

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

Interim financial statements
for the three-month period ended
31 March 2018

and

Independent Auditor's Report
on Review of Interim Financial Information



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 เอ็มไพร์ทาวเวอร์
1 ถนนสาทรใต้ แขวงยานนาวา
เขตสาทร กรุงเทพฯ 10120
โทร +66 2677 2000 แฟกซ์ +66 2677 2222

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 2018; the consolidated and separate statements of income, comprehensive income, changes in equity and cash flows for the three-month period ended 31 March 2018; 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".

(Munchupa Singuksawat)
Certified Public Accountant
Registration No. 6112

KPMG Phoomchai Audit Ltd.
Bangkok
11 May 2018

CP ALL Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 March 2018 (Unaudited)	31 December 2017	31 March 2018 (Unaudited)	31 December 2017
<i>(in thousand Baht)</i>					
Current assets					
Cash and cash equivalents		39,081,732	28,878,806	29,115,354	17,651,393
Current investments		1,704,811	1,384,828	-	-
Trade accounts receivable	3,4	1,396,450	1,600,923	134,056	123,933
Other current receivables	3	6,145,571	6,711,809	4,263,209	4,642,188
Short-term loans to subsidiaries	3	-	-	4,650,000	4,700,000
Inventories	3	27,849,746	27,376,288	12,757,823	12,723,676
Other current assets		567,757	620,615	325,002	380,037
Total current assets		76,746,067	66,573,269	51,245,444	40,221,227
Non-current assets					
Investments in subsidiaries	5	-	-	197,609,701	206,833,435
Investment in related company	3	34,000	34,000	34,000	34,000
Other long-term investments		989	412	-	-
Other non-current receivables	3	1,418,346	1,398,281	1,136,795	1,117,062
Investment properties		332,832	332,832	-	-
Property, plant and equipment	3,6	107,001,178	106,394,003	28,803,969	28,293,611
Goodwill		128,328,020	128,328,020	-	-
Leasehold rights	3	4,032,768	4,075,076	341,956	350,573
Other intangible assets	3	51,243,112	51,249,434	1,322,412	1,329,560
Deferred tax assets		940,689	914,761	440,579	427,729
Other non-current assets		1,059,472	998,478	1,126,664	1,102,560
Total non-current assets		294,391,406	293,725,297	230,816,076	239,488,530
Total assets		371,137,473	360,298,566	282,061,520	279,709,757

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

CP ALL Public Company Limited and its Subsidiaries

Statement of financial position

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 March 2018 (Unaudited)	31 December 2017	31 March 2018 (Unaudited)	31 December 2017
<i>(in thousand Baht)</i>					
Liabilities and equity					
Current liabilities					
Short-term borrowings from					
financial institutions	7	621,407	4,325,530	-	-
Trade accounts payable	3	70,960,162	74,742,349	38,572,587	38,336,434
Other payables	3	13,549,085	14,079,123	14,573,310	16,848,314
Current portion of debentures	7	25,813,100	14,747,000	25,813,100	14,747,000
Current portion of long-term					
borrowings from financial					
institutions	7	2,031,215	2,031,562	-	-
Current portion of finance					
lease liabilities		120,645	118,347	-	-
Income tax payable		2,140,516	1,206,250	797,498	269,693
Other current liabilities		896,443	856,798	606,823	571,934
Total current liabilities		116,132,573	112,106,959	80,363,318	70,773,375
Non-current liabilities					
Debentures	7	129,811,800	140,877,900	129,811,800	140,877,900
Long-term borrowings from					
financial institutions	7	7,231,828	4,250,087	-	-
Finance lease liabilities		664,746	687,562	-	-
Provisions for employee benefits		2,889,560	2,787,298	1,594,889	1,537,961
Accrued guarantee deposits		3,580,715	3,592,742	3,484,563	3,457,759
Deferred tax liabilities		15,149,999	15,170,074	-	-
Other non-current liabilities		407,860	597,164	89,544	74,665
Total non-current liabilities		159,736,508	167,962,827	134,980,796	145,948,285
Total liabilities		275,869,081	280,069,786	215,344,114	216,721,660

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 March	31 December	31 March	31 December
		2018 (Unaudited)	2017	2018 (Unaudited)	2017
<i>(in thousand Baht)</i>					
Equity					
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
Deficit from changes in ownership interest in subsidiary					
		(1,061,148)	(1,142,586)	-	-
Retained earnings					
Appropriated					
Legal reserve		900,000	900,000	900,000	900,000
Unappropriated		50,893,034	45,728,253	35,240,834	31,511,525
Other component of equity		(870,041)	(729,324)	-	-
Total		60,529,263	55,423,761	46,808,252	43,078,943
Subordinated perpetual debentures	8	19,909,154	19,909,154	19,909,154	19,909,154
Equity attributable to equity holders of the Company					
		80,438,417	75,332,915	66,717,406	62,988,097
Non-controlling interests		14,829,975	4,895,865	-	-
Total equity		95,268,392	80,228,780	66,717,406	62,988,097
Total liabilities and equity		371,137,473	360,298,566	282,061,520	279,709,757

