	-	-	19,907,708,161	111,333,891	20,019,042,052
	-	-	-	(40,207,412)	(203,880,977)	-	(203,880,977)	-	(244,088,389)	(18,922,323)	(263,010,712)
	-	-	-	19,867,500,749	(203,880,977)	-	(203,880,977)	-	19,663,619,772	92,411,568	19,756,031,340
<i>Issuance of subordinated perpetual debentures</i>											
26	-	-	-	-	-	-	-	9,956,229,700	9,956,229,700	-	9,956,229,700
<i>Interest payment on subordinated perpetual debentures</i>											
26	-	-	-	(500,000,000)	-	-	-	-	(500,000,000)	-	(500,000,000)
	8,983,101,348	1,684,316,879	900,000,000	45,728,253,122	(729,324,321)	(1,142,585,625)	(1,871,909,946)	19,909,154,200	75,332,915,603	4,895,864,668	80,228,780,271

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
Note	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated	Exchange differences on translating financial statement	Differences on acquisition of non-controlling interests <i>(in Baht)</i>	Total other components of equity	Subordinated perpetual debentures	Equity attributable to equity holders of the Company	Non-controlling interests	
For the year ended 31 December 2016											
Balance at 1 January 2016	8,983,101,348	1,684,316,879	900,000,000	26,894,168,922	30,439,934	(1,142,585,625)	(1,112,145,691)	-	37,349,441,458	4,326,296,038	41,675,737,496
Transactions with equity holders, recorded directly in equity											
<i>Distributions to equity holders</i>											
Dividends	-	-	-	(8,084,791,213)	-	-	-	-	(8,084,791,213)	(82,499,566)	(8,167,290,779)
<i>Total distributions to equity holders</i>	-	-	-	(8,084,791,213)	-	-	-	-	(8,084,791,213)	(82,499,566)	(8,167,290,779)
<i>Changes in ownership interests in subsidiaries</i>											
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	-	-	-	-	20,890,590	20,890,590
<i>Total changes in ownership interests in subsidiaries</i>	-	-	-	-	-	-	-	-	-	20,890,590	20,890,590
Total transactions with equity holders, recorded directly in equity	-	-	-	(8,084,791,213)	-	-	-	-	(8,084,791,213)	(61,608,976)	(8,146,400,189)
Comprehensive income for the year											
Profit	-	-	-	16,676,510,405	-	-	-	-	16,676,510,405	142,581,558	16,819,091,963
Other comprehensive income	-	-	-	(142,034,393)	(555,883,278)	-	(555,883,278)	-	(697,917,671)	(231,982)	(698,149,653)
Total comprehensive income for the year	-	-	-	16,534,476,012	(555,883,278)	-	(555,883,278)	-	15,978,592,734	142,349,576	16,120,942,310
Issuance of subordinated perpetual debentures	-	-	-	-	-	-	-	9,952,924,500	9,952,924,500	-	9,952,924,500
Balance at 31 December 2016	8,983,101,348	1,684,316,879	900,000,000	35,343,853,721	(525,443,344)	(1,142,585,625)	(1,668,023,969)	9,952,924,500	55,196,167,479	4,407,036,638	59,603,204,117

26

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

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

	Separate financial statements						Total equity
	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated	Subordinated perpetual debentures		
Note	<i>(in Baht)</i>						
For the year ended 31 December 2017							
Balance at 1 January 2017	8,983,101,348	1,684,316,879	900,000,000	24,392,313,676	9,952,924,500	45,912,656,403	
Transactions with equity holders, recorded directly in equity							
<i>Distributions to equity holders</i>							
Dividends	-	-	-	(8,983,101,348)	-	(8,983,101,348)	
Total transactions with equity holders, recorded directly in equity	-	-	-	(8,983,101,348)	-	(8,983,101,348)	
Comprehensive income for the year							
Profit	-	-	-	16,617,696,792	-	16,617,696,792	
Other comprehensive income	-	-	-	(15,384,458)	-	(15,384,458)	
Total comprehensive income for the year	-	-	-	16,602,312,334	-	16,602,312,334	
Issuance of subordinated perpetual debentures	-	-	-	-	9,956,229,700	9,956,229,700	
Interest payment on subordinated perpetual debentures	-	-	-	(500,000,000)	-	(500,000,000)	
Balance at 31 December 2017	8,983,101,348	1,684,316,879	900,000,000	31,511,524,662	19,909,154,200	62,988,097,089	

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

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

	Note	Separate financial statements					Total equity
		Issued and paid-up share capital	Premium on ordinary shares	Retained earnings	Subordinated perpetual debentures		
				Legal reserve	Unappropriated		
				(in Baht)			
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	26	-	-	-	-	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 cash flows

	Note	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
		2017	2016	2017	2016
(in Baht)					
Cash flows from operating activities					
Profit for the year		20,019,042,052	16,819,091,963	16,617,696,792	14,099,057,402
<i>Adjustments to reconcile profit to cash receipts</i>					
Depreciation	14, 32	8,744,367,811	7,531,514,686	5,349,808,290	4,695,945,107
Amortisation of leasehold rights	32	281,115,986	272,668,676	109,789,207	113,356,105
Amortisation of other intangible assets	16, 32	532,693,903	509,824,680	183,179,483	170,342,502
Interest income		(238,501,420)	(229,690,303)	(363,751,532)	(308,173,491)
Dividend income		(182,701)	(163,239)	(5,472,621,331)	(4,470,886,226)
Finance costs	33	7,992,599,228	8,442,319,828	7,643,856,164	8,154,747,068
Income tax expense	34	3,487,045,675	3,323,335,940	1,563,042,248	1,604,276,115
Provisions for employee benefits	22	292,894,527	265,437,616	147,590,112	137,295,439
Reversal of allowance for losses on decline in value of inventories	10	(30,832,722)	(61,448,372)	(33,125,785)	(23,812,867)
(Reversal of) impairment for losses on property, plant and equipment	14	4,470,000	(7,230,000)	-	-
Impairment for losses on other intangible assets	16	2,500,000	-	-	-
Bad and doubtful debts expenses	8, 9	17,845,869	12,187,265	6,811,984	5,265,577
Unrealised (gain) loss on exchange		(15,695,822)	33,250,913	-	-
Gain on disposal of investment properties		-	(749,056)	-	-
Loss on disposal and write-off of property, plant and equipment		110,013,847	29,784,778	91,586,105	29,059,367
Gain on disposal of leasehold rights		(8,944,109)	(12,522,420)	(8,944,109)	(12,522,420)
Loss on disposal and write-off of other intangible assets		48,846	-	48,846	-
		<u>41,190,480,970</u>	<u>36,927,612,955</u>	<u>25,834,966,474</u>	<u>24,193,949,678</u>
Changes in operating assets and liabilities					
Trade accounts receivable		(28,187,843)	(172,889,978)	11,221,145	(7,687,390)
Other receivables		(18,077,775)	(1,263,988,321)	(48,921,401)	(651,419,138)
Inventories		(301,254,520)	(1,571,418,745)	(921,741,960)	(1,123,249,566)
Other current assets		113,573,987	1,814,638,769	240,152,953	1,814,629,264
Other non-current assets		(163,008,327)	(299,651,400)	(92,962,808)	457,688,717
Trade accounts payable		7,529,126,007	4,336,248,197	4,715,340,716	813,712,563
Other payables		1,179,093,305	1,054,485,919	1,473,552,805	947,359,416
Other current liabilities		(160,359,728)	254,695,431	(26,491,129)	143,114,077

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		Separate	
		financial statements		financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in Baht)</i>			
Provisions for employee benefits paid	22	(82,251,793)	(16,256,863)	(29,256,600)	(6,558,630)
Transferred in of provisions for employee benefits	22	1,208,160	632,200	4,757,300	1,319,600
Accrued guarantee deposits		250,266,808	278,489,499	237,752,717	259,178,758
Other non-current liabilities		147,794,379	142,384,797	44,274,370	30,391,263
Net cash generated from operating activities		49,658,403,630	41,484,982,460	31,442,644,582	26,872,428,612
Income tax paid		(3,502,425,687)	(3,545,531,914)	(1,630,460,691)	(1,710,278,698)
Net cash from operating activities		46,155,977,943	37,939,450,546	29,812,183,891	25,162,149,914
 Cash flows from investing activities					
Interest received		270,653,328	197,872,783	377,501,890	286,930,263
Dividends received		182,701	163,239	5,472,621,331	4,470,886,226
Acquisition of current investments	7	(2,030,841,607)	(2,757,000,000)	-	-
Proceeds from sale of current investments	7	2,021,402,472	2,783,250,140	-	-
Cash outflow on short-term loans to subsidiaries	5	-	-	(610,000,000)	(1,992,000,000)
Proceeds from repayment of short-term loans to subsidiaries	5	-	-	735,000,000	67,000,000
Acquisition of investments in subsidiaries	12	-	-	(1,296,819,985)	(2,936,984,000)
Acquisition of investment in related company	5	-	(10,000,000)	-	(10,000,000)
Proceeds from sale of investment properties		-	1,116,563	-	-
Acquisition of property, plant and equipment	39	(15,976,344,273)	(17,875,623,316)	(8,029,604,403)	(8,214,091,270)
Proceeds from sale of property, plant and equipment		166,686,200	284,223,637	122,015,956	89,321,502
Acquisition of leasehold rights		(1,066,731,257)	(352,577,084)	(108,386,187)	(80,403,438)
Proceeds from sale of leasehold rights		13,120,816	12,793,783	13,075,816	12,793,783
Acquisition of other intangible assets	39	(1,060,471,319)	(1,079,916,911)	(450,626,949)	(455,484,693)
Proceeds from sale of other intangible assets		2,284,359	1,533,826	71,640	-
Net cash outflows on acquisition of subsidiaries	4	(2,720,264,199)	-	-	-
Net cash used in investing activities		(20,380,322,779)	(18,794,163,340)	(3,775,150,891)	(8,762,031,627)

