

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

Interim financial statements
for the three-month period ended
31 March 2019

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 2019; the consolidated and separate statements of income, comprehensive income, changes in equity and cash flows for the three-month period ended 31 March 2019; 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 Singsuksawat)
Certified Public Accountant
Registration No. 6112

KPMG Phoomchai Audit Ltd.
Bangkok
9 May 2019

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
		2019	2018	2019	2018
		(Unaudited)		(Unaudited)	
(in thousand Baht)					
Current assets					
Cash and cash equivalents		35,814,961	34,023,109	25,737,211	22,611,758
Current investments		1,586,727	1,467,227	-	-
Trade accounts receivable	3,4	1,525,599	2,039,651	112,297	65,520
Other current receivables	3	6,589,181	7,406,471	4,514,917	4,929,326
Short-term loans to subsidiaries	3	-	-	6,300,500	5,850,000
Inventories	3	29,407,105	29,570,068	13,487,987	13,458,886
Other current assets		455,735	487,183	265,476	293,763
Total current assets		75,379,308	74,993,709	50,418,388	47,209,253
Non-current assets					
Investments in subsidiaries	5	-	-	198,164,121	197,610,701
Investment in related company	3	34,000	34,000	34,000	34,000
Other long-term investments		989	989	-	-
Other non-current receivables	3	1,437,100	1,398,186	1,135,497	1,107,169
Investment properties		332,832	332,832	-	-
Property, plant and equipment	3,6	112,962,278	111,287,432	31,965,373	30,983,842
Goodwill		128,096,021	128,096,021	-	-
Leasehold rights		4,077,176	4,107,307	393,922	395,839
Other intangible assets	3	51,380,464	51,435,443	1,411,557	1,394,495
Deferred tax assets		1,020,472	1,002,040	465,202	459,192
Other non-current assets		1,073,140	1,053,658	1,187,130	1,173,597
Total non-current assets		300,414,472	298,747,908	234,756,802	233,158,835
Total assets		375,793,780	373,741,617	285,175,190	280,368,088

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	2019	2018	2019	2018
		(Unaudited)		(Unaudited)	
(in thousand Baht)					
Current liabilities					
Short-term borrowings from					
financial institutions	7	679,581	3,582,584	-	-
Trade accounts payable	3	75,611,591	78,790,391	40,519,546	41,442,528
Other payables	3	13,837,458	15,866,590	16,539,046	19,212,592
Current portion of debentures	7	11,928,200	22,994,300	11,928,200	22,994,300
Current portion of long-term					
borrowings from financial					
institutions	7	95,075	94,477	-	-
Current portion of finance					
lease liabilities		98,033	106,206	-	-
Income tax payable		2,317,129	1,394,812	961,621	447,916
Other current liabilities		995,900	922,328	729,103	672,670
Total current liabilities		105,562,967	123,751,688	70,677,516	84,770,006
Non-current liabilities					
Debentures	7	132,883,600	117,883,600	132,883,600	117,883,600
Long-term borrowings from					
financial institutions	7	9,008,089	9,009,893	-	-
Finance lease liabilities		569,950	592,140	-	-
Provisions for employee benefits		3,439,998	3,368,250	1,966,899	1,927,576
Accrued guarantee deposits		3,780,204	3,716,366	3,704,409	3,634,159
Deferred tax liabilities		15,067,174	15,087,902	-	-
Other non-current liabilities		556,284	513,093	148,434	132,459
Total non-current liabilities		165,305,299	150,171,244	138,703,342	123,577,794
Total liabilities		270,868,266	273,922,932	209,380,858	208,347,800

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
		2019	2018	2019	2018
		(Unaudited)		(Unaudited)	
		(in thousand Baht)			
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					
interests in subsidiaries		(1,306,987)	(1,061,148)	-	-
Retained earnings					
Appropriated					
Legal reserve		900,000	900,000	900,000	900,000
Unappropriated		61,248,268	55,731,138	44,317,760	40,543,716
Other component of equity		(1,257,024)	(1,315,759)	-	-
Total		70,251,675	64,921,649	55,885,178	52,111,134
Subordinated perpetual debentures	8	19,909,154	19,909,154	19,909,154	19,909,154
Equity attributable to equity					
holders of the Company		90,160,829	84,830,803	75,794,332	72,020,288
Non-controlling interests		14,764,685	14,987,882	-	-
Total equity		104,925,514	99,818,685	75,794,332	72,020,288
Total liabilities and equity		375,793,780	373,741,617	285,175,190	280,368,088