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

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

	Note	Consolidated		Separate	
		financial statements		financial statements	
		For the three-month period ended 31 March		For the three-month period ended 31 March	
		2018	2017	2018	2017
<i>(in thousand Baht)</i>					
Revenues	3				
Revenue from sale of goods and rendering of services		123,651,803	113,328,832	73,785,671	65,544,570
Interest income		54,363	84,129	80,925	113,528
Dividend income		51	46	-	-
Net foreign exchange gain		-	5,036	24	-
Gain on sale of investment in subsidiary	5	-	-	907,177	-
Other income		4,339,655	4,094,488	4,212,133	4,035,277
Total revenues		128,045,872	117,512,531	78,985,930	69,693,375
Expenses	3				
Cost of sale of goods and rendering of services		96,214,167	88,434,390	53,528,972	47,171,697
Distribution costs		19,838,773	17,840,384	16,479,057	14,953,926
Administrative expenses		3,565,464	3,438,191	2,608,174	2,466,805
Net foreign exchange loss		6,799	-	-	63
Finance costs		1,788,503	2,040,296	1,701,178	1,958,737
Total expenses		121,413,706	111,753,261	74,317,381	66,551,228
Profit before income tax expense		6,632,166	5,759,270	4,668,549	3,142,147
Income tax expense	10	1,181,100	950,989	687,185	456,684
Profit for the period		5,451,066	4,808,281	3,981,364	2,685,463
Profit attributable to:					
Equity holders of the Company		5,416,836	4,764,990	3,981,364	2,685,463
Non-controlling interests		34,230	43,291	-	-
Profit for the period		5,451,066	4,808,281	3,981,364	2,685,463
Basic earnings per share (in Baht)	11	0.58	0.52	0.42	0.29

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

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

	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month		For the three-month	
	period ended 31 March		period ended 31 March	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Profit for the period	5,451,066	4,808,281	3,981,364	2,685,463
Other comprehensive income				
<i>Item that will be reclassified</i>				
<i>subsequently to profit or loss</i>				
Exchange differences on translating				
financial statement	<u>(157,486)</u>	<u>(197,038)</u>	<u>-</u>	<u>-</u>
Other comprehensive income				
for the period	<u>(157,486)</u>	<u>(197,038)</u>	<u>-</u>	<u>-</u>
Total comprehensive income				
for the period	<u>5,293,580</u>	<u>4,611,243</u>	<u>3,981,364</u>	<u>2,685,463</u>
Total comprehensive income				
attributable to:				
Equity holders of the Company	5,276,119	4,568,807	3,981,364	2,685,463
Non-controlling interests	<u>17,461</u>	<u>42,436</u>	<u>-</u>	<u>-</u>
Total comprehensive income				
for the period	<u>5,293,580</u>	<u>4,611,243</u>	<u>3,981,364</u>	<u>2,685,463</u>

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

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

Consolidated financial statements									
			Retained earnings	Other component of equity					
	Surplus (Deficit) from changes in ownership interest in subsidiary	Premium on ordinary shares	Legal reserve	Unappropriated statement of financial position	Subordinated perpetual debentures	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity	
<i>Note</i>									
	<i>(in thousand Baht)</i>								
For the three-month period ended 31 March 2018									
Balance at 1 January 2018	(1,142,586)	1,684,317	900,000	45,728,253	(729,324)	19,909,154	75,332,915	4,895,865	80,228,780
Transactions with equity holders, recorded directly in equity									
<i>Changes in ownership interests in subsidiaries</i>									
Called for paid-up share capital from subsidiary								19,593	19,593
Changes in ownership interest in subsidiary without a change in control	81,438						81,438	9,897,056	9,978,494
<i>Total changes in ownership interests in subsidiaries</i>	81,438						81,438	9,916,649	9,998,087
Total transactions with equity holders, recorded directly in equity									
Comprehensive income for the period									
Profit				5,416,836			5,416,836	34,230	5,451,066
Other comprehensive income					(140,717)		(140,717)	(16,769)	(157,486)
Total comprehensive income for the period				5,416,836	(140,717)		5,276,119	17,461	5,293,580
Interest payment on subordinated perpetual debentures									
				(252,055)			(252,055)		(252,055)
Balance at 31 March 2018	(1,061,148)	1,684,317	900,000	50,893,034	(870,041)	19,909,154	80,438,417	14,829,975	95,268,392

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)

Consolidated financial statements

	Other component of equity							Total equity		
	Retained earnings		Exchange differences on translating financial statement		Equity attributable to equity holders of the Company		Non-controlling interests			
	Unappropriated reserve	Legal reserve	Unappropriated statement	Subordinated perpetual debentures	Equity attributable to equity holders of the Company	Equity				
Issued and paid-up share capital	Premium on ordinary shares	Deficit from changes in ownership interest in subsidiary	Legal reserve	Unappropriated reserve	Subordinated perpetual debentures	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity		
For the three-month period ended 31 March 2017										
Balance at 1 January 2017	8,983,101	1,684,317	(1,142,586)	900,000	35,343,854	(525,443)	9,952,925	55,196,168	4,407,036	59,603,204
Transactions with equity holders, recorded directly in equity										
<i>Changes in ownership interests in subsidiaries</i>										
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	-	-	-	190,364	190,364
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	190,364	190,364
Total transactions with equity holders, recorded directly in equity	-	-	-	-	-	-	-	-	190,364	190,364
Comprehensive income for the period										
Profit	-	-	-	-	4,764,990	-	-	4,764,990	43,291	4,808,281
Other comprehensive income	-	-	-	-	-	(196,183)	-	(196,183)	(855)	(197,038)
Total comprehensive income for the period	-	-	-	-	4,764,990	(196,183)	-	4,568,807	42,436	4,611,243
Balance at 31 March 2017	8,983,101	1,684,317	(1,142,586)	900,000	40,108,844	(721,626)	9,952,925	59,764,975	4,639,836	64,404,811