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 31 December		For the year ended 31 December	
		2017	2016	2017	2016
<i>(in Baht)</i>					
Cash flows from financing activities					
Interest paid		(8,325,271,533)	(8,260,805,751)	(8,060,101,896)	(8,021,739,916)
Interest paid on subordinated perpetual debentures	26	(500,000,000)	-	(500,000,000)	-
Dividends paid to equity holders of the Company		(8,982,782,893)	(8,084,896,388)	(8,982,782,893)	(8,084,896,388)
Dividends paid to non-controlling interests		(90,654,511)	(82,499,566)	-	-
Payment by lessee for reduction of the outstanding liabilities relating to a finance lease		(180,596,740)	(146,747,222)	-	-
Increase (decrease) in short-term borrowings from financial institutions	19	434,669,640	(8,367,065,412)	-	(9,000,000,000)
Proceeds from issue of debentures	19	25,500,000,000	19,000,000,000	25,500,000,000	19,000,000,000
Repayment of debentures	19	(50,033,900,000)	(11,841,200,000)	(50,033,900,000)	(11,841,200,000)
Increase in long-term borrowings from financial institutions	19	1,821,279,374	576,507,800	-	-
Proceeds from issue of subordinated perpetual debentures	26	9,956,229,700	9,952,924,500	9,956,229,700	9,952,924,500
Acquisition of subsidiaries with non-controlling interests		-	20,890,590	-	-
Proceeds from called for additional paid-up share capital from subsidiaries		281,515,815	-	-	-
Net cash used in financing activities		(30,119,511,148)	(7,232,891,449)	(32,120,555,089)	(7,994,911,804)
Net increase (decrease) in cash and cash equivalents, before effect of exchange rates		(4,343,855,984)	11,912,395,757	(6,083,522,089)	8,405,206,483
Effect of exchange rate changes on cash and cash equivalents		(220,503,922)	12,518,372	-	-
Net increase (decrease) in cash and cash equivalents		(4,564,359,906)	11,924,914,129	(6,083,522,089)	8,405,206,483
Cash and cash equivalents at 1 January		33,443,165,713	21,518,251,584	23,734,915,516	15,329,709,033
Cash and cash equivalents at 31 December	6	28,878,805,807	33,443,165,713	17,651,393,427	23,734,915,516

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 2017

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Business combination by acquisition of shares
5	Related parties
6	Cash and cash equivalents
7	Current investments
8	Trade accounts receivable
9	Other receivables
10	Inventories
11	Other current assets
12	Investments in subsidiaries
13	Non-controlling interests
14	Property, plant and equipment
15	Goodwill
16	Other intangible assets
17	Deferred income tax
18	Other non-current assets
19	Interest-bearing liabilities
20	Trade accounts payable
21	Other payables
22	Provisions for employee benefits
23	Accrued guarantee deposits
24	Share capital
25	Reserves
26	Subordinated perpetual debentures
27	Segment information
28	Other income
29	Distribution costs
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	Reclassification of accounts

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

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 22 February 2018.

1 General information

CP ALL Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 313 C.P. Tower, 24th Floor, 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 2017 was 10,268 stores (2016: 9,542 stores).

	2017	2016
	<i>(number of stores)</i>	
The Company owns and manages convenience stores	4,530	4,205
The Company franchises the license to other retailers		
- under management agreements	5,017	4,645
- under sub-license agreements	721	692
Total	<u>10,268</u>	<u>9,542</u>

Details of the Company’s subsidiaries as at 31 December 2017 and 2016 are given in note 12 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 2017. 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 2017

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 2018 and have not been adopted in the preparation of these financial statements. The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

(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 material adjustments to the amounts recognised in the financial statements is included in the following notes to the financial statements:

Note 4	Acquisition of subsidiaries: fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis
Notes 14, 15 to 16	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 these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market 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 as follow:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as selling prices) or indirectly (i.e. derived from prices).
- Level 3: unobservable inputs for the asset or liability.

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 included in note 4 and 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, as describe in subsidiaries section, 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. Any gain on bargain purchase is recognised in profit or loss immediately.

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.

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

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.

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 or at its proportionate interest in the identifiable net assets of the acquiree.

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.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

Foreign entities

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

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

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

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

When a foreign entity 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 entity 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 entity 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 entity and are recognised in other comprehensive income, and presented in the exchange differences on translating financial statement 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 amortised 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. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

(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.

(g) Inventories

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 of the Group 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 net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

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

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

(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 measured at cost less accumulated impairment losses.

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 measured 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.

Any 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 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 accumulated 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.

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

Depreciation

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

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

Buildings and improvements	3 - 50 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.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

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, 10 and 15 years

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 measured 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.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

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.

(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.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

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.

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 and volume rebates.

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.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

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.

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.

(t) 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 period of time to be prepared for its intended use or sale.

(u) Operating leases

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.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

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.

(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.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

(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 year attributable to ordinary shareholders of the Company less cumulative interest for the year on subordinated perpetual debentures whether it has been accrued or not by the weighted average number of ordinary shares outstanding during the year.

(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 Business combination by acquisition of shares

At the Board of Directors’ meeting of a local subsidiary (Siam Makro Public Company Limited (“Siam Makro”)) held on 8 August 2016, the subsidiary’s Board of Directors approved Siam Food Services Limited (“SFS”), a wholly-owned subsidiary of Siam Makro to enter into a sale and purchase agreement dated 31 October 2016 with non-related persons of Siam Makro (the “sellers”) for an acquisition of ordinary shares at 80% shareholding each of 4 companies, which are engaging in food services business, namely Indoguna (Singapore) Pte Ltd (a company incorporated in Singapore), Indoguna Dubai L.L.C (a company incorporated in the United Arab Emirates), Just Meat Company Limited and Indoguna Lordly Company Limited (formerly “Lordly Company Limited”) (both companies incorporated in Hong Kong Special Administrative Region of the People’s Republic of China), with a cash payment amounting to SGD 110.6 million, which is equivalent to Baht 2,744 million (exchange rate of Baht 24.81: SGD 1). SFS has accomplished the terms according to the sale and purchase agreement and the share transfer has been completed on 26 January 2017 (“the acquisition date”). Conditionally, within 90 days from the acquisition date, SFS can propose the adjusted acquisition value (“the additional acquisition value”) in accordance with the terms of the sale and purchase agreement. On 27 June 2017, SFS and the sellers agreed to adjust value of additional acquisition value amounting to Baht 101 million; and the payment was completed on 17 July 2017. In addition, SFS still have an obligation to make a contingent consideration in accordance with EBITDA as stipulated in the agreement.

On 26 January 2017 (“the acquisition date”), SFS has control over the 4 subsidiaries, details are as follows:

	Number of direct holding shares	(%)	Number of indirect holding shares	(%)	Total holding shares	(%)
Indoguna (Singapore) Pte Ltd						
- Ordinary shares	985,263	80	-	-	985,263	80
Total	985,263	80	-	-	985,263	80
Indoguna Dubai L.L.C						
- Ordinary shares	117	39	123*	41*	240	80
Total	117	39	123	41	240	80
Just Meat Company Limited						
- Ordinary shares	800	80	-	-	800	80
Total	800	80	-	-	800	80

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

	Number of direct holding shares	(%)	Number of indirect holding shares	(%)	Total holding shares	(%)
Indoguna Lordly Company Limited (formerly “Lordly Company Limited”) - Ordinary shares	8,000	80	-	-	8,000	80
Total	8,000	80	-	-	8,000	80

* Owned by nominee holders.

The Group has applied Thai Financing Reporting Standards (“TFRS”) No. 3 (revised 2016) *Business Combinations* to recognise the business combination transactions. The following summarises the major classes of consideration transferred, and the recognised amounts of identifiable assets acquired and liabilities assumed.

Consideration transferred and transferable

(in million Baht)

Cash paid	2,845
Contingent consideration as stipulated in the agreement	232
Total	3,077

Contingent consideration

As stipulated in the agreement, SFS agreed to make an additional contingent consideration to the seller when the seller achieves targeted EBITDA.

SFS recorded contingent consideration determined by the best estimate, amounting to Baht 232 million (fair value at the acquisition date), based on discount rates at 2.06% per annum in 2018 and 2.12% per annum in 2019.

The following tables show the valuation technique and the key unobservable inputs used in the determination of fair value of the contingent consideration.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The fair value is determined considering the expected payment, discounted to present value using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of conditions as stipulate in the agreement, the amount to be paid under each scenario, and the probability of each scenario.	<ul style="list-style-type: none"> • Risk-adjusted discount rate (at 2.06% per annum and 2.12% per annum) • Forecast EBITDA margin 	<ul style="list-style-type: none"> • The estimated fair value would increase if the risk-adjusted discount rate was lower. • The estimated fair value will be decreased if the EBITDA will not achieve in accordance with conditions stipulated in the agreement.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

For the fair value of contingent consideration, changing one or more of the significant unobservable inputs used to reasonably possible alternative assumptions would have the effects. These effects have been calculated by recalibrating the values from the valuation technique using alternative estimates of unobservable inputs that might reasonably have been considered by a market participant to price the contingent consideration at the end of the reporting date. Any interrelationship between the unobservable inputs is not considered to have a significant impact within the range of reasonably possible alternative assumptions.

Sensitivity analysis

For the fair values of contingent consideration, reasonably possible changes at 31 December 2017 to one of the significant unobservable inputs, holding other inputs constant, the significant unobservable inputs that would have effects to fair values of contingent consideration and profit or loss is that EBITDA in 2018 is not achieved conditions as stipulated in the agreement, it would have effect to increase in profit of the consolidated financial statement for the year ended 31 December 2017 amounting to Baht 232 million.

During the year 2017 the Group engaged an independent appraiser to appraise the fair value of identifiable assets acquired and liabilities assumed, and allocation of acquisition-date fair value at the acquisition date. The independent appraiser completed the process of appraising the fair value on 27 December 2017. The principle factors that contributed to goodwill are the synergy benefits from the exchange of knowledge and skills among personnel, which increase the operating efficiency of the Group, and product development. Moreover, centralisation will create economies of scale, which in turn generates cost efficiency, especially in distribution centers. Goodwill from the business acquisitions will not qualify for any tax deduction.

For the preparation of the consolidated financial statements for the year ended 31 December 2017, the Group has considered the fair values of the identifiable assets acquired and liabilities assumed from the business acquisitions and recorded the difference between the purchasing price and values of the assets and liabilities in the account "Goodwill" amounting to Baht 2,256 million by considering the information from the report of the independent appraiser dated 27 December 2017 and other relevant information obtained within one year after the acquisition date. Therefore, the consolidated statement of financial position as at 31 December 2017 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended have been restated accordingly.

Identifiable assets acquired and liabilities assumed

	Fair value <i>(in million Baht)</i>
Cash and cash equivalents	125
Trade accounts receivable	553
Other current receivables	11
Inventories	340
Other current assets	11
Property, plant and equipment	303
Other intangible assets	512
Short-term borrowings from financial institutions	(379)
Trade accounts payable	(258)
Other payables	(31)
Current portion of long-term borrowings from financial institutions	(7)
Current portion of finance lease liabilities	(4)
Income tax payable	(11)
Other current liabilities	(4)

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

Identifiable assets acquired and liabilities assumed (Continued)

	Fair value <i>(in million Baht)</i>
Long-term borrowings from financial institutions	(25)
Finance lease liabilities	(13)
Provisions for employee benefits	(3)
Deferred tax liabilities	(93)
Net assets	1,027
Non-controlling interests of the acquiree (based on their proportionate interest in the recognised amount of the net identifiable assets of the acquiree)	(206)
Goodwill	2,256
Consideration transferred and transferable	3,077
Net cash obtained from the acquisition of subsidiaries	125
Cash paid	(2,845)
Net cash outflows as at 31 December 2017	(2,720)

The trade receivables comprise gross contractual amounts due of Baht 555 million, of which Baht 2 million was expected to be uncollectible at the acquisition date.

