

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

Interim financial statements  
for the three-month period ended  
31 March 2017

and

Independent Auditor's Report  
on Review of Interim Financial Information



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## **Independent Auditor's Report on Review of Interim Financial Information**

### **To the Board of Directors of CP ALL Public Company Limited**

I have reviewed the accompanying consolidated and separate statements of financial position of CP ALL Public Company Limited and its subsidiaries, and of CP ALL Public Company Limited, respectively, as at 31 March 2017; the consolidated and separate statements of income, comprehensive income, changes in equity and cash flows for the three-month period ended 31 March 2017; and condensed notes ("interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

#### *Scope of Review*

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

#### *Conclusion*

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



*Emphasis of Matter*

I draw attention to note 3 to the interim financial statements; at the reporting date, an independent appraiser of the Group is still in the process of appraising the fair value of the identifiable assets acquired and liabilities assumed from the business acquisitions. For the preparation of the consolidated interim financial statements for the three-month period ended 31 March 2017, the Group has provisionally estimated the fair values of the identifiable assets acquired and liabilities assumed from the business acquisitions by considering information in the draft appraisal report obtained from the independent appraiser and recorded the difference between the purchasing price and values of the assets and liabilities in the account "Goodwill" amounting to Baht 2,280 million. My conclusion is not modified in respect of this matter.

(Munchupa Singsuksawat)  
Certified Public Accountant  
Registration No. 6112

KPMG Phoomchai Audit Ltd.  
Bangkok  
11 May 2017

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

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 March	31 December	31 March	31 December
		2017	2016	2017	2016
		(Unaudited)		(Unaudited)	
(in thousand Baht)					
Current assets					
Cash and cash equivalents		23,299,098	33,443,166	14,914,602	23,734,916
Current investments		1,406,044	1,375,805	-	-
Trade accounts receivable	4,5	1,345,644	1,026,397	151,758	135,154
Other current receivables	4	6,229,356	6,633,063	4,286,494	4,672,571
Short-term loans to subsidiaries	4	-	-	4,727,000	4,825,000
Inventories	4	26,807,925	26,704,520	12,200,885	11,768,808
Other current assets		561,136	716,181	457,935	622,675
Total current assets		59,649,203	69,899,132	36,738,674	45,759,124
Non-current assets					
Investments in subsidiaries	6	-	-	205,536,615	205,536,615
Investment in related company		34,000	34,000	34,000	34,000
Other long-term investments		412	412	-	-
Other non-current receivables	4	1,536,680	1,529,606	1,061,760	1,058,319
Investment properties		332,832	332,832	-	-
Property, plant and equipment	3,4,7	100,366,882	99,127,338	25,968,778	25,638,562
Goodwill	3	128,353,153	126,072,806	-	-
Leasehold rights	4	3,261,479	3,310,401	353,291	353,623
Other intangible assets	3,4	50,626,988	50,276,020	1,034,363	1,085,225
Deferred tax assets		877,185	837,609	406,976	397,025
Other non-current assets		1,067,790	847,897	1,023,164	1,009,599
Total non-current assets		286,457,401	282,368,921	235,418,947	235,112,968
Total assets		346,106,604	352,268,053	272,157,621	280,872,092

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

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

		Consolidated		Separate	
		financial statements		financial statements	
		31 March	31 December	31 March	31 December
Liabilities and equity	Note	2017	2016	2017	2016
		(Unaudited)		(Unaudited)	
<i>(in thousand Baht)</i>					
<b>Current liabilities</b>					
Short-term borrowings from					
financial institutions	8	5,532,500	3,515,916	-	-
Trade accounts payable	4	61,872,700	66,958,802	33,314,365	33,621,094
Other payables	3,4	12,367,546	13,229,466	13,207,403	15,624,827
Current portion of debentures	8	12,350,900	25,937,000	12,350,900	25,937,000
Current portion of long-term borrowings from financial institutions	8	2,006,580	2,000,000	-	-
Current portion of finance lease liabilities		109,434	101,129	-	-
Income tax payable		1,772,975	1,063,028	603,177	310,253
Other current liabilities		926,190	1,012,769	628,946	598,425
<b>Total current liabilities</b>		<b>96,938,825</b>	<b>113,818,110</b>	<b>60,104,791</b>	<b>76,091,599</b>
<b>Non-current liabilities</b>					
Debentures	8	158,721,800	154,221,800	158,721,800	154,221,800
Long-term borrowings from financial institutions	8	3,493,755	2,585,235	-	-
Finance lease liabilities		726,728	744,892	-	-
Provisions for employee benefit		2,612,403	2,521,713	1,445,240	1,395,639
Accrued guarantee deposits		3,568,601	3,342,475	3,244,844	3,220,006
Deferred tax liabilities		15,213,782	15,154,065	-	-
Other non-current liabilities	3	425,899	276,559	42,826	30,391
<b>Total non-current liabilities</b>		<b>184,762,968</b>	<b>178,846,739</b>	<b>163,454,710</b>	<b>158,867,836</b>
<b>Total liabilities</b>		<b>281,701,793</b>	<b>292,664,849</b>	<b>223,559,501</b>	<b>234,959,435</b>

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

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

Liabilities and equity <i>(Continued)</i>	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 March	31 December	31 March	31 December
		2017	2016	2017	2016
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
<b>Shareholder's equity</b>					
Share capital					
Authorised share capital		8,986,296	8,986,296	8,986,296	8,986,296
Issued and paid-up share capital		8,983,101	8,983,101	8,983,101	8,983,101
Additional paid-in capital					
Premium on ordinary shares		1,684,317	1,684,317	1,684,317	1,684,317
Retained earnings					
Appropriated					
Legal reserve		900,000	900,000	900,000	900,000
Unappropriated		40,108,844	35,343,854	27,077,777	24,392,314
Other components of					
shareholders' equity		(1,864,212)	(1,668,029)	-	-
<b>Equity attributable to shareholders</b>					
<b>    of the Company</b>		<b>49,812,050</b>	<b>45,243,243</b>	<b>38,645,195</b>	<b>35,959,732</b>
Subordinated perpetual debentures		9,952,925	9,952,925	9,952,925	9,952,925
<b>Equity attributable to equity</b>					
<b>    holders of the Company</b>		<b>59,764,975</b>	<b>55,196,168</b>	<b>48,598,120</b>	<b>45,912,657</b>
Non-controlling interests		4,639,836	4,407,036	-	-
<b>Total shareholders' equity</b>		<b>64,404,811</b>	<b>59,603,204</b>	<b>48,598,120</b>	<b>45,912,657</b>
<b>Total liabilities and</b>					
<b>    shareholder's equity</b>		<b>346,106,604</b>	<b>352,268,053</b>	<b>272,157,621</b>	<b>280,872,092</b>