For the three-month period ended 31 March 2017

Balance at 1 January 2017

Transactions with equity holders, recorded directly in equity

Changes in ownership interests in subsidiaries

Acquisition of subsidiaries with non-controlling interests

Total changes in ownership interests in subsidiaries

Total transactions with equity holders, recorded directly in equity

Comprehensive income for the period

Profit

Other comprehensive income

Total comprehensive income for the period

Balance at 31 March 2017

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)

	Note	Issued and paid-up share capital	Premium on ordinary shares	Separate financial statements				Subordinated perpetual debentures	Total equity
				Retained earnings	Legal reserve	Unappropriated			
For the three-month period ended 31 March 2018									
Balance at 1 January 2018		8,983,101	1,684,317	900,000	31,511,525	19,909,154		62,988,097	
Comprehensive income for the period		-	-	-	3,981,364	-	-	3,981,364	
Total comprehensive income for the period		-	-	-	3,981,364	-	-	3,981,364	
For the three-month period ended 31 March 2017									
Balance at 1 January 2017		8,983,101	1,684,317	900,000	35,240,834	19,909,154		66,717,406	
Comprehensive income for the period		-	-	-	(252,055)	-	-	(252,055)	
Total comprehensive income for the period	8	-	-	-	(252,055)	-	-	(252,055)	
For the three-month period ended 31 March 2017									
Balance at 1 January 2017		8,983,101	1,684,317	900,000	24,392,314	9,952,925		45,912,657	
Comprehensive income for the period		-	-	-	2,685,463	-	-	2,685,463	
Total comprehensive income for the period		-	-	-	2,685,463	-	-	2,685,463	
Balance at 31 March 2017		8,983,101	1,684,317	900,000	27,077,777	9,952,925		48,598,120	

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 period ended 31 March		For the three-month period ended 31 March	
<i>Note</i>	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit for the period	5,451,066	4,808,281	3,981,364	2,685,463
<i>Adjustments to reconcile profit to cash receipts</i>				
Depreciation	2,270,704	2,087,851	1,380,482	1,280,270
Amortisation of leasehold rights	74,394	67,487	26,417	27,232
Amortisation of other intangible assets	145,329	131,433	47,321	45,425
Interest income	(54,363)	(84,129)	(80,925)	(113,528)
Dividend income	(51)	(46)	-	-
Gain on sale of investment in subsidiary	5	-	(907,177)	-
Finance costs	1,788,503	2,040,296	1,701,178	1,958,737
Income tax expense	1,181,100	950,989	687,185	456,684
Provisions for employee benefits	104,133	91,094	57,000	51,000
Reversal of allowance for losses on decline in value of inventories	(47,771)	(30,421)	(6,569)	(12,278)
(Reversal of) impairment for losses on property, plant and equipment	(2,399)	1,670	-	-
Bad and doubtful debts expenses	4,095	1,526	-	-
Unrealised gain on exchange	(8,042)	(5,958)	-	-
Loss on disposal and write-off of property, plant and equipment	16,997	13,976	14,899	11,665
Gain on disposal of leasehold rights	(2,948)	(2,971)	(2,948)	(2,971)
Loss on write-off of other intangible assets	47	-	47	-
	10,920,794	10,071,078	6,898,274	6,387,699
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	203,956	232,662	(10,123)	(16,604)
Other receivables	549,924	368,735	382,958	392,809
Inventories	(425,704)	266,714	(27,579)	(419,799)
Other current assets	57,387	170,091	57,297	164,124
Other non-current assets	(150,940)	(192,120)	(24,104)	(13,565)

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)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		For the three-month period ended 31 March		For the three-month period ended 31 March	
		2018	2017	2018	2017
<i>(in thousand Baht)</i>					
Trade accounts payable		(3,727,598)	(5,343,188)	236,153	(306,729)
Other payables		(574,282)	(476,374)	(2,322,744)	(2,144,815)
Other current liabilities		39,645	(97,527)	34,889	30,521
Provisions for employee benefits paid		(1,721)	(4,959)	-	(2,662)
Transferred in (out) of provisions for employee benefits		-	1,263	(72)	1,263
Accrued guarantee deposits		(12,027)	226,126	26,804	24,838
Other non-current liabilities		(185,750)	41,415	14,879	12,435
Net cash generated from operating		6,693,684	5,263,916	5,266,632	4,109,515
Income tax paid		(340,227)	(313,063)	(172,230)	(173,712)
Net cash from operating activities		6,353,457	4,950,853	5,094,402	3,935,803
<i>Cash flows from investing activities</i>					
Interest received		28,095	96,473	57,213	103,355
Dividends received		51	46	-	-
Acquisition of current investments		(999,632)	(569,927)	-	-
Proceeds from sale of current investments		679,368	539,028	-	-
Cash outflow on short-term loans to subsidiaries	3	-	-	(250,000)	(100,000)
Proceeds from repayment of short-term loans to subsidiaries	3	-	-	300,000	198,000
Acquisition of other long-term investments		(577)	-	-	-
Acquisition of property, plant and equipment	12	(3,000,897)	(3,227,274)	(1,779,995)	(1,301,270)
Proceeds from sale of property, plant and equipment		44,675	38,113	30,806	23,635
Acquisition of leasehold rights		(45,525)	(27,049)	(20,363)	(26,442)
Proceeds from sale of leasehold rights		3,250	3,129	3,250	3,129
Acquisition of other intangible assets	12	(121,216)	(90,270)	(24,089)	(7,111)
Proceeds from sale of other intangible assets		38	-	-	-
Net cash outflows on acquisition of subsidiaries		-	(2,618,402)	-	-
Net cash used in investing activities		(3,412,370)	(5,856,133)	(1,683,178)	(1,106,704)