Expenses related to business acquisitions

The Group had expenses related to business acquisitions, which are principally related to legal and due diligence fees, totaling Baht 65 million. The expenses were recorded in the administrative expenses account. The Group recorded a part of the expenses amounting to Baht 17 million in the consolidated statement of income for the year ended 31 December 2016. The remaining expenses amounting to Baht 48 million were recorded in the consolidated statement of income for the year period ended 31 December 2017.

Operations of 4 new subsidiaries after acquisition date

In the preparation of the consolidated statement of income for the year ended 31 December 2017, the Group included the operation results of 4 new subsidiaries for the period from 26 January 2017 to 31 December 2017. Significant details are as follows:

	For the period from 26 January 2017 to 31 December 2017 <i>(in million Baht)</i>
Revenue from sale of goods	2,455
Profit for the period attributable to equity holders of the Company	51

If the acquisition had occurred on 1 January 2017, management estimates that consolidated revenue from sale of goods and rendering of services of the Group and consolidated profit attributable to equity holders of the Company for the year ended 31 December 2017 would have no materially increased.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

5 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 12 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 2 common directors
True Corporation Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 4 common directors
C.P. Trading Group Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 2 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
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 Money Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 2 common directors
C.P. Consumer Products Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
C.P. Land Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
C.P. Merchandising 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
CPF (Thailand) Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
EGG Digital 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
Leadership Development Charoen Pokphand Group 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

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

Name of parties	Country of incorporation/ nationality	Nature of relationships
True Leasing Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
True Lifestyle Retail Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
C.P. Vietnam Corporation	Vietnam	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
Allianz C.P. General Insurance Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
BFKT (Thailand) Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
C.P. Facility Management 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
C.P. Tower Growth Leasehold Property Fund	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
Charoen Pokphand Seeds Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
Chester Food Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
CP B&F (Thailand) Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
CPF IT Center 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
Real Move Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Digital and Media Platform 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 GS Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Internet Corporation Co., Ltd. (formerly “True Universal Convergence Co., Ltd.”)	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Internet Data Center Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Move 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 United Football Club Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

Name of parties	Country of incorporation/ nationality	Nature of relationships
Charoen Pokphand Foods Canada Inc.	Canada	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.

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
Rendering of services 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

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

Significant transactions for the years ended 31 December 2017 and 2016 with related parties were as follows:

<i>For the year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
<i>Ultimate parent company</i>				
Administrative expenses	27	9	27	9
<i>Subsidiaries</i>				
Revenue from sale of goods and rendering of services	-	-	681	627
Interest income	-	-	217	178
Dividend income	-	-	5,473	4,471
Other income	-	-	1,351	1,388
Distribution costs	-	-	1,267	1,284
Administrative expenses	-	-	2,537	2,202
Purchases of goods and services	-	-	20,948	17,868
Purchases of property, plant and equipment and other intangible assets	-	-	2,459	2,843
<i>Other related companies</i>				
Revenue from sale of goods and rendering of services	1,881	1,911	703	788
Other income	1,335	1,943	1,297	1,915
Distribution costs	65	67	-	-
Administrative expenses	708	570	511	406
Purchases of goods and services	40,349	34,728	29,174	27,216
Purchases of property, plant and equipment, leasehold rights and other intangible assets	57	2	-	-
<i>Key management personnel</i>				
Key management benefit expenses				
Short-term employee benefits	659	633	441	430
Severance pay for employees	13	14	8	8
Total key management benefit expenses	672	647	449	438

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

Balances as at 31 December 2017 and 2016 with related parties were as follows:

Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Related companies	216	160	-	-
Less allowance for doubtful accounts	-	(2)	-	-
Net	216	158	-	-
Bad and doubtful debts expenses for the year	-	-	-	-

Other receivables

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Current				
Subsidiaries	-	-	614	552
Other related companies	623	335	507	311
Net	623	335	1,121	863
Non-current				
Subsidiaries	-	-	134	164
Net	-	-	134	164
Bad and doubtful debts expenses for the year	-	-	-	-

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

Short-term loans to subsidiaries

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
CPRAM Co., Ltd.	-	-	4,250	4,000
CP Retailink Co., Ltd.	-	-	450	750
Dynamic Management Co., Ltd.	-	-	-	75
Total	-	-	4,700	4,825

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

All short-term loans to subsidiaries of the Company as at 31 December 2017 and 2016 were denominated entirely in Thai Baht.

Movements during the years ended 31 December 2017 and 2016 were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
At 1 January	-	-	4,825	2,900
Increases	-	-	610	1,992
Decreases	-	-	(735)	(67)
At 31 December	-	-	4,700	4,825

As at 31 December 2017 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. (2016: 4.75% per annum)

Investment in related company

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
True GS Co., Ltd.	34	34	34	34
Total	34	34	34	34

All investment in related company of the Company as at 31 December 2017 and 2016 was dominated entirely in Thai Baht.

Movements during the years ended 31 December 2017 and 2016 were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
At 1 January	34	24	34	24
Increase	-	10	-	10
At 31 December	34	34	34	34

Trade accounts payable

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Subsidiaries	-	-	2,029	1,506
Other related companies	7,797	6,790	5,318	4,878
Net	7,797	6,790	7,347	6,384

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

Other payables

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Subsidiaries	-	-	9,699	8,044
Other related companies	132	109	52	30
Net	132	109	9,751	8,074

Future minimum lease payments under non-cancellable operating leases

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Within one year	182	51	122	7
After one year but within five years	249	137	119	4
After five years	144	152	-	-
Total	575	340	241	11

The Group has lease agreements covering lease of buildings, vehicles and other assets for periods of 1 to 25 years, which will expire between 2018 to 2039.

Significant agreements with related parties

As at 31 December 2017 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 2018. 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.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

- (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 2020. 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 10.5 million, and placed guarantee deposits with the related company totaling Baht 31.4 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 December 2019.
- (h) The Company and certain local subsidiaries have information system services agreements with Gosoft (Thailand) Co., Ltd. (“the service provider”), a local subsidiary. Under the terms of these agreements, the service provider agreed to provide consulting, advisory, development, design, installation, maintenance and supporting services to the Company and its subsidiaries for a period of 1 year ending in December 2018. 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 November 2020.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

6 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Cash on hand	13,024	9,321	10,904	7,647
Cash at financial institutions				
- current accounts	3,448	1,779	2,270	1,531
Cash at financial institutions				
- savings accounts	9,823	19,758	4,477	14,557
Highly liquid short-term investments	2,584	2,585	-	-
Total	28,879	33,443	17,651	23,735

7 Current investments

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Cash at financial institutions				
- time deposits	15	6	-	-
Promissory notes	1,370	1,370	-	-
Total	1,385	1,376	-	-

Movements during the years ended 31 December 2017 and 2016 were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
At 1 January	1,376	1,402	-	-
Increases	2,031	2,757	-	-
Decreases	(2,021)	(2,783)	-	-
Exchange differences on translating financial statement	(1)	-	-	-
At 31 December	1,385	1,376	-	-

Current investments have interest rates ranging from 1.25% to 3.80% per annum (2016: ranging from 0.40% to 2.25% per annum).

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

8 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in million Baht)</i>			
Related parties	5	216	160	-	-
Other parties		1,412	887	124	135
Total		1,628	1,047	124	135
<i>Less</i> allowance for doubtful accounts		(27)	(21)	-	-
Net		1,601	1,026	124	135
Bad and doubtful debts expense for the year		10	1	-	-

Aging analyses for trade accounts receivable are as follows:

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in million Baht)</i>			
Related parties					
Within credit terms		166	107	-	-
Overdue:					
Less than 3 months		46	37	-	-
3 - 6 months		3	9	-	-
6 - 12 months		1	7	-	-
Total		216	160	-	-
<i>Less</i> allowance for doubtful accounts		-	(2)	-	-
Net	5	216	158	-	-
Other parties					
Within credit terms		1,039	711	124	135
Overdue:					
Less than 3 months		305	152	-	-
3 - 6 months		20	6	-	-
6 - 12 months		29	7	-	-
Over 12 months		19	11	-	-
Total		1,412	887	124	135
<i>Less</i> allowance for doubtful accounts		(27)	(19)	-	-
Net		1,385	868	124	135
Grand total		1,601	1,026	124	135

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

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

9 Other receivables

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		<i>(in million Baht)</i>			
Related parties	5	623	335	1,255	1,027
Other parties					
Accrued income		3,055	3,010	1,292	1,328
Prepaid expenses		2,014	2,109	1,212	1,204
Other receivables		1,702	1,985	1,577	1,764
Receivable from Revenue Department		558	477	421	395
Other		184	272	11	22
		7,513	7,853	4,513	4,713
Total		8,136	8,188	5,768	5,740
Less allowance for doubtful accounts		(26)	(25)	(9)	(9)
Net		8,110	8,163	5,759	5,731
Current		6,712	6,633	4,642	4,673
Non-current		1,398	1,530	1,117	1,058
Total		8,110	8,163	5,759	5,731
Bad and doubtful debts expense for the year		8	11	7	5

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

10 Inventories

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Finished goods	26,755	26,418	13,123	12,201
Work in progress	106	114	-	-
Raw materials	448	383	-	-
Goods in transit	764	518	-	-
Total	28,073	27,433	13,123	12,201
Less allowance for losses on decline in value of inventories	(697)	(728)	(399)	(432)
Net	27,376	26,705	12,724	11,769

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

The cost of inventories which is recognised as an expense and presented as part of the account “Cost of sale of goods and rendering of services” consisted of:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Cost of sale of goods and rendering of services				
Cost of inventories	363,292	336,863	200,549	183,874
Reversal of allowance for losses on decline in value of inventories	(31)	(61)	(33)	(24)
Total	363,261	336,802	200,516	183,850

The cost of inventories which is recognised as an expense and presented as part of the account “Distribution costs” in the statements of income for the year ended 31 December 2017 amounted to Baht 2,253 million (2016: Baht 2,097 million) in the consolidated financial statements, and Baht 2,251 million (2016: Baht 2,088 million) in the separate financial statements.