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

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

		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		For the three-month		For the three-month	
		period ended 31 March		period ended 31 March	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
<b>Revenues</b>	<b>4</b>				
Revenue from sale of goods and rendering of services		113,328,832	104,968,767	65,544,570	61,217,476
Interest income		84,129	45,523	113,528	56,653
Dividend income		46	39	-	-
Net foreign exchange gain		5,036	58,587	-	20
Other income		4,094,488	3,712,618	4,035,277	3,669,011
<b>Total revenues</b>		<b>117,512,531</b>	<b>108,785,534</b>	<b>69,693,375</b>	<b>64,943,160</b>
<b>Expenses</b>	<b>4</b>				
Cost of sale of goods and rendering of services		88,434,390	82,252,728	47,171,697	43,839,169
Distribution costs		17,840,384	16,509,115	14,953,926	13,842,658
Administrative expenses		3,438,191	2,910,563	2,466,805	2,308,650
Net foreign exchange loss		-	-	63	-
Finance costs		2,040,296	2,054,419	1,958,737	1,991,366
<b>Total expenses</b>		<b>111,753,261</b>	<b>103,726,825</b>	<b>66,551,228</b>	<b>61,981,843</b>
<b>Profit before income tax expense</b>		<b>5,759,270</b>	<b>5,058,709</b>	<b>3,142,147</b>	<b>2,961,317</b>
Income tax expense	10	950,989	959,576	456,684	528,787
<b>Profit for the period</b>		<b>4,808,281</b>	<b>4,099,133</b>	<b>2,685,463</b>	<b>2,432,530</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		4,764,990	4,064,685	2,685,463	2,432,530
Non-controlling interests		43,291	34,448	-	-
<b>Profit for the period</b>		<b>4,808,281</b>	<b>4,099,133</b>	<b>2,685,463</b>	<b>2,432,530</b>
<b>Basic earnings per share (in Baht)</b>	<b>11</b>	<b>0.52</b>	<b>0.45</b>	<b>0.29</b>	<b>0.27</b>

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

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

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	For the three-month		For the three-month	
	period ended 31 March		period ended 31 March	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b>Profit for the period</b>	<b>4,808,281</b>	<b>4,099,133</b>	<b>2,685,463</b>	<b>2,432,530</b>
<b>Other comprehensive income</b>				
<i>Components of other comprehensive income that will be reclassified to profit or loss</i>				
Exchange differences on translation financial statement	(197,038)	(160,588)	-	-
<b>Other comprehensive income for the period</b>	<b>(197,038)</b>	<b>(160,588)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>4,611,243</b>	<b>3,938,545</b>	<b>2,685,463</b>	<b>2,432,530</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	4,568,807	3,904,100	2,685,463	2,432,530
Non-controlling interests	42,436	34,445	-	-
<b>Total comprehensive income for the period</b>	<b>4,611,243</b>	<b>3,938,545</b>	<b>2,685,463</b>	<b>2,432,530</b>

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



## Consolidated financial statements

For the three-month period ended 31 March 2017 $\infty$

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

Consolidated financial statements											
Retained earnings				Other components of shareholders' equity							
				Exchange differences on		Differences on		Total other			
				translation		acquisition of		components of		Equity	
				financial		non-controlling		shareholders'		attributable to	
				statement		interests		equity		equity holders	
								of the Company		of the Company	
				(in thousand Baht)							
Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated retained earnings	30,440	(1,142,585)	(1,112,145)	37,349,441	4,326,296	41,675,737		
8,983,101	1,684,317	900,000	26,894,168								
-	-	-	4,064,685	-	-	-	4,064,685	34,448	4,099,133		
-	-	-	-	(160,585)	-	(160,585)	(160,585)	(3)	(160,588)		
-	-	-	4,064,685	(160,585)	-	(160,585)	3,904,100	34,445	3,938,545		
8,983,101	1,684,317	900,000	30,958,853	(130,145)	(1,142,585)	(1,272,730)	41,253,541	4,360,741	45,614,282		
For the three-month period ended 31 March 2016											
Balance at 1 January 2016											
Comprehensive income for the period											
Profit											
Other comprehensive income											
Total comprehensive income for the period											
Balance at 31 March 2016											

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

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

	Separate financial statements				
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings	Subordinated perpetual debentures	Total shareholders' equity
			Legal reserve	Unappropriated retained earnings	
				(in thousand Baht)	
For the three-month period ended 31 March 2017					
<b>Balance at 1 January 2017</b>	<b>8,983,101</b>	<b>1,684,317</b>	<b>900,000</b>	<b>24,392,314</b>	<b>45,912,657</b>
<b>Comprehensive income for the period</b>					
Profit	-	-	-	2,685,463	2,685,463
<b>Total comprehensive income for the period</b>	-	-	-	<b>2,685,463</b>	<b>2,685,463</b>
<b>Balance at 31 March 2017</b>	<b>8,983,101</b>	<b>1,684,317</b>	<b>900,000</b>	<b>27,077,777</b>	<b>48,598,120</b>
For the three-month period ended 31 March 2016					
<b>Balance at 1 January 2016</b>	<b>8,983,101</b>	<b>1,684,317</b>	<b>900,000</b>	<b>18,469,243</b>	<b>30,036,661</b>
<b>Comprehensive income for the period</b>					
Profit	-	-	-	2,432,530	2,432,530
<b>Total comprehensive income for the period</b>	-	-	-	<b>2,432,530</b>	<b>2,432,530</b>
<b>Balance at 31 March 2016</b>	<b>8,983,101</b>	<b>1,684,317</b>	<b>900,000</b>	<b>20,901,773</b>	<b>32,469,191</b>

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

# CP ALL Public Company Limited and its Subsidiaries

## Statement of cash flows (Unaudited)

	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month		For the three-month	
	period ended 31 March		period ended 31 March	
Note	2017	2016	2017	2016
	(in thousand Baht)			
<b>Cash flows from operating activities</b>				
Profit for the period	4,808,281	4,099,133	2,685,463	2,432,530
Adjustments to reconcile profit to cash receipts				
Depreciation	2,087,851	1,763,292	1,280,270	1,116,990
Amortisation of leasehold rights	67,487	70,397	27,232	28,943
Amortisation of other intangible assets	131,433	106,279	45,425	37,170
Interest income	(84,129)	(45,523)	(113,528)	(56,653)
Dividend income	(46)	(39)	-	-
Finance costs	2,040,296	2,054,419	1,958,737	1,991,366
Income tax expense	950,989	959,576	456,684	528,787
Provisions for employee benefit	91,094	82,553	51,000	45,000
(Reversal of) allowance for losses on slow-moving inventories	(30,421)	220	(12,278)	(28,012)
(Reversal of) impairment for losses on property, plant and equipment	1,670	(1,930)	-	-
(Reversal of) bad and doubtful debts expenses	5 1,526	(1,750)	-	-
Unrealised (gain) loss on exchange	(5,958)	6,549	-	-
(Gain) loss on disposal and write-off of property, plant and equipment	13,976	(22,675)	11,665	2,680
Gain on disposal of leasehold rights	(2,971)	(3,302)	(2,971)	(3,302)
	10,071,078	9,067,199	6,387,699	6,095,499
<b>Changes in operating assets and liabilities</b>				
Trade accounts receivable	232,662	25,373	(16,604)	60,273
Other receivables	368,735	(408,346)	392,809	127,305
Inventories	266,714	400,054	(419,799)	(331,245)
Other current assets	170,091	79,206	164,124	79,111
Other non-current assets	(192,120)	328,878	(13,565)	630,516