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)

	Note	Consolidated financial statements		Separate financial statements	
		For the three-month period ended 31 March		For the three-month period ended 31 March	
		2018	2017	2018	2017
<i>(in thousand Baht)</i>					
Cash flows from financing activities					
Interest paid		(1,883,814)	(2,580,990)	(1,826,120)	(2,563,313)
Interest paid on subordinated perpetual debentures	8	(252,055)	-	(252,055)	-
Payment by a lessee for reduction of the outstanding liability relating to a finance lease		(46,345)	(39,753)	-	-
(Decrease) increase in short-term borrowings from financial institutions	7	(3,704,202)	1,637,903	-	-
Proceeds from issue of debentures	7	-	4,500,000	-	4,500,000
Repayment of debentures	7	-	(13,586,100)	-	(13,586,100)
Increase in long-term borrowings from financial institutions	7	3,090,673	930,211	-	-
Proceeds from called for paid-up share capital from subsidiary		19,593	-	-	-
Proceeds from changes in ownership interest in subsidiary without a change in control	5	10,130,912	-	10,130,912	-
Net cash from (used in) financing activities		7,354,762	(9,138,729)	8,052,737	(11,649,413)
Net increase (decrease) in cash and cash equivalents, before effect of exchange rates		10,295,849	(10,044,009)	11,463,961	(8,820,314)
Effect of exchange rate changes on cash and cash equivalents		(92,923)	(100,059)	-	-
Net increase (decrease) in cash and cash equivalents		10,202,926	(10,144,068)	11,463,961	(8,820,314)
Cash and cash equivalents at beginning of period		28,878,806	33,443,166	17,651,393	23,734,916
Cash and cash equivalents at end of period		39,081,732	23,299,098	29,115,354	14,914,602

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 2018 (Unaudited)

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CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (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 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 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 2018 was 10,533 stores (31 December 2017: 10,268 stores).

	31 March 2018	31 December 2017
	<i>(number of stores)</i>	
The Company owns and manages convenience stores	4,737	4,530
The Company franchises the license to other retailers		
- under management agreements	5,071	5,017
- under sub-license agreements	725	721
Total	10,533	10,268

Details of the Company’s subsidiaries as at 31 March 2018 and 31 December 2017 are given in note 5 to the interim financial statements.

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (“TAS”) No. 34 (revised 2017) *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 2017. 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 2017.

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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 2017 except that the Group has adopted all the revised Thai Financial Reporting Standards (“TFRS”) that will be effective for annual periods beginning on or after 1 January 2018. The adoption of these 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.

In addition to the above revised TFRS, the FAP has issued TFRS 15 *Revenue from Contracts with Customers* which is effective for annual periods beginning on or after 1 January 2019. The Group has not early adopted this standard in preparing these interim financial statements.

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled. It replaces existing revenue recognition standards as follows:

- TAS 11 (revised 2017) *Construction Contracts*,
- TAS 18 (revised 2017) *Revenue*,
- TSIC 31 (revised 2017) *Revenue - Barter Transactions Involving Advertising Services*,
- TFRIC 13 (revised 2017) *Customer Loyalty Programmes*,
- TFRIC 15 (revised 2017) *Agreements for the Construction of Real Estate*, and
- TFRIC 18 (revised 2017) *Transfers of Assets from Customers*.

Management is presently considering the potential impact of adopting and initially applying TFRS 15 on the consolidated and separate financial statements.

(b) *Functional and presentation currency*

The interim 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 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 2017.

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.

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.

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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 follows:

- 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 13 to the interim financial statements.

3 Related parties

For the purposes of these interim financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the other party or exercise significant influence over the 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 5 to the interim financial statements. Relationships with key management and other related parties were as follows:

Name of parties	Country of incorporation/ nationality	Nature of relationships
Charoen Pokphand Group Company Limited	Thailand	Ultimate parent company of the Group and 2 common directors
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
SM True 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

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Name of parties	Country of incorporation/ nationality	Nature of relationships
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
Perfect Companion Group Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
True Leasing Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
True Money Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
Allianz C.P. General Insurance Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
BFKT (Thailand) Limited	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
CP B&F (Thailand) Public Company Limited	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 Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Internet Corporation 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
C.P. Food Store Co., Ltd.	Thailand	Chearavanont family is a major shareholder
C.P. Trading Group Co., Ltd.	Thailand	Chearavanont family is a major shareholder
Dees Supreme Co., Ltd.	Thailand	One of family member 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 of the Group (whether executive or otherwise)

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

Transactions	Pricing policies
Sale of goods	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies
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 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

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Significant transactions for the three-month periods ended 31 March 2018 and 2017 with related parties were as follows:

<i>For the three-month period ended 31 March</i>	Consolidated financial statements		Separate financial statements	
	2018	2017 <i>(in million Baht)</i>	2018	2017
<i>Ultimate parent company</i>				
Administrative expenses	2	2	2	2
<i>Subsidiaries</i>				
Revenue from sale of goods and rendering of services	-	-	175	165
Interest income	-	-	54	55
Other income	-	-	350	308
Distribution costs	-	-	145	337
Administrative expenses	-	-	489	528
Purchases of goods and services	-	-	5,559	4,793
Purchases of property, plant and equipment and other intangible assets	-	-	769	479
<i>Other related companies</i>				
Revenue from sale of goods and rendering of services	424	428	142	174
Other income	183	477	176	467
Distribution costs	19	15	-	-
Administrative expenses	152	128	93	82
Purchases of goods and services	11,090	9,232	7,833	6,775
Purchases of property, plant and equipment, leasehold rights and other intangible assets	5	1	-	-
<i>Key management personnel</i>				
Key management benefit expenses				
Short-term employee benefits	169	153	113	103
Severance pay for employees	2	3	1	1
Total key management benefit expenses	171	156	114	104

Balances as at 31 March 2018 and 31 December 2017 with related parties were as follows:

Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Related companies	174	216	-	-
Less allowance for doubtful accounts	-	-	-	-
Net	174	216	-	-

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	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Bad and doubtful debts expense for the three-month period ended 31 March	-	-	-	-

Other receivables

	Consolidated financial statements		Separate financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	<i>(in million Baht)</i>			
Current				
Subsidiaries	-	-	526	614
Other related companies	401	623	255	507
Total	401	623	781	1,121
Non-current				
Subsidiaries	-	-	126	134
Total	-	-	126	134

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Bad and doubtful debts expense for the three-month period ended 31 March	-	-	-	-

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 2018	31 December 2017	31 March 2018	31 December 2017
	<i>(in million Baht)</i>			
CPRAM Co., Ltd.	-	-	4,500	4,250
CP Retailink Co., Ltd.	-	-	150	450
Total	-	-	4,650	4,700

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All short-term loans to subsidiaries of the Company as at 31 March 2018 and 31 December 2017 were denominated entirely in Thai Baht.

Movements during the three-month periods ended 31 March 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
At 1 January	-	-	4,700	4,825
Increases	-	-	250	100
Decreases	-	-	(300)	(198)
At 31 March	-	-	4,650	4,727
At 31 December		-		4,700

As at 31 March 2018 the outstanding balance of short-term loans to the subsidiaries was unsecured and at call; and the interest rate was fixed at 4.75% per annum. (31 December 2017: 4.75% per annum)

Investment in related company

	Consolidated financial statements		Separate financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	<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 March 2018 and 31 December 2017 was denominated entirely in Thai Baht.

Trade accounts payable

	Consolidated financial statements		Separate financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	<i>(in million Baht)</i>			
Subsidiaries	-	-	2,029	2,029
Other related companies	7,882	7,797	5,591	5,318
Total	7,882	7,797	7,620	7,347

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Other payables

	Consolidated financial statements		Separate financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	<i>(in million Baht)</i>			
Subsidiaries	-	-	8,244	9,699
Other related companies	139	132	39	52
Total	139	132	8,283	9,751

Future minimum lease payments under non-cancellable operating leases

	Consolidated financial statements		Separate financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	<i>(in million Baht)</i>			
Within one year	185	182	122	122
After one year but within five years	220	249	89	119
After five years	142	144	-	-
Total	547	575	211	241

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 March 2018 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.

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- (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 11.0 million, and placed guarantee deposits with the related company totaling Baht 32.9 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 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 service agreements with a local subsidiary, Siam Makro Public Company Limited, and a foreign subsidiary, Makro (Cambodia) Company Limited. Under the terms of the agreements, the Company agrees to grant the right to use certain trademarks under conditions stipulated in the agreements. In consideration thereof, the subsidiaries are committed to pay a fee, calculated as a percentage of their sales, to the Company as stipulated in the agreements. These agreements are effective for periods of 1 and 3 years.
- (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 March 2021.

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4 Trade accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2018	31 December 2017	31 March 2018	31 December 2017
		<i>(in million Baht)</i>			
Related parties	3	174	216	-	-
Other parties		1,249	1,412	134	124
Total		1,423	1,628	134	124
Less allowance for doubtful accounts		(27)	(27)	-	-
Net		1,396	1,601	134	124

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Bad and doubtful debts expense for the three-month period ended 31 March	3	2	-	-

Aging analyses for trade accounts receivable were as follows:

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2018	31 December 2017	31 March 2018	31 December 2017
		<i>(in million Baht)</i>			
Related parties					
Within credit terms		129	166	-	-
Overdue:					
Less than 3 months		39	46	-	-
3 - 6 months		4	3	-	-
6 - 12 months		1	1	-	-
Over 12 months		1	-	-	-
Total		174	216	-	-
Less allowance for doubtful accounts		-	-	-	-
Net	3	174	216	-	-
Other parties					
Within credit terms		873	1,039	134	124
Overdue:					
Less than 3 months		322	305	-	-
3 - 6 months		16	20	-	-
6 - 12 months		19	29	-	-
Over 12 months		19	19	-	-
Total		1,249	1,412	134	124
Less allowance for doubtful accounts		(27)	(27)	-	-
Net		1,222	1,385	134	124
Grand total		1,396	1,601	134	124

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

5 Investments in subsidiaries

Movements during the three-month periods ended 31 March 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
At 1 January	-	-	206,833	205,537
Decrease	-	-	(9,224)	-
At 31 March	<u>-</u>	<u>-</u>	<u>197,609</u>	<u>205,537</u>
At 31 December		<u>-</u>		<u>206,833</u>

Details of the disposal in investments in subsidiary during the three-month periods ended 31 March 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Siam Makro Public Company Limited	-	-	(9,224)	-
Total	<u>-</u>	<u>-</u>	<u>(9,224)</u>	<u>-</u>

Partial disposal of interest in a subsidiary without a change in control

On 28 March 2018 (“the date of sale”), the Company sold 4.80% of its interest in a subsidiary (Siam Makro Public Company Limited) for Baht 10,131 million in cash, reducing its ownership interest from 97.88% to 93.08% without a change in control over the subsidiary. The Group recognised an increase in non-controlling interests of Baht 9,897 million and surplus from changes in ownership interest in subsidiary of Baht 81 million, net of disposal cost of Baht 106 million and income tax expense of Baht 47 million. The Company had the gain on sale of investment in the separate financial statements of totaling Baht 907 million.