11 Other current assets

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Cash card	318	563	318	563
Office supplies	54	38	43	38
Leasehold rights	122	115	19	22
Other	127	-	-	-
Total	621	716	380	623

12 Investments in subsidiaries

Movements during the years ended 31 December 2017 and 2016 were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
At 1 January	-	-	205,537	202,600
Increases	-	-	1,296	2,937
At 31 December	-	-	206,833	205,537

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

Details of the additional investments during the years ended 31 December 2017 and 2016 were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Lotus Distribution Investment Limited	-	-	1,259	2,907
All Corporation Co., Ltd.	-	-	37	-
Counter Service Co., Ltd.	-	-	-	30
Total	<u>-</u>	<u>-</u>	<u>1,296</u>	<u>2,937</u>

Additional investments during the year

During the first quarter of 2016, a foreign subsidiary, Lotus Distribution Investment Limited, collected from the called for additional paid-up share capital of United States Dollars 80 million; from United States Dollars 126 million to United States Dollars 206 million and during the fourth quarter of 2017, the subsidiary collected from the called for additional paid-up share capital of United States Dollars 38 million; from United States Dollars 206 million to United States Dollars 244 million.

During the fourth quarter of 2016, a local subsidiary, Counter Service Co., Ltd., collected from the called for additional paid-up share capital Baht 30 million; from Baht 70 million to Baht 100 million.

During the third quarter of 2017, a local subsidiary, All Corporation Co., Ltd., collected from the called for additional paid-up share capital Baht 37 million; from Baht 13 million to Baht 50 million.

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

Investments in subsidiaries as at 31 December 2017 and 2016, and dividend income for the years then ended were as follows:

Name of parties	Type of business	Country of incorporation	Ownership interests (%)		Paid-up capital		At cost		Dividend income	
			2017	2016	2017	2016	2017	2016	2017	2016
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	100	91	91	868	714
All Corporation Limited	Holding company	Thailand	99.99	99.99	50	13	50	13	-	-
24 Shopping Co., Ltd.	Distributor of catalog merchandises and e-commerce	Thailand	99.99	99.99	30	30	30	30	-	105
CP Retailink Co., Ltd.	Distributor of equipment for retailing and software development	Thailand	99.99	99.99	20	20	20	20	-	20
Gosoft (Thailand) Co., Ltd.	Information system design and development services	Thailand	99.99	99.99	20	20	20	20	150	20

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

Name of parties	Type of business	Country of incorporation	Ownership interests (%)		Paid-up capital		At cost		Dividend income	
			2017	2016	2017	2016	2017	2016	2017	2016
					(in million Baht)					
OHT Co., Ltd.	Holding company	Thailand	99.99	99.99	12	12	57,754	57,754	1,159	989
Dynamic Management Co., Ltd.	Logistics and distribution of merchandises services	Thailand	99.99	99.99	2	2	2	2	-	-
All Training Co., Ltd.	Training center	Thailand	99.99	99.99	1	1	1	1	220	-
MAM Heart Co., Ltd.	Marketing activities planning services	Thailand	99.99	99.99	1	1	1	1	10	5
Panyatara Co., Ltd.	Training center	Thailand	99.99	99.99	1	1	1	1	120	-
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	1,114	951
Siam Makro Public Company Limited	Cash and carry	Thailand	42.87	42.87	2,400	2,400	82,427	82,427	1,832	1,667
Total							198,448	198,411	5,473	4,471

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

Name of parties	Type of business	Country of incorporation	Ownership interests		Paid-up capital		At cost		Dividend income	
			2017	2016	2017	2016	2017	2016	2017	2016
			(%)	(%)	(in million United States Dollars)	(in million Baht)	(in million Baht)	(in million Baht)	(in million Baht)	(in million Baht)
Foreign direct subsidiaries										
Lotus Distribution	Holding company	British Virgin Islands	100.00	100.00	244	206	8,385	7,126	-	-
Investment Limited										
Albuera International Limited	Holding company	British Virgin Islands	100.00	100.00	-.*	-.*	-.*	-.*	-	-
Total							8,385	7,126	-	-
Grand total							206,833	205,537	5,473	4,471

* As at 31 December 2017 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 2017

Details of the Company's indirect subsidiaries as at 31 December 2017 and 2016 were as follows:

Name of parties	Type of business	Country of incorporation	Ownership interests	
			2017	2016
(%)				
<i>Local indirect subsidiaries</i>				
CP Foodlab Co., Ltd.	Research and development service, and microbiologic and scientific laboratory services	Thailand	99.99	99.99
Panyapiwat Institute of Management	Educational institution	Thailand	99.99	99.99
Panyapiwat Institute of Management Demonstration School	Educational institution	Thailand	99.99	99.99
Panyapiwat Technological College	Educational institution	Thailand	99.99	99.99
Makro ROH Co., Ltd.	Providing technical and supporting services to the Group	Thailand	97.88	97.88
Siam Food Services Limited	Importing and trading of food products from international and domestic sources and providing freight, delivery rental and storage services	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 2017

Name of parties	Type of business	Country of incorporation	Ownership interests	
			2017	2016
(%)				
<i>Foreign indirect subsidiaries</i>				
Nanjing Tech University Pujiang Institute	Educational institution	The People's Republic of China	100.00	100.00
Nanjing Tech University Pujiang Institute Educational Development Fund	Educational development fund	The People's Republic of China	100.00	100.00
Nanjing Tianqu Investment Management Co., Ltd.	Commercial trading, holding of educational institution	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
Successor Investments Limited	Holding company	Hong Kong Special Administrative Region of the People's Republic of China	100.00	100.00
ARO Company Limited	Providing marketing and consulting services	Republic of the Union of Myanmar	97.88	97.88
Indoguna Vina Food Service Company Limited (formerly "Vina Siam Food Co., Ltd.")	Trading and distribution, and import and export food products	Vietnam	97.88	97.88
CP Wholesale India Private Limited	Wholesale and related business	India	97.87	-
Makro (Guangzhou) Food Company Limited	Wholesale and retail operator and related business	The People's Republic of China	97.87	-
Indoguna (Singapore) Pte Ltd	Manufacturing, trading, importing and exporting of food related products	Singapore	78.30	-

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

Name of parties	Type of business	Country of incorporation	Ownership interests	
			2017	2016
<i>Foreign indirect subsidiaries (Continued)</i>				
Indoguna Dubai L.L.C*	Importing and trading of food related products	United Arab Emirates	78.30	-
Indoguna Lordly Company Limited (formerly "Lordly Company Limited")	Importing and trading of food related products	Hong Kong Special Administrative Region of the People's Republic of China	78.30	-
Just Meat Company Limited	Importing and trading of food related products	Hong Kong Special Administrative Region of the People's Republic of China	78.30	-
MAXZI THE GOOD FOOD RESTAURANT & CAFÉ L.L.C*	Restaurant and minimart	United Arab Emirates	78.30	-
Indoguna (Cambodia) Company Limited	Importing and trading of food related products	Cambodia	68.52	-
Makro (Cambodia) Company Limited	Wholesale and retail operator and related business	Cambodia	68.52	68.52

* The Group interest is 78.30% after taking account of nominee holdings.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

13 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 2017				
	Siam Makro Public Company Limited	Thai Smart Card Co., Ltd.	Intra-group eliminations <i>(in million Baht)</i>	Fair value adjustment	Total
Non-controlling interests					
percentage	2.12	27.36			
Current assets	20,413	2,194			
Non-current assets	38,563	231			
Current liabilities	(37,118)	(947)			
Non-current liabilities	(3,847)	(22)			
Net assets	18,011	1,456			
Carrying amount of non-controlling interests	871*	398	-	3,627	4,896
Revenue	186,754	311			
Profit	6,147	49			
Other comprehensive income	(93)	(1)			
Total comprehensive income	6,054	48			
Profit allocated to non-controlling interests	100*	13	4	(6)	111
Other comprehensive income allocated to non-controlling interests	(19)*	-	-	-	(19)
Cash flows from operating activities	11,928	65			
Cash flows from investing activities	(6,467)	(66)			
Cash flows from financing activities	(3,559)	-			
Dividends paid to non-controlling interests	(91)	-			
Net increase (decrease) in cash and cash equivalents	1,811	(1)			

* The carrying amount of non-controlling interests included non-controlling interests of indirect subsidiaries. These indirect subsidiaries are 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 2017

	31 December 2016				
	Siam Makro Public Company Limited	Thai Smart Card Co., Ltd.	Intra-group eliminations <i>(in million Baht)</i>	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
Other comprehensive income allocated to non-controlling interests	-*	-	-	-	-
Cash flows from operating activities	9,071	173			
Cash flows from investing activities	(5,544)	(60)			
Cash flows from financing activities	(3,124)	-			
Dividends paid to non-controlling interests	(82)	-			
Net increase in cash and cash equivalents	321	113			

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

14 Property, plant and equipment

<i>Cost</i>	<i>Note</i>	Consolidated financial statements					Total
		Land	Buildings, building and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Assets under construction and installation	
At 1 January 2016		40,145	36,045	28,413	14,293	6,257	130,637
Additions		936	1,051	3,041	3,149	9,297	17,750
Transfers		5	4,723	2,254	320	(7,959)	-
Disposals		-	(219)	(600)	(846)	(143)	(1,878)
Exchange differences on translating financial statement		-	(18)	(7)	(10)	(200)	(238)
At 31 December 2016 and 1 January 2017		41,086	41,582	33,101	16,906	7,252	146,271
Additions		685	327	3,087	2,346	9,353	16,079
Acquisition through business combination	4	-	176	88	4	-	303
Transfers		-	7,475	2,670	169	(11,238)	23
Disposals		-	(492)	(950)	(1,852)	-	(3,399)
Exchange differences on translating financial statement		-	(21)	(8)	(4)	(91)	(127)
At 31 December 2017		41,771	49,047	37,988	17,569	5,276	159,150

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

		Consolidated financial statements (Continued)					
		Buildings, building and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Assets under construction and installation	Other	Total
		Note	Land	(in million Baht)			
Accumulated depreciation and accumulated impairment losses							
At 1 January 2016		-	(12,667)	(16,508)	(8,863)	(2)	(41,190)
Depreciation charge for the year		-	(2,068)	(3,234)	(1,691)	-	(7,532)
Disposals		-	159	578	763	-	1,565
Exchange differences on translating financial statement		-	3	1	1	-	6
Reversal of impairment losses		-	1	4	2	-	7
At 31 December 2016 and 1 January 2017		-	(14,572)	(19,159)	(9,788)	(2)	(47,144)
Depreciation charge for the year		-	(2,259)	(3,706)	(2,113)	-	(8,744)
Transfers		-	2	-	-	-	2
Impairment losses		-	(3)	(1)	-	-	(4)
Disposals		-	381	908	1,736	-	3,123
Exchange differences on translating financial statement		-	4	3	2	-	11
At 31 December 2017		-	(16,447)	(21,955)	(10,163)	(2)	(52,756)
Net book value							
At 1 January 2016		40,145	23,378	11,905	5,430	6,255	89,447
At 31 December 2016 and 1 January 2017		41,086	27,010	13,942	7,118	7,250	99,127
At 31 December 2017		41,771	32,600	16,033	7,406	5,274	106,394