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

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

		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		For the three-month		For the three-month	
		period ended 31 March		period ended 31 March	
<i>Note</i>		2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Trade accounts payable		(5,343,188)	(4,110,127)	(306,729)	(592,807)
Other payables		(476,374)	(426,626)	(2,144,815)	(1,668,219)
Other current liabilities		(97,527)	86,807	30,521	69,498
Provisions for employee benefit paid		(4,959)	(1,870)	(2,662)	(324)
Transferred in of provisions for employee benefit		1,263	-	1,263	-
Accrued guarantee deposits		226,126	32,997	24,838	33,018
Other non-current liabilities		41,415	28,261	12,435	-
Net cash generated from operating		5,263,916	5,101,806	4,109,515	4,502,625
Income tax paid		(313,063)	(281,315)	(173,712)	(157,048)
<b>Net cash from operating activities</b>		<b>4,950,853</b>	<b>4,820,491</b>	<b>3,935,803</b>	<b>4,345,577</b>
<b><i>Cash flows from investing activities</i></b>					
Interest received		96,473	22,118	103,355	35,442
Dividends received		46	39	-	-
Acquisition of current investments		(569,927)	(570,000)	-	-
Proceeds from sale of current investments		539,028	578,600	-	-
Cash outflow on short-term loans to subsidiaries	4	-	-	(100,000)	(700,000)
Proceeds from repayment of short-term loans to subsidiaries	4	-	-	198,000	-
Acquisition of investments in subsidiaries	6	-	-	-	(2,906,984)
Acquisition of property, plant and equipment	12	(3,227,274)	(3,939,315)	(1,301,270)	(1,698,689)
Proceeds from sale of property, plant and equipment		38,113	45,182	23,635	14,870
Acquisition of leasehold rights		(27,049)	(136,088)	(26,442)	(15,678)
Proceeds from sale of leasehold rights		3,129	3,352	3,129	3,352
Acquisition of other intangible assets	12	(90,270)	(230,794)	(7,111)	(62,633)
Acquisition of subsidiaries	3	(2,618,402)	-	-	-
<b>Net cash used in investing activities</b>		<b>(5,856,133)</b>	<b>(4,226,906)</b>	<b>(1,106,704)</b>	<b>(5,330,320)</b>

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

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

	<i>Note</i>	<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		For the three-month period ended 31 March		For the three-month period ended 31 March	
		2017	2016	2017	2016
<i>(in thousand Baht)</i>					
<b><i>Cash flows from financing activities</i></b>					
Interest paid		(2,580,990)	(2,300,785)	(2,563,313)	(2,273,957)
Payment by a lessee for reduction of the outstanding liability relating to a finance lease		(39,753)	(33,335)	-	-
Proceeds from short-term borrowings from financial institutions	8	1,637,903	-	-	-
Repayment of short-term borrowings from financial institutions	8	-	(5,209,940)	-	(6,150,000)
Proceeds from issue of debentures	8	4,500,000	7,000,000	4,500,000	7,000,000
Repayment of debentures	8	(13,586,100)	-	(13,586,100)	-
Proceeds from long-term borrowings from financial institutions	8	930,211	-	-	-
<b>Net cash used in financing activities</b>		<b>(9,138,729)</b>	<b>(544,060)</b>	<b>(11,649,413)</b>	<b>(1,423,957)</b>
Net increase (decrease) in cash and cash equivalents, before effect of exchange rates		(10,044,009)	49,525	(8,820,314)	(2,408,700)
Effect of exchange rate changes on cash and cash equivalents		(100,059)	(56,751)	-	-
<b>Net decrease in cash and cash equivalents</b>		<b>(10,144,068)</b>	<b>(7,226)</b>	<b>(8,820,314)</b>	<b>(2,408,700)</b>
Cash and cash equivalents at beginning of period		33,443,166	21,518,252	23,734,916	15,329,709
<b>Cash and cash equivalents at end of period</b>		<b>23,299,098</b>	<b>21,511,026</b>	<b>14,914,602</b>	<b>12,921,009</b>

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

**CP ALL Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2017 (Unaudited)**

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16	Events after the reporting period
17	Reclassification of accounts

**CP ALL Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2017 (Unaudited)**

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

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language interim financial statements have been prepared from the Thai language interim financial statements, and were approved and authorised for issue by the Board of Directors on 11 May 2017.

## **1 General information**

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

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

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

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

The Company operates convenience stores under the “7-Eleven” trademark and franchises to other retailers in the territory of Thailand. The number of 7-Eleven convenience stores as at 31 March 2017 was 9,788 stores (*31 December 2016: 9,542 stores*).

	31 March 2017	31 December 2016
	<i>(number of stores)</i>	
The Company owns and manages convenience stores	4,391	4,205
The Company franchises the license to other retailers		
- under management agreements	4,703	4,645
- under sub-license agreements	694	692
<b>Total</b>	<b>9,788</b>	<b>9,542</b>

Details of the Company’s subsidiaries as at 31 March 2017 and 31 December 2016 are given in note 6 to the interim financial statements.

## **2 Basis of preparation of the interim financial statements**

### **(a) Statement of compliance**

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (“TAS”) No. 34 (revised 2016) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2016. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company and its subsidiaries for the year ended 31 December 2016.



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

## **Notes to the interim financial statements**

### **For the three-month period ended 31 March 2017 (Unaudited)**

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2016 except that the Group has adopted all the new and revised Thai Financial Reporting Standards (“TFRS”) that are effective for annual periods beginning on or after 1 January 2017. The adoption of these new and revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Group or the Company.

#### **(b) *Functional and presentation currency***

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

#### **(c) *Use of judgements and estimates***

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

In preparing these interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2016.

#### *Measurement of fair values*

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 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.

Significant valuation issues are reported to the Group Audit Committee.

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

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

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.

**CP ALL Public Company Limited and its Subsidiaries**  
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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 3 and 13 to the interim financial statements.

**3 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 direct 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 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 estimated additional acquisition value") in accordance with the terms of the sale and purchase agreement; and the sellers are able to give the disagreement notice for the adjusted value within 30 days from the transaction date and 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
<b>Total</b>	<b>985,263</b>	<b>80</b>	<b>-</b>	<b>-</b>	<b>985,263</b>	<b>80</b>
Indoguna Dubai L.L.C						
- Ordinary shares	117	39	123	41	240	80
<b>Total</b>	<b>117</b>	<b>39</b>	<b>123</b>	<b>41</b>	<b>240</b>	<b>80</b>
Just Meat Company Limited						
- Ordinary shares	800	80	-	-	800	80
<b>Total</b>	<b>800</b>	<b>80</b>	<b>-</b>	<b>-</b>	<b>800</b>	<b>80</b>
Lordly Company Limited						
- Ordinary shares	8,000	80	-	-	8,000	80
<b>Total</b>	<b>8,000</b>	<b>80</b>	<b>-</b>	<b>-</b>	<b>8,000</b>	<b>80</b>

**CP ALL Public Company Limited and its Subsidiaries**  
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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 assets acquired and liabilities assumed.

*Consideration transferred*

	<i>(in million Baht)</i>
Cash paid	2,744
Estimated additional acquisition value	84
Contingent consideration as stipulated in the agreement	232
<b>Total</b>	<b>3,060</b>

*Contingent consideration*

As stipulated in the agreement, SFS agreed to make an additional contingent consideration to the seller when the seller achieved 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 (fair value is categorised into level 3 in the fair value hierarchy).

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"> <li>• Risk-adjusted discount rate (at 2.06% per annum and 2.12% per annum)</li> <li>• Forecast EBITDA margin</li> </ul>	<ul style="list-style-type: none"> <li>• The estimated fair value would increase if the risk-adjusted discount rate was lower.</li> <li>• The estimated fair value will be decreased if the EBITDA will not achieve in accordance with conditions stipulated in the agreement.</li> </ul>

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.

**CP ALL Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
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**Sensitivity analysis**

For the fair values of contingent consideration, reasonably possible changes at 31 March 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 are as follows:

	<b>Consolidated financial statement</b>
	31 March 2017
	<i>(in million Baht)</i>
<i>Effect to increase (decrease) in profit</i>	
EBITDA in 2017 is not achieved conditions as stipulated in the agreement but EBITDA in 2018 is achieved conditions as stipulated in the agreement.	2
EBITDA in 2017 is achieved conditions as stipulated in the agreement but EBITDA in 2018 is not achieved conditions as stipulated in the agreement	115
EBITDA in 2017 and 2018 is not achieved conditions as stipulated in the agreement	232

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. At the report date, the independent appraiser is still in the process of appraising the fair value of those; and the fair value appraisal has not yet been completed. The principal 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 interim financial statements for the three-month period ended 31 March 2017, the Group has provisionally estimated the fair values of the identifiable assets acquired and liabilities assumed from the business acquisitions by considering information in the draft appraisal report obtained from the independent appraiser and recorded the difference between the purchasing price and the values of the assets and liabilities in the account "Goodwill" amounting to Baht 2,280 million.