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Investments in subsidiaries as at 31 March 2018 and 31 December 2017, and dividend income for the three-month periods ended 31 March 2018 and 2017 were as follows:

Name of parties	Type of business	Country of incorporation	Ownership interests (%)				Paid-up capital				At cost		Dividend income for the three-month period ended 31 March 2018	Dividend income for the three-month period ended 31 March 2017
			31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017				
			<i>(in million Baht)</i>											
Local direct subsidiaries														
Suksapiwat Co., Ltd.	Holding company	Thailand	99.99	99.99	810	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	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	91	-	-	
All Corporation Limited	Holding company	Thailand	99.99	99.99	50	50	50	50	50	50	50	-	-	
24 Shopping Co., Ltd.	Distributor of catalog merchandises and e-commerce	Thailand	99.99	99.99	30	30	30	30	30	30	30	-	-	
CP Retailink Co., Ltd.	Distributor of equipment for retailing and software development	Thailand	99.99	99.99	20	20	20	20	20	20	20	-	-	

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Separate financial statement (Continued)									
Name of parties	Type of business	Country of incorporation	Ownership interests		Paid-up capital		At cost		Dividend income for the three-month period ended
			31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 March 2017	
			(%)	(in million Baht)					
Gosoft (Thailand) Co., Ltd.	Information system design and development services	Thailand	99.99	99.99	20	20	20	20	-
OHT Co., Ltd.	Holding company	Thailand	99.99	99.99	12	12	57,754	57,754	-
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	-
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	-
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	38.07	42.87	2,400	2,400	73,203	82,427	-
Total							189,224	198,448	-

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Name of parties	Type of business	Country of incorporation	Ownership interests		Paid-up capital		At cost		Dividend income for the three-month period ended
			31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 March 2017	
			(%)	(in million United States Dollar)	(in million United States Dollar)	(in million Baht)			
Foreign direct subsidiaries									
Lotus Distribution Investment Limited	Holding company	British Virgin Islands	100.00	100.00	244	244	8,385	8,385	-
Albuera International Limited	Holding company	British Virgin Islands	100.00	100.00	-.*	-.*	-.*	-.*	-
Total							8,385	8,385	-
Grand total							197,609	206,833	-

* As at 31 March 2018 Albuera International Limited ("Albuera") had paid-up capital amounting to United States Dollar 1 and the Company invested in Albuera amounting to United States Dollar 1.

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Details of the Company's indirect subsidiaries as at 31 March 2018 and 31 December 2017 only those with changes during the three-month period ended 31 March 2018 were as follows:

Name of parties	Type of business	Country of incorporation	Ownership interests	
			31 March 2018	31 December 2017
(%)				
<i>Local indirect subsidiaries (investment through Siam Makro Public Company Limited)</i>				
Makro ROH Co., Ltd.	Providing technical and supporting services to the Group	Thailand	93.07	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	93.07	97.88
ProMart Co., Ltd.	Trading of non-food products	Thailand	93.07	97.88
<i>Foreign indirect subsidiaries (investment through Siam Makro Public Company Limited)</i>				
ARO Company Limited	Providing marketing and consulting services	Republic of the Union of Myanmar	93.07	97.88
Indoguna Vina Food Service Company Limited	Trading and distribution, and import and export food products	Vietnam	93.08	97.88
CP Wholesale India Private Limited	Wholesale and related business	India	93.06	97.87
Makro (Guangzhou) Food Company Limited	Wholesale and retail operator and related business	The People's Republic of China	93.06	97.87

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Name of parties	Type of business	Country of incorporation	Ownership interests	
			31 March 2018	31 December 2017
			(%)	
<i>Foreign indirect subsidiaries (investment through Siam Makro Public Company Limited) (Continued)</i>				
Indoguna (Singapore) Pte Ltd	Manufacturing, trading, importing and exporting of food related products	Singapore	74.46	78.30
Indoguna Dubai L.L.C*	Importing and trading of food related products	United Arab Emirates	74.46	78.30
Indoguna Lordly Company Limited	Importing and trading of food related products	Hong Kong Special Administrative Region of the People's Republic of China	74.46	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	74.46	78.30
MAXZI THE GOOD FOOD RESTAURANT & CAFÉ L.L.C*	Restaurant and minimart	United Arab Emirates	74.46	78.30
Indoguna (Cambodia) Company Limited	Importing and trading of food related products	Cambodia	65.15	68.52
Makro (Cambodia) Company Limited	Wholesale and retail operator and related business	Cambodia	65.15	68.52

* The Group interest is 74.46% after taking account of nominee holdings. (31 December 2017: 78.30%)

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6 Property, plant and equipment