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

	Separate financial statements						Total
	Land	Buildings, building and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Assets under construction and installation	Other	
<i>Cost</i>							
At 1 January 2016	2,620	16,345	10,309	12,227	836	4,764	47,101
Additions	34	548	1,770	2,669	2,727	263	8,011
Transfers	-	1,819	37	94	(2,339)	389	-
Disposals	-	(108)	(399)	(733)	-	(50)	(1,290)
At 31 December 2016 and 1 January 2017	2,654	18,604	11,717	14,257	1,224	5,366	53,822
Additions	431	73	1,913	2,116	3,470	190	8,193
Transfers	-	2,872	114	66	(3,764)	737	25
Disposals	-	(432)	(470)	(1,543)	-	(96)	(2,541)
At 31 December 2017	3,085	21,117	13,274	14,896	930	6,197	59,499
<i>Accumulated depreciation and accumulated impairment losses</i>							
At 1 January 2016	-	(6,545)	(6,880)	(8,449)	-	(2,786)	(24,660)
Depreciation charge for the year	-	(1,355)	(1,340)	(1,539)	-	(462)	(4,696)
Disposals	-	79	390	656	-	48	1,173
At 31 December 2016 and 1 January 2017	-	(7,821)	(7,830)	(9,332)	-	(3,200)	(28,183)
Depreciation charge for the year	-	(1,413)	(1,510)	(1,872)	-	(555)	(5,350)
Disposals	-	334	456	1,448	-	90	2,328
At 31 December 2017	-	(8,900)	(8,884)	(9,756)	-	(3,665)	(31,205)
<i>Net book value</i>							
At 1 January 2016	2,620	9,800	3,429	3,778	836	1,978	22,441
At 31 December 2016 and 1 January 2017	2,654	10,783	3,887	4,925	1,224	2,166	25,639
At 31 December 2017	3,085	12,217	4,390	5,140	930	2,532	28,294

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

As at 31 December 2017 the Group had assets under finance leases with a net book value amounting to Baht 735 million (2016: Baht 789 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 2017 amounted to Baht 22,652 million (2016: Baht 20,711 million) in the consolidated financial statements and Baht 14,014 million (2016: Baht 12,658 million) in the separate financial statements respectively.

Security

As at 31 December 2017, the Group's plant and equipment with total net book value of Baht 196 million (2016: nil) were pledged under short-term and long-term borrowings from financial institutions.

15 Goodwill

		Consolidated		Separate	
	Note	financial statements		financial statements	
		2017	2016	2017	2016
		<i>(in million Baht)</i>			
Cost					
At 1 January		126,072	126,072	-	-
Acquisition through business combination	4	2,256	-	-	-
At 31 December		128,328	126,072	-	-
Accumulated impairment losses					
At 1 January		-	-	-	-
Impairment losses		-	-	-	-
At 31 December		-	-	-	-
Net book value					
At 1 January		126,072	126,072	-	-
At 31 December		128,328	126,072	-	-

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

During the year 2017, Goodwill arose from the subsidiary's purchase of shares at 80% shareholding each of 4 companies, namely Indoguna (Singapore) Pte Ltd, Indoguna Dubai L.L.C, Just Meat Company Limited and Indoguna Lordly Company Limited (formerly "Lordly Company Limited") (See note 4 to the financial statements).

Impairment testing for carrying amount of goodwill and other intangible assets with 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.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

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 growth rates of historical earnings before interest, income tax, depreciation and amortisation ("EBITDA") of Siam Makro Public Company Limited, and of the 4 new subsidiaries.

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 from past experience and estimated number of new stores, sale growth of new stores and sale growth of same stores of Siam Makro Public Company Limited. The 4 new subsidiaries would develop and maintain their customer satisfaction by rendering high quality products, new product development, and maintenance customer relationship.

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.

16 Other intangible assets

Consolidated financial statements					
	<i>Note</i>	Computer software in use and under development	Intellectual property	Other	Total
<i>(in million Baht)</i>					
Cost					
At 1 January 2016		3,684	46,072	2,282	52,038
Additions		714	-	-	714
Disposals		(2)	-	-	(2)
Exchange differences on translating financial statement		(2)	-	(81)	(83)
At 31 December 2016 and 1 January 2017		4,394	46,072	2,201	52,667
Additions		1,054	-	-	1,054
Transfers		(25)	-	-	(25)
Acquisition through business combination	4	4	449	59	512
Disposals		(50)	-	-	(50)
Exchange differences on translating financial statement		(3)	-	(28)	(31)
At 31 December 2017		5,374	46,521	2,232	54,127

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

	Consolidated financial statements			
<i>Note</i>	Computer software in use and under development	Intellectual property	Other	Total
	<i>(in million Baht)</i>			
<i>Accumulated amortisation and accumulated impairment losses</i>				
At 1 January 2016	(1,472)	-	(409)	(1,881)
Amortisation charge for the year	(347)	-	(163)	(510)
At 31 December 2016 and 1 January 2017	(1,819)	-	(572)	(2,391)
Amortisation charge for the year	(366)	-	(167)	(533)
Impairment losses	(3)	-	-	(3)
Disposals	48	-	-	48
Exchange differences on translating financial statement	1	-	-	1
At 31 December 2017	(2,139)	-	(739)	(2,878)
<i>Net book value</i>				
At 1 January 2016	<u>2,212</u>	<u>46,072</u>	<u>1,873</u>	<u>50,157</u>
At 31 December 2016 and 1 January 2017	<u>2,575</u>	<u>46,072</u>	<u>1,629</u>	<u>50,276</u>
At 31 December 2017	<u>3,235</u>	<u>46,521</u>	<u>1,493</u>	<u>51,249</u>
Separate Financial statements				
Computer software in use and under development <i>(in million Baht)</i>				
<i>Cost</i>				
At 1 January 2016	1,741			
Additions	384			
At 31 December 2016 and 1 January 2017	2,125			
Additions	452			
Transfers	(25)			
Disposals	(41)			
At 31 December 2017	2,511			
<i>Accumulated amortisation</i>				
At 1 January 2016	(870)			
Amortisation charge for the year	(170)			
At 31 December 2016 and 1 January 2017	(1,040)			
Amortisation charge for the year	(183)			
Disposals	41			
At 31 December 2017	(1,182)			

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

	Separate Financial statements
	Computer software in use and under development <i>(in million Baht)</i>
<i>Net book value</i>	
At 1 January 2016	<u>871</u>
At 31 December 2016 and 1 January 2017	<u>1,085</u>
At 31 December 2017	<u>1,329</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 2017 amounted to Baht 1,454 million (2016: Baht 1,304 million) in the consolidated financial statements and Baht 1,048 million (2016: Baht 928 million) in the separate financial statements respectively.

Security

As at 31 December 2017, the Group's other intangible assets with total net book value of Baht 12 million (2016: nil) were pledged under short-term and long-term borrowings from financial institutions.

17 Deferred income tax

Deferred tax assets and liabilities as at 31 December 2017 and 2016 were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Deferred tax assets	915	838	428	397
Deferred tax liabilities	<u>(15,170)</u>	<u>(15,154)</u>	<u>-</u>	<u>-</u>
Net	<u>(14,255)</u>	<u>(14,316)</u>	<u>428</u>	<u>397</u>

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

Movements in deferred tax assets and liabilities during the years ended 31 December 2017 and 2016 were as follows:

	Consolidated financial statements (Charged)/ credited to				At 31 December 2017
	At 1 January 2017	profit or loss	other comprehensive income (Note 34) (in million Baht)	Acquisition through business combination (Note 4)	
Deferred tax assets (liabilities)					
Trade accounts receivable and other receivables	7	1	-	-	8
Inventories	233	(36)	-	-	197
Property, plant and equipment	53	13	-	-	66
Provisions for employee benefits	461	47	10	-	518
Tax losses	15	(15)	-	-	-
Fair value adjustment assets acquired through business combinations	(15,154)	77	-	(93)	(15,170)
Other	69	57	-	-	126
Total	(14,316)	144	10	(93)	(14,255)

	Consolidated financial statements (Charged)/ credited to			At 31 December 2016
	At 1 January 2016	profit or loss (Note 34) (in million Baht)	other comprehensive income	
Deferred tax assets (liabilities)				
Trade accounts receivable and other receivables	5	2	-	7
Inventories	221	12	-	233
Property, plant and equipment	67	(14)	-	53
Provisions for employee benefits	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)

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

	At 1 January 2017	Separate financial statements (Charged)/ credited to		At 31 December 2017
		profit or loss (Note 34) (in million Baht)	other comprehensive income	
Deferred tax assets				
Other receivables	2	-	-	2
Inventories	86	(6)	-	80
Property, plant and equipment	24	-	-	24
Provisions for employee benefits	279	24	4	307
Other	6	9	-	15
Total	397	27	4	428

	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	
Deferred tax assets				
Other receivables	2	-	-	2
Inventories	91	(5)	-	86
Property, plant and equipment	24	-	-	24
Provisions for employee benefits	229	27	23	279
Other	-	6	-	6
Total	346	28	23	397

18 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Guarantee deposits	922	820	1,103	1,008
Other	76	28	-	2
Total	998	848	1,103	1,010

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

19 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Current				
Short-term borrowings from financial institutions				
Promissory notes - unsecured	3,560	3,080	-	-
Liabilities under trust receipts - secured	269	-	-	-
Liabilities under trust receipts - unsecured	428	325	-	-
Short-term borrowings - unsecured	69	111	-	-
Total	4,326	3,516	-	-
Current portion of debentures	14,747	25,937	14,747	25,937
Total	14,747	25,937	14,747	25,937
Current portion of long-term borrowings from financial institutions - secured	31	-	-	-
Current portion of long-term borrowings from financial institutions - unsecured	2,000	2,000	-	-
Total	2,031	2,000	-	-
Current portion of finance lease liabilities	118	101	-	-
Total	118	101	-	-
Total current	21,222	31,554	14,747	25,937
Non-current				
Debentures	140,878	154,222	140,878	154,222
Long-term borrowings from financial institutions - secured	2,250	585	-	-
Long-term borrowings from financial institutions - unsecured	2,000	2,000	-	-
Finance lease liabilities	688	745	-	-
Total non-current	145,816	157,552	140,878	154,222
Grand total	167,038	189,106	155,625	180,159

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

The periods to maturity of interest-bearing liabilities, excluding liabilities under finance leases, as at 31 December 2017 and 2016 were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Within one year	21,104	31,453	14,747	25,937
After one year but within five years	64,881	84,418	61,786	82,418
After five years	80,247	72,389	79,092	71,804
Total	166,232	188,260	155,625	180,159

Short-term borrowings from financial institutions

Movements during the years ended 31 December 2017 and 2016 were as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		<i>(in million Baht)</i>			
At 1 January		3,516	11,881	-	9,000
Increases (decreases)		435	(8,367)	-	(9,000)
Acquisition through business combination	4	379	-	-	-
Unrealised (gain) loss on exchange rates from translation of outstanding foreign borrowings balance to Thai Baht		(4)	2	-	-
At 31 December		4,326	3,516	-	-

Debentures

Movements during the years ended 31 December 2017 and 2016 were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
At 1 January	180,159	173,000	180,159	173,000
Increases	25,500	19,000	25,500	19,000
Decreases	(50,034)	(11,841)	(50,034)	(11,841)
At 31 December	155,625	180,159	155,625	180,159

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

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 paid 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 20 November 2017 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 paid 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 20 November 2017 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 paid 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 2017

- 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 (On 17 November 2017, debentures of Baht 3,451 million are early redeemed and paid.)
- 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 (On 17 November 2017, debentures of Baht 4,284 million are early redeemed and paid.)
- 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 (On 22 August 2017, debentures of Baht 6,212 million are early redeemed and paid.)