*Identifiable assets acquired and liabilities assumed*

	<i>(in million Baht)</i>
Cash and cash equivalents	126
Trade accounts receivable	553
Other current receivables	8
Inventories	340
Other current assets	15
Property, plant and equipment	303
Other intangible assets	445
Short-term borrowings from financial institutions	(379)
Trade accounts payable	(258)
Other payables	(36)
Income tax payable	(11)
Other current liabilities	(11)

**CP ALL Public Company Limited and its Subsidiaries**  
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*Identifiable assets acquired and liabilities assumed (continued)*

	<i>(in million Baht)</i>
Long-term borrowings from financial institutions	(25)
Finance lease liabilities	(13)
Provisions for employee benefit	(3)
Deferred tax liabilities	(80)
<b>Net assets</b>	<b>974</b>
Non-controlling interests of the acquiree (based on their proportionate interest in the recognised amount of the net identifiable assets of the acquiree)	(194)
Goodwill	2,280
<b>Consideration transferred</b>	<b>3,060</b>
Net cash obtained from the acquisition of subsidiaries	126
Cash paid	(2,744)
<b>Net cash outflows as at 31 March 2017</b>	<b>(2,618)</b>

The Group has a policy to continuously review the fair value of identifiable assets acquired; such as property, plant and equipment, intellectual property and information technology, etc., and liabilities assumed; and allocation of acquisition-date fair value. In accordance with TFRS No. 3 (revised 2016) *Business Combination*, if the Group obtains any new information within one year from the acquisition date about facts and circumstances that existed at the acquisition date, the Group will adjust the above provisional fair values, or recognise any additional assets or liabilities existed at the acquisition date, then the acquisition accounting will be revised.

*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 64 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 47 million were recorded in the consolidated statement of income for the three-month period ended 31 March 2017.

*Operations of 4 new subsidiaries after acquisition date*

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

	For the period from 26 January 2017 to 31 March 2017 <i>(in million Baht)</i>
Revenue from sale of goods	461
Profit for the period attributable to equity holders of the Company	13

# CP ALL Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

### For the three-month period ended 31 March 2017 (Unaudited)

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 for the period attributable to equity holders of the Company in the consolidated statement of income for three-month period ended 31 March 2017 would have no material increased.

#### 4 Related parties

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

Relationships with subsidiaries are described in note 6 to the interim financial statements. Relationships with key management and other related parties were as follows:

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

# CP ALL Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the three-month period ended 31 March 2017 (Unaudited)

Name of parties	Country of incorporation/ nationality	Nature of relationships
True Internet Corporation Co., Ltd. (formerly “True Universal Convergence Co., Ltd.”)	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
True Internet Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
Perfect Companion Group Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
Freewill Solutions Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
C.P.Vietnam Corporation	Vietnam	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
C.P. Tower Growth Leasehold Property Fund	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
Chester Food Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
CPF Trading Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
C.P. Packaging Industry Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True GS Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Distribution and Sales Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Move H Universal Communication Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Leasing Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Internet Data Center Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
Real Move Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
Allianz C.P. General Insurance Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
C.P. Food Store Co., Ltd.	Thailand	One of the Company’s director is a major shareholder
Dees Supreme Co., Ltd.	Thailand	One of the Company’s director is a major shareholder
Key management personnel	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group

**CP ALL Public Company Limited and its Subsidiaries**  
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The pricing policies for particular types of transactions are explained further below:

<b>Transactions</b>	<b>Pricing policies</b>
Sale of goods	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies
Service and other operating income	Contract prices determined by the terms and conditions used in the normal course of business
Interest income	Source of fund cost plus capital management expenses
Dividend income	Right to receive dividends
Purchase of goods and services	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies
Rental and service fees	Rates advised by the lessors and service providers
Technical service fees	Contract prices determined by the terms and conditions used in the normal course of business
Insurance premiums	Standard rates as specified by the insurers
Interest expense	Agreed rates stipulated in the agreements
Purchase of property, plant and equipment	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies
Purchase of leasehold rights and other intangible assets	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies

Significant transactions for the three-month periods ended 31 March 2017 and 2016 with related parties were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
<i><b>For the three-month period ended 31 March</b></i>	2017	2016	2017	2016
	<i>(in million Baht)</i>			
<i><b>Ultimate parent company</b></i>				
Administrative expenses	2	2	2	2
<i><b>Subsidiaries</b></i>				
Revenue from sale of goods and rendering of services	-	-	165	147
Interest income	-	-	55	34
Other income	-	-	308	287
Distribution costs	-	-	337	244
Administrative expenses	-	-	528	495
Purchases of goods and services	-	-	4,793	4,118
Purchases of property, plant and equipment and other intangible assets	-	-	479	712
<i><b>Other related companies</b></i>				
Revenue from sale of goods and rendering of services	428	392	174	210
Other income	477	276	467	273
Distribution costs	15	17	-	-
Administrative expenses	128	137	82	103
Purchases of goods and services	9,232	8,111	6,775	6,692
Purchases of property, plant and equipment, leasehold rights and other intangible assets	1	-	-	-



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

**Notes to the interim financial statements**

**For the three-month period ended 31 March 2017 (Unaudited)**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
<i>For the three-month period ended 31 March</i>	2017	2016	2017	2016
	<i>(in million Baht)</i>			
<b>Key management personnel</b>				
Key management benefit expenses				
Short-term employee benefits	153	151	103	96
Severance pay for employees	3	3	1	2
<b>Total key management benefit expenses</b>	<b>156</b>	<b>154</b>	<b>104</b>	<b>98</b>

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

**Trade accounts receivable**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
	<i>(in million Baht)</i>			
Related companies	157	160	-	-
Less allowance for doubtful accounts	(2)	(2)	-	-
<b>Net</b>	<b>155</b>	<b>158</b>	<b>-</b>	<b>-</b>

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
<b>Bad and doubtful debts expense for the three-month period ended 31 March</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Other receivables**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
	<i>(in million Baht)</i>			
<b>Current</b>				
Subsidiaries	-	-	333	552
Other related companies	551	335	512	311
<b>Total</b>	<b>551</b>	<b>335</b>	<b>845</b>	<b>863</b>
<b>Non-current</b>				
Subsidiary	-	-	156	164
<b>Total</b>	<b>-</b>	<b>-</b>	<b>156</b>	<b>164</b>

# CP ALL Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the three-month period ended 31 March 2017 (Unaudited)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in million Baht)			
<b>Bad and doubtful debts expense for the three-month period ended 31 March</b>	-	-	-	-

During the year 2008 the Company paid for the prepaid rental and service fees under the terms of lease and service agreements to a local subsidiary (Panyapiwat Institute of Management) for lease of its building spaces for field consultant conferences, trade show, franchisee conference and other activities for a period of 15 years, totaling Baht 450 million, and were recorded in the accounts “other current receivables” and “other non-current receivables”. The Company amortised 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	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
	(in million Baht)			
CPRAM Co., Ltd.	-	-	4,100	4,000
CP Retailink Co., Ltd.	-	-	600	750
Dynamic Management Co., Ltd.	-	-	27	75
<b>Total</b>	<b>-</b>	<b>-</b>	<b>4,727</b>	<b>4,825</b>