Acquisitions, disposals and transfers of property, plant and equipment during the three-month periods ended 31 March 2018 and 2017 were as follows:

	Consolidated financial statements			
	2018	Disposals and transfers out - net book value	2017	Disposals and transfers out - net book value
	Acquisitions and transfers in - at cost	out - net book value	Acquisitions and transfers in - at cost	out - net book value
	<i>(in million Baht)</i>			
Land	303	-	43	-
Buildings, building and leasehold improvements	627	17	1,378	19
Machinery and equipment	838	16	1,571	4
Furniture, fixtures and office equipment	533	26	497	28
Assets under construction and installation	1,434	861	2,090	2,751
Other	136	1	378	1
Total	3,871	921	5,957	2,803

	Separate financial statements			
	2018	Disposals and transfers out - net book value	2017	Disposals and transfers out - net book value
	Acquisitions and transfers in - at cost	out - net book value	Acquisitions and transfers in - at cost	out - net book value
	<i>(in million Baht)</i>			
Land	270	-	-	-
Buildings, building and leasehold improvements	544	15	778	16
Machinery and equipment	415	13	353	2
Furniture, fixtures and office equipment	454	17	468	16
Assets under construction and installation	684	551	782	964
Other	121	1	228	1
Total	2,488	597	2,609	999

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7 Interest-bearing liabilities

Short-term borrowings from financial institutions

Movements during the three-month periods ended 31 March 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
At 1 January	4,326	3,516	-	-
(Decreases) increases	(3,705)	1,638	-	-
Acquired through business combination	-	379	-	-
At 31 March	621	5,533	-	-
At 31 December		4,326		-

Debentures

	Consolidated financial statements		Separate financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	<i>(in million Baht)</i>			
Current	25,813	14,747	25,813	14,747
Non-current	129,812	140,878	129,812	140,878
Total	155,625	155,625	155,625	155,625

Movements during the three-month periods ended 31 March 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
At 1 January	155,625	180,159	155,625	180,159
Increases	-	4,500	-	4,500
Decreases	-	(13,586)	-	(13,586)
At 31 March	155,625	171,073	155,625	171,073
At 31 December		155,625		155,625

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 2018, 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 114,485 million.

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Long-term borrowings from financial institutions

	Consolidated financial statements		Separate financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	<i>(in million Baht)</i>			
Current	2,031	2,031	-	-
Non-current	7,232	4,250	-	-
Total	9,263	6,281	-	-

Movements during the three-month periods ended 31 March 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
At 1 January	6,281	4,585	-	-
Increases	3,091	930	-	-
Acquisition through business combination	-	25	-	-
Exchange differences on translating financial statement	(109)	(40)	-	-
At 31 March	9,263	5,500	-	-
At 31 December		6,281		-

As at 31 March 2018 the Group had long-term borrowings agreements with a local branch of a foreign financial institution, a local financial institution and foreign financial institutions. In this regard, the Group must comply with the specified covenants in each long-term borrowings agreements, such as to maintain debt to equity ratio, total debts to total assets ratio and the shareholdings of the Company in a local subsidiary as stipulated in the agreements, etc.

8 Subordinated perpetual debentures

As at 31 March 2018 the Company had subordinated perpetual debentures (“Debentures”) of totalling Baht 19,909 million, net of issuance cost of Baht 91 million, which were recognised as a part of equity in the consolidated and separate interim financial statements for the three-month period ended 31 March 2018 (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).

Cumulative interest for the three-month period ended 31 March 2018 which the debentures holders have the right to receive if the interest payment was announced amounting to Baht 247 million (31 March 2017: Baht 123 million). During the first quarter of 2018 the Company paid interest expenses on subordinated perpetual debentures to the holders of Baht 252 million (2017: nil).

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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, and distributor of retailing equipment and educational institutions. None of these segments meets the quantitative thresholds 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.

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Revenue and results, based on segments, in the interim consolidated financial statements for the three-month periods ended 31 March 2018 and 2017 were as follows:

	For the three-month period ended 31 March							
	Convenience stores		Cash and carry		Other		Eliminate	Total
	2018	2017	2018	2017	2018	2017	2018	2017
	<i>(in million Baht)</i>							
Revenue from sale of goods and rendering of services from external customers	73,786	65,545	48,030	46,313	9,204	7,986	(7,368)	113,329
Total revenues	78,986	69,693	48,310	46,563	9,480	8,190	(8,730)	117,513
Segment profit before income tax expense	4,669	3,142	1,930	1,921	924	738	(891)	5,759

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

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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 applied to 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 2018 and 2017 were based on the profit for the periods attributable to equity holders of the Company less cumulative interest for the periods on subordinated perpetual debentures and the number of ordinary shares outstanding during the periods as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>For the three-month period ended 31 March</i>				
	<i>(in million Baht/million shares)</i>			
Profit for the period attributable to equity holders of the Company	5,417	4,765	3,981	2,685
Less: cumulative interest for the period on subordinated perpetual debentures	(247)	(123)	(247)	(123)
Profit used in calculation of basic earnings per share	5,170	4,642	3,734	2,562
Number of ordinary shares outstanding during the period	8,983	8,983	8,983	8,983
Basic earnings per share (in Baht)	0.58	0.52	0.42	0.29

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 2018 and 2017 were as follows:

Property, plant and equipment

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Increases during the period	3,010	3,181	1,937	1,620
Add (less) - changes in payables	-	46	(157)	(319)
- assets under finance leases	(9)	-	-	-
Purchase and paid by cash	3,001	3,227	1,780	1,301