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

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

		Consolidated		Separate	
		financial statements		financial statements	
		For the three-month		For the three-month	
		period ended 31 March		period ended 31 March	
	<i>Note</i>	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Revenues	3				
Revenue from sale of goods and rendering of services		134,317,668	123,651,803	80,885,484	73,785,671
Interest income		112,373	54,363	160,528	80,925
Dividend income		63	51	99,999	-
Net foreign exchange gain		-	-	-	24
Gain on sale of investment in subsidiary	5	-	-	-	907,177
Other income		4,465,610	4,237,235	4,512,419	4,109,713
Total revenues		138,895,714	127,943,452	85,658,430	78,883,510
Expenses	3				
Cost of sale of goods and rendering of services		104,244,085	96,111,747	58,217,073	53,426,552
Distribution costs		21,834,905	19,838,773	18,448,873	16,479,057
Administrative expenses		3,985,139	3,565,464	2,631,089	2,608,174
Net foreign exchange loss		2,012	6,799	15	-
Finance costs		1,749,106	1,788,503	1,647,455	1,701,178
Total expenses		131,815,247	121,311,286	80,944,505	74,214,961
Profit before income tax expense		7,080,467	6,632,166	4,713,925	4,668,549
Income tax expense	10	1,231,745	1,181,100	687,826	687,185
Profit for the period		5,848,722	5,451,066	4,026,099	3,981,364
Profit attributable to:					
Equity holders of the Company		5,769,185	5,416,836	4,026,099	3,981,364
Non-controlling interests		79,537	34,230	-	-
Profit for the period		5,848,722	5,451,066	4,026,099	3,981,364
Basic earnings per share (in Baht)	11	0.61	0.58	0.42	0.42

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	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Profit for the period	5,848,722	5,451,066	4,026,099	3,981,364
Other comprehensive income				
<i>Item that will be reclassified</i>				
<i>subsequently to profit or loss</i>				
Exchange differences on translating				
financial statement	63,584	(157,486)	-	-
Other comprehensive income				
for the period	63,584	(157,486)	-	-
Total comprehensive income				
for the period	5,912,306	5,293,580	4,026,099	3,981,364
Total comprehensive income				
attributable to:				
Equity holders of the Company	5,827,920	5,276,119	4,026,099	3,981,364
Non-controlling interests	84,386	17,461	-	-
Total comprehensive income				
for the period	5,912,306	5,293,580	4,026,099	3,981,364

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				
	Issued and paid-up share capital	Premium on ordinary shares	Deficit from changes in ownership interests in subsidiaries	Legal reserve	Unappropriated reserve	Exchange differences on translating financial statement	Subordinated perpetual debentures	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
<i>Note</i>										
	8,983,101	1,684,317	(1,061,148)	900,000	55,731,138	(1,315,759)	19,909,154	84,830,803	14,987,882	99,818,685
For the three-month period ended 31 March 2019										
Balance at 1 January 2019										
Transactions with equity holders, recorded directly in equity										
<i>Distributions to equity holders</i>										
Dividends	-	-	-	-	-	-	-	-	(1)	(1)
<i>Total distributions to equity holders</i>										
<i>Changes in ownership interest in subsidiary</i>										
Changes in ownership interest in subsidiary without a change in control	-	-	(245,839)	-	-	-	-	(245,839)	(307,582)	(553,421)
<i>Total changes in ownership interest in subsidiary</i>										
	-	-	(245,839)	-	-	-	-	(245,839)	(307,582)	(553,421)
Total transactions with equity holders, recorded directly in equity	-	-	(245,839)	-	-	-	-	(245,839)	(307,583)	(553,422)
Comprehensive income for the period										
Profit	-	-	-	-	5,769,185	-	-	5,769,185	79,537	5,848,722
Other comprehensive income	-	-	-	-	-	58,735	-	58,735	4,849	63,584
<i>Total comprehensive income for the period</i>										
	-	-	-	-	5,769,185	58,735	-	5,827,920	84,386	5,912,306
Interest payment on subordinated perpetual debentures	-	-	-	-	(252,055)	-	-	(252,055)	-	(252,055)
Balance at 31 March 2019	8,983,101	1,684,317	(1,306,987)	900,000	61,248,268	(1,257,024)	19,909,154	90,160,829	14,764,685	104,925,514