These series of debentures have a credit rating of “A(thai)” latest updated by Fitch Ratings (Thailand) Limited on 20 November 2017 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 paid 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 20 November 2017 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 paid 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 (On 30 November 2017, debentures of Baht 10,150 million are early redeemed and paid.)

These series of debentures have a credit rating of “A-(thai)” latest updated by Fitch Ratings (Thailand) Limited on 20 November 2017 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 20 March 2015.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

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
- 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 20 November 2017 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 20 November 2017 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

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

- 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 20 November 2017 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 26 August 2016.

Debentures 1/2017

On 27 March 2017 the Company issued Baht 4,500 million unsubordinated and unsecured debentures in registered name form, which had the objective to repayment of borrowings. Debentures were with term of 12 years and fully repayable on 27 March 2029, which bear interest at the fixed rate of 4.70% per annum.

These debentures have a credit rating of “A-(tha)” updated by Fitch Ratings (Thailand) Limited on 20 November 2017 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 27 March 2017

Debentures 2/2017

On 18 August 2017 the Company issued Baht 3,000 million unsubordinated and unsecured debentures in registered name form, which had the objective to repayment of matured debentures. Debentures were with term of 10 years and fully repayable on 18 August 2027, which bear interest at the fixed rate of 3.96% per annum.

These debentures have a credit rating of “A-(tha)” updated by Fitch Ratings (Thailand) Limited on 20 November 2017 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 18 August 2017

Debentures 3/2017

On 15 November 2017 and 30 November 2017 the Company issued Baht 18,000 million unsubordinated and unsecured debentures in registered name form, which had the objective to early redemption of debentures, divided into:

- Debentures term of 5 years of Baht 9,000 million, fully repayable on 30 November 2022 and bearing interest at the fixed rate of 3.10% per annum
- Debentures term of 10 years of Baht 9,000 million, fully repayable on 15 November 2027 and bearing interest at the fixed rate of 3.50% per annum

These series of debentures have a credit rating of “A(tha)” updated by TRIS Ratings (Thailand) Limited on 25 October 2017 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 15 November 2017 and 30 November 2017.

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.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

Siam Makro Public Company Limited shares as at 31 December 2017, which were pledged in accordance with the conditions stipulated in the bond issuance, totaled 2,516 million shares. The fair value of those shares totaled Baht 97,501 million.

Long-term borrowings from financial institutions

Movement during the years ended 31 December 2017 and 2016 were as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		<i>(in million Baht)</i>			
At 1 January		4,585	4,000	-	-
Increases		1,821	577	-	-
Acquisition through business combination	4	32	-	-	-
Exchange differences on translating financial statement		(157)	8	-	-
At 31 December		6,281	4,585	-	-

As at 31 December 2017 the Group had unsecured long-term borrowings agreements with a local branch of a foreign financial institution and a local financial institution, and had secured long-term borrowings agreements with foreign financial institutions. Details are as follows:

Borrowing agreement	Approved credit facilities	Interest rate (% per annum)	Term of payment
The first agreement	Singapore Dollars 1.5 million	Floating interest rate as stipulated in the agreement	Monthly installment due to August 2023
The second agreement	Singapore Dollars 1.6 million	Floating interest rate as stipulated in the agreement	Monthly installment due to September 2020
The third agreement	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	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in November 2018
The fifth agreement	Baht 1,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in November 2022
The sixth agreement	Baht 1,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in December 2022

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

Borrowing agreement	Approved credit facilities	Interest rate (% per annum)	Term of payment
The seventh agreement	China Renminbi 450 million (or equivalent to approximately Baht 2,257 million)	Floating interest rate as stipulated in the agreement	Semi-annually installment due to May 2026

In this regard, certain foreign subsidiaries issued the letters of guarantee for the seventh long-term borrowing agreement. In the year 2017, the foreign subsidiary had fully drawn down the long-term borrowings.

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 lease liabilities as at 31 December 2017 and 2016 were as follows:

	Consolidated financial statements					
	2017			2016		
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	180	(62)	118	167	(66)	101
After one year but within five years	515	(162)	353	534	(179)	355
After five years	419	(84)	335	498	(108)	390
Total	1,114	(308)	806	1,199	(353)	846

As at 31 December 2017 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 2017 the Group had unutilised credit facilities totaling Baht 902 million and Singapore Dollars 1 million (2016: Baht 932 million).

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

20 Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		<i>(in million Baht)</i>			
Related parties	5	7,797	6,790	7,347	6,384
Other parties		66,945	60,169	30,989	27,237
Total		74,742	66,959	38,336	33,621

21 Other payables

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		<i>(in million Baht)</i>			
Related parties	5	132	109	9,751	8,074
Other parties					
Other payables		3,164	2,935	989	844
Accrued personnel expenses		2,639	2,164	1,336	1,433
Accrued royalties and other accrued expenses		2,382	2,073	657	692
Deferred royalties and other deferred income		2,012	1,646	1,148	1,243
Accrued interest expenses		1,537	1,942	1,508	1,924
Accrued utilities expenses		765	676	523	496
Accrued advertising and sale promotion expenses		598	691	478	538
Accrued rental fees		90	114	87	113
Other		760	879	371	268
		13,947	13,120	7,097	7,551
Total		14,079	13,229	16,848	15,625

22 Provisions for employee benefits

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
As at 31 December				
Statement of financial position				
Provisions for:				
Defined benefit plans	2,787	2,522	1,538	1,396
Total	2,787	2,522	1,538	1,396
For the year ended 31 December				
Statement of income				
Recognised in profit or loss:				
Defined benefit plans	292	266	148	137
Total	292	266	148	137

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Statement of comprehensive income				
Recognised in other comprehensive income:				
Actuarial losses recognised in the year	51	172	19	114
Total	51	172	19	114

The Group operates 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.

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

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
		<i>(in million Baht)</i>			
At 1 January		2,522	2,099	1,396	1,150
Included in profit or loss:					
Current service costs		227	195	110	96
Interest on obligation		65	71	38	41

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<i>(in million Baht)</i>					
Included in other comprehensive income:					
Defined benefit plan actuarial losses		51	172	19	114
Other					
Benefits paid by the plan		(82)	(16)	(29)	(6)
Transfer in provisions for employee benefits from subsidiaries and related companies		1	1	4	1
Acquisition through business combination	4	3	-	-	-
At 31 December		2,787	2,522	1,538	1,396

Actuarial losses recognised in other comprehensive income arising from:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<i>(in million Baht)</i>				
Demographic assumptions and financial assumptions	(61)	97	(35)	78
Experience adjustments	112	75	54	36
Total	51	172	19	114

Actuarial assumptions

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<i>(%)</i>				
Discount rate	2.60 - 3.09	2.20 - 2.72	3.09	2.72
Retirement age (year)	55 and 60	55 and 60	55 and 60	55 and 60
Future salary growth	4.0 - 10.0	4.0 - 8.0	6.0 - 10.0	6.0 - 8.0
Turnover rate	1.0 - 50.0	1.0 - 50.0	1.0 - 20.0	1.0 - 20.0

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

At 31 December 2017, the weighted-average duration of the defined benefit obligations were 10 to 17 years (2016: 10 to 18 years).

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

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.

	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
<i>(in million Baht)</i>				
At 31 December 2017				
Discount rate (1% movement)	(242)	282	(141)	165
Future salary growth (1% movement)	260	(229)	158	(138)
Turnover rate (1% movement)	(228)	248	(142)	165
At 31 December 2016				
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

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	
	2017	2016	2017	2016
<i>(in million Baht)</i>				
Guarantee deposits payable to franchisees	3,560	3,297	3,458	3,220
Other accrued guarantee deposits	33	45	-	-
Total	3,593	3,342	3,458	3,220

24 Share capital

	Par value per share (in Baht)	Consolidated financial statements/ Separate financial statements			
		2017		2016	
		Number of shares	Baht <i>(in million)</i>	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
Issued and paid-up					
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

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

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 2017 and 2016 was higher than 10% of the registered authorised capital.

Other components of equity

Exchange differences on translating financial statement

The exchange differences on translating financial statement recognised in equity relate to foreign exchange differences arising from translation of the financial statements of foreign entities 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.

26 Subordinated perpetual debentures

On 30 November 2016 and 22 August 2017 the Company issued unsecured, unconvertible and subordinated perpetual debentures in registered name form (“Debentures”) of Baht 10,000 million (debentures no. 1/2016) and Baht 10,000 million (debentures no. 1/2017), respectively, which are payable 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 conditions of the debentures and is 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.

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

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 securities issued by the Company which rank pari passu or junior to these debentures.

These Debentures of totalling Baht 19,909 million, net of issuance cost of Baht 91 million, are recognised as a part of equity in the consolidated and separate financial statements for the year ended 31 December 2017 (consisted of debentures no. 1/2016 of Baht 9,953 million, net of issuance cost of Baht 47 million and debentures no. 1/2017 of Baht 9,956 million, net of issuance cost of Baht 44 million). Debentures no. 1/2016 of Baht 9,953 million, net of issuance cost of Baht 47 million, were recognised as a part of equity in the consolidated and separate financial statements for the year ended 31 December 2016.

As at 31 December 2017, the company has not deferred any interest payments to the subordinated perpetual debenture holders. Cumulative interest for the year ended 31 December 2017 which the debenture holders have the right to receive if the interest payment was announced amounting to Baht 681 million (2016: Baht 44 million). During the year of 2017, the Company paid interest expenses on subordinated perpetual debentures to the holders of Baht 500 million (2016: nil).

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 2017 and 2016.