Movements during the three-month periods ended 31 March 2017 and 2016 were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in million Baht)			
At 1 January	-	-	4,825	2,900
Increases	-	-	100	700
Decreases	-	-	(198)	-
<b>At 31 March</b>	<b>-</b>	<b>-</b>	<b>4,727</b>	<b>3,600</b>
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,825</b>

At at 31 March 2017 the outstanding balance of short-term loans to the subsidiaries were unsecured and at call; and the interest rate was fixed at 4.75% per annum. (31 December 2016: 4.75% per annum)

### Trade accounts payable

	Consolidated financial statements		Separate financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
	(in million Baht)			
Subsidiaries	-	-	1,584	1,506
Other related companies	5,363	6,790	3,801	4,878
<b>Total</b>	<b>5,363</b>	<b>6,790</b>	<b>5,385</b>	<b>6,384</b>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
	<i>(in million Baht)</i>			
Subsidiaries	-	-	6,552	8,044
Other related companies	111	109	30	30
<b>Total</b>	<b>111</b>	<b>109</b>	<b>6,582</b>	<b>8,074</b>

*Future minimum lease payments under non-cancellable operating leases*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
	<i>(in million Baht)</i>			
Within one year	171	51	122	7
After one year but within five years	463	137	323	4
After five years	150	152	-	-
<b>Total</b>	<b>784</b>	<b>340</b>	<b>445</b>	<b>11</b>

The Group has lease agreements covering lease of buildings, vehicles and other assets for periods of 1 to 25 years, which will expire between 2017 to 2039.

*Significant agreements with related parties*

As at 31 March 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 2017. In consideration thereof, the Company agreed to pay a monthly service fee to the ultimate parent company totaling Baht 0.8 million.
- (b) The Company has a cash management agreement with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agreed to provide cash management services under conditions stipulated in the agreement to the subsidiary. In consideration thereof, the subsidiary agreed to pay a cash management service fee to the Company at the rates stipulated in the agreement, and the Company agreed to pay benefits for cash management to the subsidiary at the rate stipulated in the agreement. If either party has intention to terminate the agreement, a written notification must be made to the other party at least 60 days before the expiry date of the agreement.
- (c) The Company has service agreements with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreements, the Company agreed to provide and install the computer system to support bill payment services. In consideration thereof, the subsidiary agreed to pay monthly service fees to the Company in accordance with the types of service stipulated in the agreements.

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

### **Notes to the interim financial statements**

#### **For the three-month period ended 31 March 2017 (Unaudited)**

- (d) The Company has a service agreement with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agreed to be appointed as the agent of the subsidiary for bill payment services under conditions stipulated in the agreement. In consideration thereof, the subsidiary agreed to pay a service fee to the Company at the amount stipulated in the agreement. If either party has intention to terminate the agreement, a written notification must be made to the other party at least 60 days before the expiry date of the agreement.
- (e) The Company has a maintenance service agreement with CP Retailink Co., Ltd., a local subsidiary. Under the terms of the agreement, the subsidiary agreed to provide maintenance of computer hardware and equipment services to the Company for a period of 5 years ending in December 2019. In consideration thereof, the Company agreed to pay an annual service fee to the subsidiary at the amount stipulated in the agreement.
- (f) The Company has a computer service center agreement with Thai Smart Card Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agreed to provide place for setting up computer center and other facilities to the subsidiary for a period of 3 years ending in September 2017. In consideration thereof, the subsidiary agreed to pay an annual service fee to the Company at the amount stipulated in the agreement.
- (g) The Company and certain local subsidiaries have lease and service agreements with C.P. Tower Growth Leasehold Property Fund, a related company, to lease space in its buildings for offices of the Company and the subsidiaries. In consideration thereof, the Company and the subsidiaries agreed to pay monthly rental and services fees totaling Baht 10.3 million, and placed guarantee deposits with the related company totaling Baht 30.9 million. The guarantee deposits will be refunded to the Company and the subsidiaries upon the termination of the lease. These agreements are effective for a period of 3 years, and will expire on various dates until July 2019.
- (h) The Company and certain local subsidiaries have information system services agreements with Gosoft (Thailand) Co., Ltd. (“the service provider”), a local subsidiary. Under the terms of these agreements, the service provider agreed to provide consulting, advisory, development, design, installation, maintenance and supporting services to the Company and its subsidiaries for a period of 1 year ending in December 2017. In consideration thereof, the Company and its subsidiaries agreed to pay service fees to the service provider at the amounts stipulated in the agreements. If either party has intention to terminate the agreement, a written notification must be made to the other party at least 90 days before the expiry date of the agreement.
- (i) The Company has a service agreement with Siam Makro Public Company Limited, a local subsidiary. Under the terms of the agreement, the Company agrees to grant the right to use certain trademarks under conditions stipulated in the agreement. In consideration thereof, the subsidiary is committed to pay a fee, calculated as a percentage of its sales, to the Company as stipulated in the agreement. This agreement is effective for a period of 1 year and is renewable for additional periods of 1 year each.
- (j) A local subsidiary, Siam Makro Public Company Limited, has lease and service agreements with CP Retailink Co., Ltd, a local subsidiary (“the party”). Under the terms of these agreements, the subsidiary agreed to provide space for trading and related services to the party. In consideration thereof, the party agreed to pay monthly rental and services fees, and placed guarantee deposits with the subsidiary as stipulated in the agreement. The guarantee deposits will be refunded to the party upon the termination of the lease. These agreements are effective for a period of 3 years, and will expire on various dates until December 2019.

**CP ALL Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2017 (Unaudited)**

**5 Trade accounts receivable**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	31 March 2017	31 December 2016	31 March 2017	31 December 2016
		<i>(in million Baht)</i>			
Related parties	4	157	160	-	-
Other parties		1,212	887	152	135
<b>Total</b>		<b>1,369</b>	<b>1,047</b>	<b>152</b>	<b>135</b>
Less allowance for doubtful accounts		(23)	(21)	-	-
<b>Net</b>		<b>1,346</b>	<b>1,026</b>	<b>152</b>	<b>135</b>

  

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2017	2016	2017	2016
		<i>(in million Baht)</i>			
<b>Bad and doubtful debts expense (Reversal of allowance for doubtful accounts) for the three-month period ended 31 March</b>		<b>2</b>	<b>(2)</b>	<b>-</b>	<b>-</b>

Aging analyses for trade accounts receivable are as follows:

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	31 March 2017	31 December 2016	31 March 2017	31 December 2016
		<i>(in million Baht)</i>			
<b>Related parties</b>					
Within credit terms		108	107	-	-
Overdue:					
Less than 3 months		29	37	-	-
3 - 6 months		2	9	-	-
6 - 12 months		18	7	-	-
<b>Total</b>		<b>157</b>	<b>160</b>	<b>-</b>	<b>-</b>
Less allowance for doubtful accounts		(2)	(2)	-	-
<b>Net</b>	4	<b>155</b>	<b>158</b>	<b>-</b>	<b>-</b>

# CP ALL Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

### For the three-month period ended 31 March 2017 (Unaudited)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
Note	2017	2016	2017	2016
	<i>(in million Baht)</i>			
<b>Other parties</b>				
Within credit terms	836	711	152	135
Overdue:				
Less than 3 months	291	152	-	-
3 - 6 months	61	6	-	-
6 - 12 months	14	7	-	-
Over 12 months	10	11	-	-
<b>Total</b>	<b>1,212</b>	<b>887</b>	<b>152</b>	<b>135</b>
Less allowance for doubtful accounts	(21)	(19)	-	-
<b>Net</b>	<b>1,191</b>	<b>868</b>	<b>152</b>	<b>135</b>
<b>Grand total</b>	<b>1,346</b>	<b>1,026</b>	<b>152</b>	<b>135</b>