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				

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

		Separate financial statements					
		Retained earnings					
		Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated reserve	Subordinated perpetual debentures	Total equity
	Note				(in thousand Baht)		
For the three-month period ended 31 March 2019							
Balance at 1 January 2019		8,983,101	1,684,317	900,000	40,543,716	19,909,154	72,020,288
Comprehensive income for the period							
Profit		-	-	-	4,026,099	-	4,026,099
Total comprehensive income for the period							
Interest payment on subordinated perpetual debentures	8	-	-	-	(252,055)	-	(252,055)
Balance at 31 March 2019		8,983,101	1,684,317	900,000	44,317,760	19,909,154	75,794,332
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							
Profit		-	-	-	3,981,364	-	3,981,364
Total comprehensive income for the period							
Interest payment on subordinated perpetual debentures	8	-	-	-	(252,055)	-	(252,055)
Balance at 31 March 2018		8,983,101	1,684,317	900,000	35,240,834	19,909,154	66,717,406

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		2019	2018	2019	2018
		(in thousand Baht)			
Cash flows from operating activities					
		5,848,722	5,451,066	4,026,099	3,981,364
Adjustments to reconcile profit to cash receipts					
		2,426,622	2,270,704	1,440,977	1,380,482
		74,014	74,394	25,806	26,417
		170,709	145,329	61,060	47,321
		(112,373)	(54,363)	(160,528)	(80,925)
		(63)	(51)	(99,999)	-
	5	-	-	-	(907,177)
		1,749,106	1,788,503	1,647,455	1,701,178
		1,231,745	1,181,100	687,826	687,185
		80,482	104,133	37,500	57,000
		20,905	(47,771)	(7,447)	(6,569)
		1,920	(2,399)	-	-
		1,123	4,095	-	-
		(2,268)	(8,042)	-	-
		30,773	16,997	29,536	14,899
		(2,526)	(2,948)	(2,526)	(2,948)
		52	47	-	47
		11,518,943	10,920,794	7,685,759	6,898,274
Changes in operating assets and liabilities					
		513,429	203,956	(46,777)	(10,123)
		825,940	549,924	438,312	382,958
		142,053	(425,704)	(21,654)	(27,579)
		38,470	57,387	34,595	57,297
		68,726	(150,940)	(13,533)	(24,104)

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>	Consolidated		Separate	
		financial statements		financial statements	
		For the three-month period ended 31 March		For the three-month period ended 31 March	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Trade accounts payable		(3,181,663)	(3,727,598)	(922,982)	236,153
Other payables		(1,040,848)	(574,282)	(2,357,686)	(2,322,744)
Other current liabilities		73,572	39,645	56,433	34,889
Provisions for employee benefits paid		(8,147)	(1,721)	-	-
Transferred in (out) of provisions for employee benefits		-	-	1,823	(72)
Accrued guarantee deposits		63,838	(12,027)	70,250	26,804
Other non-current liabilities		43,458	(185,750)	15,975	14,879
Net cash generated from operating		9,057,771	6,693,684	4,940,515	5,266,632
Income tax paid		(351,944)	(340,227)	(180,131)	(172,230)
Net cash from operating activities		8,705,827	6,353,457	4,760,384	5,094,402
<i>Cash flows from investing activities</i>					
Interest received		59,464	28,095	108,297	57,213
Dividends received		63	51	99,999	-
Acquisition of current investments		(720,769)	(999,632)	-	-
Proceeds from sale of current investments		600,245	679,368	-	-
Cash outflow on short-term loans to subsidiaries	3	-	-	(1,000,500)	(250,000)
Proceeds from repayment of short-term loans to subsidiaries	3	-	-	550,000	300,000
Acquisition of other long-term investments		-	(577)	-	-
Acquisition of property, plant and equipment	12	(4,982,672)	(3,000,897)	(2,667,021)	(1,779,995)
Proceeds from sale of property, plant and equipment		49,576	44,675	30,680	30,806
Acquisition of leasehold rights		(50,505)	(45,525)	(30,780)	(20,363)
Proceeds from sale of leasehold rights		3,109	3,250	3,109	3,250
Acquisition of other intangible assets	12	(83,333)	(121,216)	(31,228)	(24,089)
Proceeds from sale of other intangible assets		-	38	-	-
Net cash used in investing activities		(5,124,822)	(3,412,370)	(2,937,444)	(1,683,178)