The Group is managed and operates principally (more than 98%) in Thailand. There are no material revenues derived from, or assets located in, foreign countries.

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 2017

Revenue and results, based on segments, in the consolidated financial statements for the years ended 31 December 2017 and 2016 were as follows:

	Convenience stores		Cash and carry		Other (in million Baht)		Eliminate		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue from sale of goods and rendering of services	278,751	256,401	185,804	172,093	34,989	31,800	(28,475)	(25,582)	471,069	434,712
Interest income	363	308	14	10	78	89	(216)	(177)	239	230
Dividend income	5,473	4,471	-	-	50	50	(5,523)	(4,521)	-	-
Net foreign exchange gain	-	-	48	-	10	97	(58)	(20)	-	77
Other income	17,997	17,066	891	689	736	665	(1,529)	(1,500)	18,095	16,920
Total revenues	302,584	278,246	186,757	172,792	35,863	32,701	(35,801)	(31,800)	489,403	451,939
Cost of sale of goods and rendering of services	200,516	183,850	164,352	153,722	26,317	24,411	(25,183)	(22,295)	366,002	339,688
Distribution costs	65,297	60,559	11,124	10,121	2,809	2,423	(1,930)	(1,912)	77,300	71,191
Administrative expenses	10,946	9,979	3,662	2,394	3,188	2,923	(3,194)	(2,820)	14,602	12,476
Net foreign exchange loss	-	-	-	5	58	15	(57)	(20)	1	-
Finance costs	7,644	8,155	348	279	179	112	(179)	(104)	7,992	8,442
Total expenses	284,403	262,543	179,486	166,521	32,551	29,884	(30,543)	(27,151)	465,897	431,797
Profit before income tax expense	18,181	15,703	7,271	6,271	3,312	2,817	(5,258)	(4,649)	23,506	20,142

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

Details of assets and liabilities, based on segments, in the consolidated financial statements as at 31 December 2017 and 2016 were as follows:

	Convenience stores		Cash and carry		Other (in million Baht)		Eliminate		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Investment properties	-	-	333	333	-	-	-	-	333	333
Property, plant and equipment	28,294	25,639	59,333	58,513	19,001	15,294	(234)	(319)	106,394	99,127
Goodwill	-	-	128,191	125,935	137	137	-	-	128,328	126,072
Leasehold rights	351	354	2,727	2,656	997	300	-	-	4,075	3,310
Other intangible assets	1,330	1,085	48,477	47,796	1,592	1,531	(150)	(136)	51,249	50,276
Other assets	249,735	253,794	21,217	19,263	24,454	22,505	(225,486)	(222,412)	69,920	73,150
Segment assets as at 31 December	279,710	280,872	260,278	254,496	46,181	39,767	(225,870)	(222,867)	360,299	352,268
Segment liabilities as at 31 December	216,722	234,959	56,043	52,280	25,102	21,351	(17,797)	(15,925)	280,070	292,665

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

28 Other income

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Sale promotion income	9,905	9,751	9,840	9,693
Income on royalties and other fees relating to licenses income	2,132	1,931	2,132	1,931
Other	6,058	5,238	6,025	5,442
Total	18,095	16,920	17,997	17,066

29 Distribution costs

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Convenience store management fees	17,632	15,955	17,632	15,955
Employee benefit expenses	15,779	14,616	11,781	10,973
Advertising and sale promotion expenses	11,837	11,720	10,815	10,767
Utilities expenses	7,031	6,773	5,720	5,538
Depreciation and amortisation	6,874	6,082	4,610	4,041
Rental fees	6,729	6,028	6,211	5,571
Other	11,418	10,017	8,529	7,714
Total	77,300	71,191	65,298	60,559

30 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Employee benefit expenses	9,258	7,691	6,653	5,952
Depreciation and amortisation	1,183	979	591	516
Rental fees	1,115	939	954	817
Utilities expenses	267	273	151	174
Other	2,779	2,593	2,597	2,520
Total	14,602	12,475	10,946	9,979

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

31 Employee benefit expenses

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<i>(in million Baht)</i>					
Salaries, wages and bonus		28,445	25,756	18,124	16,969
Staff welfares		833	664	351	260
Contribution to social security fund		663	608	438	403
Defined benefit plans	22	292	266	148	137
Contribution to provident fund		252	230	140	125
Training expenses		123	101	1,340	1,042
Other		136	100	43	39
Total		30,744	27,725	20,584	18,975

The Company and its local subsidiaries have established a contributory registered provident fund to which the Company and subsidiaries each contribute monthly at the rates ranging from 2% to 3% of the employees' basic salaries, and employees each contribute monthly at the rates ranging from 2% to 15% 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:

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<i>(in million Baht)</i>					
Changes in inventories of finished goods and work in progress		(576)	(1,598)	(922)	(1,123)
Purchase of finished goods		343,045	318,072	193,291	175,869
Raw materials and consumables used		7,958	7,010	-	-
Depreciation	14	8,744	7,532	5,350	4,696
Amortisation - leasehold rights		281	273	110	113
Amortisation - other intangible assets	16	533	510	183	170
Employee benefit expenses	31	30,744	27,725	20,584	18,975
Convenience store management fees		17,632	15,955	17,632	15,955
Advertising and sale promotion expenses		13,331	14,705	12,328	13,656
Utilities expenses		7,880	7,588	5,981	5,828
Rental fees		8,023	7,134	7,238	6,457
Other		20,309	18,448	14,985	13,792
Total cost of sales of goods and rendering of services, distribution costs and administrative expenses		457,904	423,354	276,760	254,388

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

33 Finance costs

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Finance costs paid to:				
Financial institutions	7,923	8,381	7,644	8,155
Other parties under finance lease	70	61	-	-
Total	7,993	8,442	7,644	8,155

34 Income tax expense

Income tax recognised in profit or loss

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		<i>(in million Baht)</i>			
Current tax					
Current year		3,656	3,490	1,590	1,632
Over provided in prior years		(25)	(15)	-	-
		3,631	3,475	1,590	1,632
Deferred income tax					
Movements in temporary differences		(144)	(152)	(27)	(28)
	17	(144)	(152)	(27)	(28)
Total		3,487	3,323	1,563	1,604

Income tax recognised in other comprehensive income

	Consolidated financial statements					
	2017	2017	Net of	2016	2016	Net of
	Before	Tax	tax	Before	Tax	Net of
	tax	income	tax	tax	income	tax
	<i>(in million Baht)</i>					
Losses on measurement of defined benefit plans	51	(10)	41	172	(30)	142
Total	51	(10)	41	172	(30)	142

	Separate financial statements					
	2017	2017	Net of	2016	2016	Net of
	Before	Tax	tax	Before	Tax	Net of
	tax	income	tax	tax	income	tax
	<i>(in million Baht)</i>					
Losses on measurement of defined benefit plans	19	(4)	15	114	(23)	91
Total	19	(4)	15	114	(23)	91

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

Reconciliation of effective tax rate

Applicable tax rate (%)	Consolidated financial statements			
	0%	20%	Other	Total
	<i>(in million Baht)</i>			
2017				
Accounting profit (loss) before income tax expense	242	23,501	(237)	23,506
Income tax at the applicable tax rates	-	4,700	14	4,714
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit	-	(1,206)	4	(1,202)
Over provided in prior years	-	(24)	(1)	(25)
Net	-	3,470	17	3,487
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 years	-	(15)	-	(15)
Net	-	3,323	-	3,323

Applicable tax rate (%)	Separate financial statements	
	20%	20%
	<i>(in million Baht)</i>	
	2017	2016
Accounting profit before income tax expense	18,181	15,703
Income tax at the applicable tax rates	3,636	3,141
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit	(2,073)	(1,537)
Net	1,563	1,604

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 2017

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 sale of goods under the promoted business of the subsidiary for the years ended 31 December 2017 and 2016 were as follows:

	Consolidated financial statements	
	2017	2016
	<i>(in million Baht)</i>	
Export sales	-	-
Domestic sales	5,977	5,634
Total	5,977	5,634

As a promoted company, the subsidiary must comply with certain terms and conditions prescribed in the promotional certificates.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

36 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2017 and 2016 were based on the profit for the years attributable to equity holders of the Company less cumulative interest for the years on subordinated perpetual debentures and the number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht/million shares)</i>			
Profit for the year attributable to equity holders of the Company	19,908	16,677	16,618	14,099
Less: cumulative interest for the year on subordinated perpetual debentures	(681)	(44)	(681)	(44)
Profit used in calculation of basic earnings per share	19,227	16,633	15,937	14,055
Number of ordinary share outstanding during the year	8,983	8,983	8,983	8,983
Basic earnings per share (in Baht)	2.14	1.85	1.77	1.57

37 Dividends

At the annual general meeting of the shareholders of the Company held on 20 April 2017, the Company's shareholders approved the appropriation of 2016 annual dividends of Baht 1.00 per share for 8,983,101,348 ordinary shares, totaling Baht 8,983 million, from the profit attributable to equity holders of the Company for the year 2016. The dividends were paid to the Company's shareholders on 18 May 2017.

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

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.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

Capital management

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

Interest rate risk

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

The interest rates of financial assets as at 31 December 2017 and 2016 and the periods in which the financial assets mature or reprice were as follows:

Consolidated financial statements					
	Interest rate per annum (%)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2017					
Current					
- Time deposits	1.50 - 3.80	15	-	-	15
- Debt securities	1.25 - 1.60	1,370	-	-	1,370
Total		1,385	-	-	1,385
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
Separate financial statements					
	Interest rate per annum (%)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2017					
Current					
Short-term loans to subsidiaries	4.75	4,700	-	-	4,700
Total		4,700	-	-	4,700
2016					
Current					
Short-term loans to subsidiary	4.75	4,825	-	-	4,825
Total		4,825	-	-	4,825

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

The interest rates of interest-bearing liabilities as at 31 December 2017 and 2016 and the periods in which interest-bearing liabilities mature or re-price were as follows:

	Interest rate per annum (%)	Consolidated financial statements			Total
		Within 1 year	After 1 year but within 5 years <i>(in million Baht)</i>	After 5 years	
2017					
Current					
- Promissory notes	Market rate	3,560	-	-	3,560
- Liabilities under trust receipts	Market rate	697	-	-	697
- Short-term borrowings from financial institutions	Market rate	69	-	-	69
- Current portion of debentures	2.98 - 4.70	14,747	-	-	14,747
- Current portion of long-term borrowings from financial institutions	Interest rate as stipulated on agreement	2,031	-	-	2,031
- Current portion of finance lease liabilities	9.00	118	-	-	118
Total		21,222	-	-	21,222
Non-current					
- Debentures	2.49 - 5.35	-	61,786	79,092	140,878
- Long-term borrowings from financial institutions	Interest rate as stipulated on agreement	-	3,095	1,155	4,250
- Finance lease liabilities	9.00	-	353	335	688
- Guarantee deposits payable to franchisees	1.25 - 1.50	-	67	3,458	3,525
Total		-	65,301	84,040	149,341
2016					
Current					
- Promissory notes	Market rate	3,080	-	-	3,080
- Liabilities under trust receipts	Market rate	325	-	-	325
- Short-term borrowings from financial institutions	Market rate	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 finance lease liabilities	9.00	101	-	-	101
Total		31,554	-	-	31,554

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

Consolidated financial statements					
	Interest rate per annum (%)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
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
- Finance lease liabilities	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
Separate financial statements					
	Interest rate per annum (%)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2017					
Current					
- Current portion of debentures	2.98 - 4.70	14,747	-	-	14,747
Total		14,747	-	-	14,747
Non-current					
- Debentures	2.49 - 5.35	-	61,786	79,092	140,878
- Guarantee deposits payable to franchisees	1.25 - 1.38	-	-	3,458	3,458
Total		-	61,786	82,550	144,336
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

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

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.