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

## 6 Investments in subsidiaries

Movements during the three-month periods ended 31 March 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	-	-	-	2,907
<b>At 31 March</b>	<b>-</b>	<b>-</b>	<b>205,537</b>	<b>205,507</b>
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>205,537</b>

Details of the increase in investments in subsidiary during the three-month periods ended 31 March 2017 and 2016 were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Lotus Distribution Investment Limited	-	-	-	2,907
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,907</b>

### Additional investments

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

**CP ALL Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2017 (Unaudited)**

Investments in subsidiaries as at 31 March 2017 and 31 December 2016, and dividend income for the three-month periods ended 31 March 2017 and 2016 were as follows:

Name of parties	Type of business	Country of incorporation	Ownership Interest				Paid-up capital				At cost				Dividend income for the three-month period ended
			31 March 2017		31 December 2016		31 March 2017		31 December 2016		31 March 2017		31 December 2016		
			(in million Baht)												
<i>Local direct subsidiaries</i>															
Suksapiwat Co., Ltd.	Holding company	Thailand	99.99	99.99	810	810	810	810	810	810	-	-	-	-	-
CPRAM Co., Ltd.	Frozen food plant and bakery	Thailand	99.99	99.99	600	600	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	100	100	91	91	-	-	-	-	-
CP Retailink Co.,Ltd.	Distributor of equipment for retailing and software development	Thailand	99.99	99.99	20	20	20	20	20	20	-	-	-	-	-
Gosoft (Thailand) Co., Ltd.	Information system design and development services	Thailand	99.99	99.99	20	20	20	20	20	20	-	-	-	-	-

**CP ALL Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2017 (Unaudited)**

Separate financial statements <i>(Continued)</i>									
Name of parties	Type of business	Country of incorporation	Ownership Interest		Paid-up capital		At cost		Dividend income for the three-month period ended
			31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016	
			(%)		<i>(in million Baht)</i>				
All Corporation Limited	Holding company	Thailand	99.99	99.99	13	13	13	13	-
Dynamic Management Co., Ltd.	Logistics and distribution of merchandises services	Thailand	99.99	99.99	2	2	2	2	-
MAM Heart Co., Ltd.	Marketing activities planning services	Thailand	99.99	99.99	1	1	1	1	-
Panyatara Co., Ltd.	Training center	Thailand	99.99	99.99	1	1	1	1	-
All Training Co., Ltd.	Training center	Thailand	99.99	99.99	1	1	1	1	-
OHT Co., Ltd.	Holding company	Thailand	99.99	99.99	12	12	57,754	57,754	-
24 Shopping Co., Ltd.	Distributor of catalog merchandises and e-commerce	Thailand	99.99	99.99	30	30	30	30	-
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	-
Siam Makro Public Company Limited	Cash and carry	Thailand	42.87	42.87	2,400	2,400	82,427	82,427	-
<b>Total</b>							<b>198,411</b>	<b>198,411</b>	-



**CP ALL Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2017 (Unaudited)**

Separate financial statements (Continued)									
Name of parties	Type of business	Country of incorporation	Ownership interest		Paid-up capital		At cost		Dividend income for the three-month period ended
			31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016	
			(%)		(in million US\$)		(in million Baht)		
<i>Foreign direct subsidiaries</i>									
Lotus Distribution Investment Limited	Holding company	British Virgin Islands	100.00	100.00	206	206	7,126	7,126	-
Albuera International Limited	Holding company	British Virgin Islands	100.00	100.00	.*	.*	.*	.*	-
<b>Total</b>							<b>7,126</b>	<b>7,126</b>	-
<b>Grand total</b>							<b>205,537</b>	<b>205,537</b>	-

\* As at 31 March 2017 Albuera International Limited ("Albuera") had paid-up capital amounting to USD 1 and the Company invested in Albuera amounting to USD 1.

**CP ALL Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2017 (Unaudited)**

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

Name of parties	Type of business	Country of incorporation	Ownership interests	
			31 March 2017	31 December 2016
			(%)	
<b>Local indirect subsidiaries</b>				
Panyapiwat Institute of Management Demonstration School	Educational institution	Thailand	99.99	99.99
Panyapiwat Institute of Management	Educational institution	Thailand	99.99	99.99
Panyapiwat Technological College	Educational institution	Thailand	99.99	99.99
C.P. Foodlab Co., Ltd.	Research and development service, and microbiologic and scientific laboratory services	Thailand	99.99	99.99
Siam Food Services Limited	Commercial trading	Thailand	97.88	97.88
Makro ROH Co., Ltd.	Providing technical and supporting services to the Group	Thailand	97.88	97.88
ProMart Co., Ltd.	Trading of non-food products	Thailand	97.88	97.88
Siam Makro Public Company Limited	Cash and carry	Thailand	55.01	55.01
Siam Makro Holding (Thailand) Ltd.	Holding company	Thailand	50.99	50.99
<b>Foreign indirect subsidiaries</b>				
Successor Investments Limited	Holding company	Hong Kong Special Administrative Region of the People's Republic of China	100.00	100.00
Nanjing Zheng Yi Xin Trading Co., Ltd.	Commercial trading	The People's Republic of China	100.00	100.00
Successor (China) Investments Limited	Holding company	The People's Republic of China	100.00	100.00

**CP ALL Public Company Limited and its Subsidiaries****Notes to the interim financial statements****For the three-month period ended 31 March 2017 (Unaudited)**

Name of parties	Type of business	Country of incorporation	Ownership interests	
			31 March 2017	31 December 2016
			(%)	
Nanjing Tianqu Investment Management Co., Ltd.	Commercial trading, holding and educational institution	The People’s Republic of China	100.00	100.00
Nanjing Tech University Pujiang Institute	Educational institution	The People’s Republic of China	100.00	100.00
Nanjing Tech University Pujiang Institute Eductional Development Fund	Educational development fund	The People’s Republic of China	100.00	100.00
Vina Siam Food Co., Ltd.	Commercial trading	Vietnam	97.88	97.88
ARO Company Limited	Providing marketing and consulting services	Republic of the Union of Myanmar	97.88	97.88
CP Wholesale India Private Limited	Wholesale and Related business	India	97.87	-
Indoguna (Singapore) Pte Ltd	Manufacturing, trading, importing and exporting of food related products	Singapore	78.30	-
Indoguna Dubai L.L.C.	Importing and trading of food related products	United Arab Emirates	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	-
Lordly Company Limited	Importing and trading of food related products	Hong Kong Special Administrative Region of the People’s Republic of China	78.30	-
Makro (Cambodia) Company Limited	Wholesale and retail operator and related business	Cambodia	68.52	68.52

# CP ALL Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the three-month period ended 31 March 2017 (Unaudited)

### 7 Property, plant and equipment

Acquisitions, disposals and transfers of property, plant and equipment during the three-month periods ended 31 March 2017 and 2016 were as follows:

	Consolidated financial statements			
	2017		2016	
	Acquisition and transfers in - at cost	Disposals and transfers out - net book value (in million Baht)	Acquisition and transfers in - at cost	Disposals and transfers out - net book value
Land	43	-	32	-
Buildings, building and leasehold improvements	1,378	19	1,725	5
Machinery and equipment	1,571	4	1,285	4
Furniture, fixtures and office equipment	497	28	603	12
Assets under construction and installation	2,090	2,751	2,400	2,628
Other	378	1	334	1
<b>Total</b>	<b>5,957</b>	<b>2,803</b>	<b>6,379</b>	<b>2,650</b>