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

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

		Consolidated		Separate	
		financial statements		financial statements	
		For the three-month		For the three-month	
		period ended 31 March		period ended 31 March	
Note		2019	2018	2019	2018
		(in thousand Baht)			
Cash flows from financing activities					
Interest paid		(1,933,865)	(1,883,814)	(1,825,912)	(1,826,120)
Interest paid on subordinated					
perpetual debentures	8	(252,055)	(252,055)	(252,055)	(252,055)
Dividends paid to non-controlling interests		(1)	-	-	-
Payment by a lessee for reduction of					
the outstanding liabilities relating to					
a finance lease		(44,463)	(46,345)	-	-
Decrease in short-term borrowings					
from financial institutions	7	(2,903,003)	(3,704,202)	-	-
Proceeds from issue of debentures	7	15,000,000	-	15,000,000	-
Repayment of debentures	7	(11,066,100)	-	(11,066,100)	-
Proceeds from long-term borrowings					
from financial institutions	7	-	3,090,673	-	-
Repayment of long-term borrowings					
from financial institutions	7	(142)	-	-	-
Proceeds from called for paid-up					
share capital from subsidiary		-	19,593	-	-
(Payment of) proceeds from changes in					
ownership interests in subsidiaries					
without a change in control	5	(553,420)	10,130,912	(553,420)	10,130,912
Net cash (used in) from financing activities		(1,753,049)	7,354,762	1,302,513	8,052,737
Net increase in cash and cash equivalents,					
before effect of exchange rates		1,827,956	10,295,849	3,125,453	11,463,961
Effect of exchange rate changes on					
cash and cash equivalents		(36,104)	(92,923)	-	-
Net increase in cash and cash equivalents		1,791,852	10,202,926	3,125,453	11,463,961
Cash and cash equivalents at beginning					
of period		34,023,109	28,878,806	22,611,758	17,651,393
Cash and cash equivalents at end of period		35,814,961	39,081,732	25,737,211	29,115,354

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 2019 (Unaudited)

Note	Contents
1	General information
2	Basis of preparation of the interim financial statements
3	Related parties
4	Trade accounts receivable
5	Investments in subsidiaries
6	Property, plant and equipment
7	Interest-bearing liabilities
8	Subordinated perpetual debentures
9	Revenue and segment information
10	Income tax expense
11	Basic earnings per share
12	Supplemental disclosures of cash flows information
13	Financial instruments
14	Commitments with non-related parties
15	Events after the reporting period
16	Thai Financial Reporting Standards not yet adopted
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 2019 (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 9 May 2019.

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 major shareholder of the Company and its subsidiaries (together referred to as the “Group”) during the financial period was Charoen Pokphand Group of companies.

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 2019 was 11,299 stores (31 December 2018: 10,988 stores).

	31 March 2019	31 December 2018
	(number of stores)	
The Company owns and manages convenience stores	5,095	4,894
The Company franchises the license to other retailers		
- under management agreements	5,433	5,336
- under sub-license agreements	771	758
Total	11,299	10,988

Details of the Company’s subsidiaries as at 31 March 2019 and 31 December 2018 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 2018) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions; 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 2018. 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 2018.

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (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 2018 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 2019.