Other intangible assets

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Increases during the period	148	92	40	20
Less - changes in payables	(27)	(2)	(16)	(13)
Purchase and paid by cash	121	90	24	7

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13 Financial instruments

Carrying amounts 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			Total
		Fair value			
		Level 1	Level 2	Level 3	
<i>(in million Baht)</i>					
31 March 2018					
<i>Financial liability measured at fair value</i>					
Contingent consideration	232	-	-	232	232
<i>Financial liabilities not measured at fair value</i>					
<i>Current</i>					
Debentures	25,813	-	26,360	-	26,360
<i>Non-current</i>					
Debentures	129,812	-	139,159	-	139,159
Accrued guarantee deposits	3,581	-	3,061	-	3,061
31 December 2017					
<i>Financial liability 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
<i>Non-current</i>					
Debentures	140,878	-	149,915	-	149,915
Accrued guarantee deposits	3,593	-	3,103	-	3,103

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	Carrying amount	Separated financial statements			Total
		Fair value			
		Level 1	Level 2	Level 3	
<i>(in million Baht)</i>					
31 March 2018					
<i>Financial liabilities not measured at fair value</i>					
<i>Current</i>					
Debentures	25,813	-	26,360	-	26,360
<i>Non-current</i>					
Debentures	129,812	-	139,159	-	139,159
Accrued guarantee deposits	3,485	-	2,965	-	2,965
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

As at 31 March 2018 and 31 December 2017 the Group had total forward currency contracts as follow:

	Foreign currency	Consolidated financial statements	
		31 March 2018	31 December 2017
		<i>(in million)</i>	
Forward currency contracts	Yen	1,023.5	377.3
- to buy	United States Dollar	13.9	13.6
	Euro	1.6	1.0
	Australia Dollar	0.7	0.1
Forward currency contracts	Swiss Franc	0.5	0.5
- to sell	United States Dollar	0.2	0.2

As at 31 March 2018 the fair value level 2 of forward currency contracts - to buy and forward currency contracts - to sell amounting to Baht 813 million and Baht 24 million respectively (*31 December 2017: Baht 595 million and Baht 25 million respectively*).

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Measurement of fair values

Financial instruments measured at fair value

Contingent consideration

As stipulated in the sale and purchase agreement dated 31 October 2016, Siam Food Services Limited (“SFS”), a local indirect subsidiary (investment through Siam Makro Public Company Limited) 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.

Valuation techniques and significant unobservable inputs

The following tables show the valuation technique and the key unobservable inputs used in the measurement of fair value of the contingent consideration at 31 March 2018 and 31 December 2017. Related valuation processes are described in note 2 (c) to the interim financial statements.

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.

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 March 2018 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. EBITDA in 2018 is not achieved conditions as stipulated in the agreement. It would have effect to increase in profit of the interim consolidated financial statements for the three-month period ended 31 March 2018 amounting to Baht 232 million.

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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 accrued guarantee deposits is calculated by using discounted cash flow method.

14 Commitments with non-related parties

Capital commitments

	Consolidated financial statements		Separate financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	<i>(in million Baht)</i>			
Contracted but not provided for (construction costs of new plants and installation costs of machinery, and computer system development costs)	1,283	1,233	-	-
Total	1,283	1,233	-	-

Future minimum lease payments under non-cancellable operating leases

	Consolidated financial statements		Separate financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	<i>(in million Baht)</i>			
Within one year	6,642	6,472	6,067	5,911
After one year but within five years	9,094	9,336	7,197	7,438
After five years	8,195	8,241	2,694	2,667
Total	23,931	24,049	15,958	16,016

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 to 2048.

Other commitments

	Consolidated financial statements		Separate financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	<i>(in million Baht)</i>			
Unused letters of credit for purchase of goods and supplies	467	255	-	-
Total	467	255	-	-

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Letters of guarantee

As at 31 March 2018 the Group has commitments under letters of guarantee with the financial institutions, principally guarantee for utilities, rental agreements and others totaling Baht 1,932 million and United States Dollars 0.3 million (31 December 2017: Baht 1,938 million and United States Dollars 0.3 million).

Significant agreements

As at 31 March 2018 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 1 to 6 months, and will expire on various dates until June 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.

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- (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 2018 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.

On 13 July 2016 the civil court read the appeal court’s judgment on the legal case. The appeal court dismissed the claim according to the Company did not commit a wrongful act against the plaintiff. Therefore, the Company does not have a liability to pay the claimed damages in accordance to the first instance court’s judgment.

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. The Company’s legal counsel was of the opinion that the legal case may not have a negative impact materially to the Company. Accordingly, no provision has been made in the interim financial statements for the three-month period ended 31 March 2018.

16 Events after the reporting period

- 16.1 At the annual general shareholders’ meeting of the Company held on 20 April 2018, the Company’s shareholders approved the appropriation of dividends of Baht 1.10 per share for 8,983 million ordinary shares, totaling Baht 9,881 million, from the profit attributable to equity holders of the Company for the year 2017. The Company will pay dividends to the Company’s shareholders in May 2018.
- 16.2 At the annual general shareholders’ meeting of a local subsidiary (Siam Makro Public Company Limited) held on 19 April 2018, the subsidiary’s shareholders approved a resolution to declare the final dividends payment for the year 2017 at Baht 0.56 per share for 4,800 million ordinary shares, totaling Baht 2,688 million. The subsidiary will pay dividends to its shareholders in May 2018.