	Separate financial statements			
	2017		2016	
	Acquisition and transfers in - at cost	Disposals and transfers out - net book value (in million Baht)	Acquisition and transfers in - at cost	Disposals and transfers out - net book value
Land	-	-	4	-
Buildings, building and leasehold improvements	778	16	432	4
Machinery and equipment	353	2	356	1
Furniture, fixtures and office equipment	468	16	569	12
Assets under construction and installation	782	964	782	515
Other	228	1	114	1
<b>Total</b>	<b>2,609</b>	<b>999</b>	<b>2,257</b>	<b>533</b>

**CP ALL Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2017 (Unaudited)**

**8 Interest-bearing liabilities**

*Short-term borrowings from financial institutions*

Movements during the three-month periods ended 31 March 2017 and 2016 were as follows:

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
		(in million Baht)			
At 1 January		3,516	11,881	-	9,000
Increases		1,638	-	-	-
Acquired through business combination	3	379	-	-	-
Decreases		-	(5,210)	-	(6,150)
At 31 March		<u>5,533</u>	<u>6,671</u>	<u>-</u>	<u>2,850</u>
At 31 December			3,516		-

*Debentures*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
<i>(in million Baht)</i>				
Current	12,351	25,937	12,351	25,937
Non-current	158,722	154,222	158,722	154,222
<b>Total</b>	<b>171,073</b>	<b>180,159</b>	<b>171,073</b>	<b>180,159</b>

Movements during the three-month periods ended 31 March 2017 and 2016 were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
<i>(in million Baht)</i>				
At 1 January	180,159	173,000	180,159	173,000
Increases	4,500	7,000	4,500	7,000
Decreases	(13,586)	-	(13,586)	-
<b>At 31 March</b>	<b>171,073</b>	<b>180,000</b>	<b>171,073</b>	<b>180,000</b>
<b>At 31 December</b>		<b>180,159</b>		<b>180,159</b>

*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.

# CP ALL Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

### For the three-month period ended 31 March 2017 (Unaudited)

These debentures have a credit rating of “A-(tha)” updated by Fitch Ratings (Thailand) Limited on 23 March 2017 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 27 March 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.

Siam Makro Public Company Limited shares as at 31 March 2017, which were pledged in accordance with the conditions stipulated in the bond issuance, totaled 3,201 million shares. The fair value of those shares totaled Baht 108,818 million.

#### *Long-term borrowings from financial institutions*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
	<i>(in million Baht)</i>			
Current	2,006	2,000	-	-
Non-current	3,494	2,585	-	-
<b>Total</b>	<b>5,500</b>	<b>4,585</b>	<b>-</b>	<b>-</b>

Movements during the three-month periods ended 31 March 2017 and 2016 were as follows:

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in million Baht)</i>			
At 1 January		4,585	4,000	-	-
Increases		930	-	-	-
Acquired through business combination	3	25	-	-	-
Exchange differences on translation financial statement		(40)	-	-	-
<b>At 31 March</b>		<b>5,500</b>	<b>4,000</b>	<b>-</b>	<b>-</b>
<b>At 31 December</b>			<b>4,585</b>		<b>-</b>

During the year of 2016, a foreign subsidiary entered into long-term borrowings agreement with a foreign financial institution totaling China Renminbi 450 million (or equivalent to approximately Baht 2,253 million) with the floating interest rate as stipulated in the agreement. In this regard, certain foreign subsidiaries issued the letters of guarantee for this long-term borrowings agreement. In the first quarter of 2017 the Company had drawn down the long-term borrowings totaling China Renminbi 180 million (or equivalent to approximately Baht 930 million).

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

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

## **Notes to the interim financial statements**

**For the three-month period ended 31 March 2017 (Unaudited)**

### **9 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, distributor of retailing equipment and educational institutions. None of these segments meets the quantitative threshold for determining reportable segments.

The Group is managed and operates principally (more than 99%) 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 interim financial statements**  
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Revenue and results, based on segments, in the consolidated financial statements for the three-month periods ended 31 March 2017 and 2016 were as follows:

	For the three-month periods ended 31 March									
	Convenience stores		Cash and carry		Other		Eliminate		Total	
	2017	2016	2017	2016	2017	2016	2017	2016		
	<i>(in million Baht)</i>									
Revenue from sale of goods and rendering of services from external customers	65,545	61,217	46,313	42,370	7,986	7,295	(6,515)	(5,913)	113,329	104,969
Total income	69,693	64,943	46,563	42,578	8,190	7,528	(6,933)	(6,263)	117,513	108,786
Profit before income tax expense for the period	3,142	2,961	1,921	1,493	738	629	(42)	(24)	5,759	5,059

Assets, based on segments, in the consolidated financial statements at 31 March 2017 and 31 December 2016 were as follows:

	Convenience stores		Cash and carry		Other		Eliminate		Total	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Segment assets	272,158	280,872	256,794	254,496	38,206	39,767	(221,051)	(222,867)	346,107	352,268
					<i>(in million Baht)</i>					



# CP ALL Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the three-month period ended 31 March 2017 (Unaudited)

### 10 Income tax expense

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

### 11 Basic earnings per share

The calculations of basic earnings per share for the three-month periods ended 31 March 2017 and 2016 were based on the profit for the periods attributable to ordinary shareholders of the Company less cumulative interest payment on subordinated perpetual debentures and the number of ordinary shares outstanding during the periods as follows:

<i>For the three-month period ended 31 March</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in million Baht/million shares)</i>			
Profit for the period attributable to shareholders of the Company	4,765	4,065	2,685	2,433
Less: cumulative interest payment on subordinated perpetual debentures	(99)	-	(99)	-
<b>Profit used in calculation of basic earnings per share</b>	<b>4,666</b>	<b>4,065</b>	<b>2,586</b>	<b>2,433</b>
<b>Number of ordinary shares outstanding during the period</b>	<b>8,983</b>	<b>8,983</b>	<b>8,983</b>	<b>8,983</b>
<b>Basic earnings per share (in Baht)</b>	<b>0.52</b>	<b>0.45</b>	<b>0.29</b>	<b>0.27</b>

### 12 Supplemental disclosures of cash flows information

Details of property, plant and equipment and other intangible assets paid by cash during the three-month periods ended 31 March 2017 and 2016 were as follows:

#### *Property, plant and equipment*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Increase during the period	3,181	3,751	1,620	1,742
Add (less) - changes in payables	46	190	(319)	(43)
- assets under finance leases	-	(2)	-	-
<b>Purchase and paid by cash</b>	<b>3,227</b>	<b>3,939</b>	<b>1,301</b>	<b>1,699</b>

**CP ALL Public Company Limited and its Subsidiaries**  
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*Other intangible assets*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Increase during the period	92	82	20	45
Add (less) - changes in payables	(2)	149	(13)	18
<b>Purchase and paid by cash</b>	<b>90</b>	<b>231</b>	<b>7</b>	<b>63</b>