At 31 December 2017 and 2016 the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	Foreign currency	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		<i>(in million Baht)</i>			
Cash and cash equivalents					
Foreign currency	China Renminbi	2,240	2,572	-	-
	United States Dollar	677	106	-	-
	Indian Rupee	125	-	-	-
	Hong Kong Dollar	70	1	-	-
	United Arab Emirates Dirham	69	-	-	-
	Singapore Dollar	52	-	-	-
	Cambodia Riel	8	-	-	-
	Vietnamese Dong	3	11	-	-
	Australian Dollar	2	-	-	-
	Euro	1	-	-	-
Current investments					
Foreign currency	United States Dollar	8	4	-	-
	China Renminbi	3	-	-	-
	Indian Rupee	3	-	-	-
Trade accounts receivable and other receivables					
Foreign currency	Singapore Dollar	261	-	-	-
	China Renminbi	252	289	-	-
	United Arab Emirates Dirham	132	-	-	-
	United States Dollar	102	57	-	-
	Hong Kong Dollar	56	-	-	-
	Vietnamese Dong	45	29	-	-
	Indian Rupee	15	-	-	-
	Swiss Franc	13	3	-	-
	Australian Dollar	5	-	-	-
	Euro	5	-	-	-
Forward currency contracts - to buy and sell	Swiss Franc	18	6	-	-
	United States Dollar	7	26	-	-

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

	Foreign currency	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		<i>(in million Baht)</i>			
Other current assets					
Foreign currency	China Renminbi	111	-	-	-
	Singapore Dollar	5	-	-	-
	Hong Kong Dollar	4	-	-	-
	United Arab Emirates Dirham	3	-	-	-
	Indian Rupee	3	-	-	-
	Vietnamese Dong	-	2	-	-
	Myanmar Kyat	-	1	-	-
Other non-current assets					
Foreign currency	Singapore Dollar	7	-	-	-
	Vietnamese Dong	3	-	-	-
	United States Dollar	1	-	-	-
Short-term borrowings from financial institutions					
Foreign currency	Singapore Dollar	269	-	-	-
	Vietnamese Dong	48	3	-	-
	United States Dollar	21	107	-	-
Trade accounts payable and other payables					
Foreign currency	United States Dollar	1,231	660	-	-
	China Renminbi	729	568	-	-
	Euro	144	165	-	-
	United Arab Emirates Dirham	100	-	-	-
	Singapore Dollar	96	-	-	-
	Australian Dollar	87	27	-	-
	Yen	30	43	-	-
	Indian Rupee	30	-	-	-
	Hong Kong Dollar	26	-	-	-
	Pound Sterling	21	31	-	-
	Vietnamese Dong	6	3	-	-
	Swiss Franc	-	1	-	-
Forward currency contracts – to buy and sell	United States Dollar	447	308	-	-
	Yen	110	84	-	-
	Euro	38	115	-	-
	Australian Dollar	3	15	-	-
Other current liabilities					
Foreign currency	United States Dollar	12	1	-	-
	Vietnamese Dong	-	3	-	-

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

	Foreign currency	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		<i>(in million Baht)</i>			
Long-term borrowings from financial institutions					
Foreign currency	Singapore Dollar	25	-	-	-
Other non-current liabilities					
Foreign currency	Singapore Dollar	232	-	-	-
	Indian Rupee	3	-	-	-

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 2017					
<i>Financial liabilities measured at fair value</i>					
Contingent consideration	232	-	-	232	232
<i>Financial liabilities not measured at fair value</i>					
<i>Current</i>					
Debentures	14,747	-	15,075	-	15,075
Long-term borrowings from financial institutions	2,031	-	2,051	-	2,051
Finance lease liabilities	118	-	175	-	175

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

	Carrying amount	Consolidated financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2017					
<i>Financial liabilities not measured at fair value</i>					
<i>Non-current</i>					
Debentures	140,878	-	149,915	-	149,915
Long-term borrowings from financial institutions	4,250	-	4,284	-	4,284
Finance lease liabilities	688	-	795	-	795
Accrued guarantee deposits	3,593	-	3,103	-	3,103
31 December 2016					
<i>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
		Separate financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
<i>(in million Baht)</i>					
31 December 2017					
<i>Financial liabilities not measured at fair value</i>					
<i>Current</i>					
Debentures	14,747	-	15,075	-	15,075
<i>Non-current</i>					
Debentures	140,878	-	149,915	-	149,915
Accrued guarantee deposits	3,458	-	2,968	-	2,968
31 December 2016					
<i>Financial liabilities not measured at fair value</i>					
<i>Current</i>					
Debentures	25,937	-	26,114	-	26,114

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

	Carrying amount	Separate financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
<i>(in million Baht)</i>					
31 December 2016					
<i>Financial liabilities not measured at fair value</i>					
<i>Non-current</i>					
Debentures	154,222	-	160,183	-	160,183
Accrued guarantee deposits	3,220	-	2,642	-	2,642

As at 31 December 2017 and 2016 the Group had total forward currency contracts as follow:

	Foreign currency	Consolidated financial statement	
		2017	2016
		<i>(in million)</i>	
Forward currency contracts	Yen	377.3	270.4
- to buy	United States Dollar	13.6	8.5
	Euro	1.0	3.0
	Australian Dollar	0.1	0.6
Forward currency contracts	Swiss Franc	0.5	0.2
- to sell	United States Dollar	0.2	0.7

As at 31 December 2017 the fair value of forward currency contracts - to buy and forward currency contracts - to sell amounting to Baht 595 million and Baht 25 million, respectively. (2016: Baht 518 million and Baht 31 million, respectively).

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 Association 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.

39 Supplemental disclosures of cash flows information

Property, plant and equipment and other intangible assets paid by cash during the years ended 31 December 2017 and 2016 are detailed as follows:

Property, plant and equipment

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		<i>(in million Baht)</i>			
Increase during the year	14	16,079	17,750	8,193	8,011
Add (less) - changes in payables		(48)	453	(163)	203
- assets under finance lease		(55)	(327)	-	-
Purchase and paid by cash		15,976	17,876	8,030	8,214

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

Other intangible assets

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		<i>(in million Baht)</i>			
Increase during the year	16	1,054	714	452	384
Add (less) - changes in payables		6	366	(1)	71
Purchase and paid by cash		1,060	1,080	451	455

40 Commitments with non-related parties

Capital commitments

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Contracted but not provided for (construction cost of new plants and installation cost of machinery, and computer system development costs)	1,233	421	-	-
Total	1,233	421	-	-

Future minimum lease payments under non-cancellable operating leases

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Within one year	6,472	5,481	5,911	4,947
After one year but within five years	9,336	7,988	7,438	6,253
After five years	8,241	6,660	2,667	2,226
Total	24,049	20,129	16,016	13,426

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 2018 and 2047.

Other commitments

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Unused letters of credit for purchase of goods and supplies	255	322	-	-
Total	255	322	-	-

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

Letters of guarantee

As at 31 December 2017 the Group has commitments under letters of guarantee with financial institutions, principally guarantee for utilities, rental agreements and others totaling Baht 1,938 million and United States Dollars 0.3 million (2016 : Baht 1,273 million and United States Dollars 0.3 million).

Significant agreements

As at 31 December 2017 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 over 4 to 6 months, and will expire on various dates until December 2018.
- (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.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

- (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 2017 the Company was contingently liable to a legal case with a fund (“the plaintiff”), in which the Company was a defendant in a lawsuit involving the compliance with Tender Offer Rule. The court of first instance rendered a judgement on 24 February 2015 and ruled the Company to pay the claimed damages amounting to Baht 104.7 million plus interest at the rate of 7.5% per annum starting from 2 August 2013 up to when 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 citing 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 2017.

On 14 November 2016, the Company and the plaintiff filed their own petitions with the Supreme Court. The court accepted the plaintiff’s petition on 21 April 2017 and the Company’s petition on 26 May 2017. As at the date in this report, the legal case was still pending with the Supreme Court.

42 Events after the reporting period

- 42.1 At the Board of Directors’ meeting of a local subsidiary (Siam Makro Public Company Limited (“Siam Makro”)) held on 20 February 2018, 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 2017 of Baht 0.56 per share for 4,800 million ordinary shares, totaling Baht 2,688 million. The declaration of dividend payment must be approved by the shareholders’ meeting of the subsidiary.
- 42.2 At the Board of Directors’ meeting of the Company held on 22 February 2018, 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 2017 of Baht 1.10 per share for 8,983 million ordinary shares, totaling Baht 9,881 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 2017

43 Reclassification of accounts

Certain accounts in the statement of financial position as at 31 December 2016 have been reclassified to conform to the presentation in the 2017 financial statements as follows:

	2016					
	Consolidated financial statements			Separate financial statements		
	Before reclassi- fication	Reclassi- fication	After reclassi- fication <i>(in million Baht)</i>	Before reclassi- fication	Reclassi- fication	After Reclassi- fication
<i>Statement of financial position as at 31 December</i>						
Other current receivables	2,295	4,338	6,633	2,588	2,085	4,673
Other current assets	5,054	(4,338)	716	2,708	(2,085)	623
Other non-current receivables	-	1,530	1,530	-	1,058	1,058
Other non-current assets	2,378	(1,530)	848	2,068	(1,058)	1,010
Other payables	(3,044)	(10,185)	(13,229)	(8,918)	(6,707)	(15,625)
Other current liabilities	(11,198)	10,185	(1,013)	(7,305)	6,707	(598)
		<u>-</u>			<u>-</u>	

The reclassifications have been made in order to comply with new format of financial statements for public company limited announced by the Department of Business Development of the Ministry of Commerce on 11 October 2016.