**13 Financial instruments**

**Carrying amounts and fair values**

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

	Consolidated financial statements		Separate financial statements	
	Carrying amount	Fair value <i>(in million Baht)</i>	Carrying amount	Fair value
<b>As at 31 March 2017</b>				
<b><i>Financial liabilities not measured at fair value</i></b>				
<b><i>Current</i></b>				
Debentures	12,351	12,457	12,351	12,457
Long-term borrowings from financial institutions	2,006	2,028	-	-
Finance lease liabilities	109	168	-	-
<b><i>Non-current</i></b>				
Debentures	158,722	165,480	158,722	165,480
Long-term borrowings from financial institutions	3,494	3,517	-	-
Finance lease liabilities	727	825	-	-
Accrued guarantee deposits	3,569	3,070	3,245	2,746
<b>As at 31 December 2016</b>				
<b><i>Financial liabilities not measured at fair value</i></b>				
<b><i>Current</i></b>				
Debentures	25,937	26,114	25,937	26,114
Long-term borrowings from financial institutions	2,000	2,019	-	-
Finance lease liabilities	101	162	-	-
<b><i>Non-current</i></b>				
Debentures	154,222	160,183	154,222	160,183
Long-term borrowings from financial institutions	2,585	2,603	-	-
Finance lease liabilities	745	847	-	-
Accrued guarantee deposits	3,342	2,764	3,220	2,642

**CP ALL Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
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As at 31 March 2017 and 31 December 2016 the Group had total forward currency contracts as follows:

		<b>Consolidated financial statements</b>	
		31 March 2017	31 December 2016
		<i>(in million)</i>	
Forward currency contracts - to buy	Foreign currency		
	Yen	182.7	270.4
	United States Dollars	15.7	8.5
	Euro	4.5	3.0
	Singapore Dollars	4.5	-
	Australian Dollars	-	0.6
Forward currency contracts - to sell	United States Dollars	0.6	0.7
	Swiss Franc	0.2	0.2

As at 31 March 2017 the fair value of forward currency contracts - to buy and forward currency contracts - to sell amounting to Baht 788 million and Baht 26 million, respectively (31 December 2016: Baht 518 million and Baht 31 million, respectively).

#### 14 Commitments with non-related parties

##### *Capital commitments*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
<i>(in million Baht)</i>				
Contracted but not provided for (construction costs of new plants, installation costs of machinery, and computer system development costs)	543	421	-	-
<b>Total</b>	<b>543</b>	<b>421</b>	<b>-</b>	<b>-</b>

##### *Future minimum lease payments under non-cancellable operating leases*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
<i>(in million Baht)</i>				
Within one year	5,531	5,481	4,993	4,947
After one year but within five years	7,873	7,988	6,098	6,253
After five years	6,576	6,660	2,184	2,226
<b>Total</b>	<b>19,980</b>	<b>20,129</b>	<b>13,275</b>	<b>13,426</b>

The Group has lease agreements covering lease of land, buildings, vehicles and other assets for periods of 1 to 31 years, which will expire between 2017 to 2046.

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
	<i>(in million Baht)</i>			
Unused letters of credit for purchase of goods and supplies	223	322	-	-
<b>Total</b>	<b>223</b>	<b>322</b>	<b>-</b>	<b>-</b>

***Letters of guarantee***

As at 31 March 2017 the Group had commitments under letters of guarantee with the financial institutions, principally guarantee for utilities, lease agreements and others totaling Baht 1,317 million and United States Dollars 0.3 million (31 December 2016: Baht 1,273 million and United States Dollars 0.3 million).

***Significant agreements***

As at 31 March 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 of 6 months, and will expire on various dates until December 2017.

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

### **Notes to the interim financial statements**

#### **For the three-month period ended 31 March 2017 (Unaudited)**

- (e) A local subsidiary, Counter Service Co., Ltd., has service agreements with government entities and state enterprises (e.g., utilities, telephone expenses, etc.), and other local companies (e.g., hire purchase, life insurance premium, etc.) (“the parties”). Under the terms of the agreements, the subsidiary is committed to operate payment centers to collect customer payments on behalf of the parties then remits funds to the parties as the agreed procedures. The subsidiary can collect service income from customers or local companies as stipulated in the agreements. These agreements are effective for periods over 1 to 5 years, and will expire on various dates up to November 2021. If either of the parties has an intention to terminate the agreement, a written notification must be made to the other party at least the number of day stipulated in the agreement before the expiry date of the agreement.
- (f) A local subsidiary, Counter Service Co., Ltd., has service agreements with certain individuals and local companies (“the parties”), whereby the latter parties are appointed as agents of the subsidiary for receipts of customers’ bills as specified in the agreements. Under the terms of the agreements, the subsidiary is committed to pay a service fee to the parties as stipulated in the agreements. These agreements are effective for periods over 1 to 5 years, and will expire on various dates up to June 2021. If either of the parties has no intention to renew the agreement, a written notification must be made to the other party at least 30 days before the expiry date of the agreement.
- (g) A local subsidiary, CP Retailink Co., Ltd., has repair and maintenance management service agreements with local companies (“the parties”), whereby the latter parties agree to install and repair and maintenance of computer equipment and software, utility systems, electric appliances and other equipment used for operations in retail stores. Under the terms of the agreements, the subsidiary is committed to pay a service fee to the parties as stipulated in the agreements. These agreements are for a period of 1 year and are renewable for additional periods of 1 year. If either of the parties has no intention to renew the agreement, a written notification must be made to the other party at least 30 days before the expiry date of the agreement.

## **15 Contingent liability**

As at 31 March 2017 the Company had contingently liable to a legal case with a fund (“the plaintiff”), which the Company is a defendant in a lawsuit involving the compliance with Tender Offer Rule. The court of first instance had a judgement on 24 February 2015 and ruled the Company to pay the claimed damages amounting to Baht 104.7 million including interest at the rate of 7.5% per annum starting from 2 August 2013 up to the settlement of claimed damages will be completed. Consequently on 19 June 2015 the Company appealed the court’s judgement; and on 16 November 2015 the plaintiff filed against an appeal to the court.

Subsequently, on 13 July 2016 the civil court read the appeal’s court judgment on the legal case. The appeal court dismissed the claim according to the Company did not commit a wrongful act against the plaintiff. Therefore, the Company does not have a liability to pay the claim damages in accordance to the first instance court’s judgment. Accordingly, no provision has been made in the interim financial statements for the three-month period ended 31 March 2017.

On 14 November 2016 the Company and the plaintiff filed the petition with the supreme Court. On 7 April 2017 the Company filed a petition with the court to request to extend the deadline for a petition to 19 May 2017 and the court approved the request. Consequently on 18 April 2017 the plaintiff had already filed against a petition to the court and the court accepted against a petition on 21 April 2017.

# CP ALL Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the three-month period ended 31 March 2017 (Unaudited)

### 16 Events after the reporting period

- 16.1 At the annual general meeting of the shareholders of the Company held on 20 April 2017, the Company's shareholders approved the appropriation of dividends of Baht 1.00 per share for 8,983 million ordinary shares, totaling Baht 8,983 million, from the profit attributable to equity holders of the Company for the year 2016. The Company will pay dividends to the Company's shareholders in May 2017.
- 16.2 At the annual general meeting of the shareholders of a local subsidiary (Siam Makro Public Company Limited) held on 21 April 2017, the subsidiary's shareholders approved a resolution to declare the final dividend payment for the year 2016 at Baht 0.49 per share for 4,800 million ordinary shares, totaling Baht 2,352 million, which the subsidiary will pay dividends to its shareholders in May 2017.

### 17 Reclassification of accounts

Certain accounts in the statement of financial position as at 31 December 2016 have been reclassified to conform to the presentation of the interim financial statements for the three-month period ended 31 March 2017 as follows:

	2016					
	Consolidated financial statements			Separate financial statements		
	Before reclassi- fication	Reclassi- fication	After reclassi- fication (in million Baht)	Before reclassi- fication	Reclassi- fication	After Reclassi- fication
<b>Statement of financial position as at 31 December</b>						
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.