The primary change is that the Group has initially adopted TFRS 15 *Revenue from Contracts with Customers* (“TFRS 15”), which replaced TAS 18 *Revenue* (“TAS 18”) and related interpretations.

Under TFRS 15, the Group recognises revenue when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled to. In addition, judgement is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. Whereas, under TAS 18, the Group recognises revenue from sale of goods when the significant risks and rewards of ownership of the goods have been transferred to the buyer, and recognises revenue from rendering of services by reference to the stage of completion of the transaction at the end of the reporting period. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due. Such changes in accounting policies have no material impacts on the financial statements.

In addition to the above new and revised TFRS, the Federation of Accounting Professions has issued a number of new and revised TFRS which are not yet effective for current periods. The Group has not early adopted these standards in preparing these interim financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 16 to the interim 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 2018, except for revenue recognition which requires judgement in determining the timing of the transfer of control - at a point in time or over time - according to the requirements of TFRS 15 which the Group has initially adopted.

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 broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

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 much 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 ("CPG")	Thailand	Shareholder of the Company, Company under CPG Group and 2 common directors
C.P. Merchandising Co., Ltd.	Thailand	Shareholder of the Company, Company under CPG Group, 1 common director and one of family member of the Company's director is a major shareholder
Charoen Pokphand Foods Public Company Limited	Thailand	Company under CPG Group and 3 common directors
SM True Co., Ltd.	Thailand	Company under CPG Group and 2 common directors
C.P. Consumer Products Co., Ltd.	Thailand	Company under CPG Group and 1 common director
CP-Meiji Co., Ltd.	Thailand	Company under CPG Group and 1 common director
CPF (Thailand) Public Company Limited	Thailand	Company under CPG Group and 1 common director
Leadership Development Charoen Pokphand Group Co., Ltd.	Thailand	Company under CPG Group and 1 common director
Perfect Companion Group Co., Ltd.	Thailand	Company under CPG Group and 1 common director
Star Marketing Company Limited	Thailand	Company under CPG Group 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 2019 (Unaudited)

Name of parties	Country of incorporation/ nationality	Nature of relationships
C.P. Packaging Industry Co., Ltd.	Thailand	Company under CPG Group and Chearavanont family is major shareholders
Ascend Commerce Company Limited	Thailand	Company under CPG Group and one of family member of the Company's director is a major shareholder
EGG Digital Co., Ltd.	Thailand	Company under CPG Group and one of family member of the Company's director is a major shareholder
True Money Co., Ltd.	Thailand	Company under CPG Group and one of family member of the Company's director is a major shareholder
C.P. Cambodia Co., Ltd.	Cambodia	Company under CPG Group
C.P. Tower Growth Leasehold Property Fund	Thailand	Company under CPG Group
CP B&F (Thailand) Company Limited	Thailand	Company under CPG Group
CP B&F Trading Co., Ltd.	Thailand	Company under CPG Group
CP Coffee Business Hong Kong Company Limited	Hong Kong	Company under CPG Group
CPF IT Center Co., Ltd.	Thailand	Company under CPG Group
CPF Food and Beverage Company Limited	Thailand	Company under CPG Group
CPF Restaurant and Food Chain Company Limited	Thailand	Company under CPG Group
CPF Trading Co., Ltd.	Thailand	Company under CPG Group
International Pet Food Co., Ltd.	Thailand	Company under CPG Group
Real Move Co., Ltd.	Thailand	Company under CPG Group
True Digital and Media Platform Co., Ltd.	Thailand	Company under CPG Group
True Distribution and Sales Co., Ltd.	Thailand	Company under CPG Group
True Internet Corporation Co., Ltd.	Thailand	Company under CPG Group
True Move Co., Ltd.	Thailand	Company under CPG Group
True Move H Universal Communication Co., Ltd.	Thailand	Company under CPG Group
C.P. Food Store Co., Ltd.	Thailand	Chearavanont family is major shareholders
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)

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

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 costs plus capital management expenses
Dividend income	Right to receive dividends
Purchase of goods and services	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies
Rental and service fees	Rates advised by the lessors and service providers
Technical service fees	Contract prices determined by the terms and conditions used in the normal course of business
Interest expense	Agreed rates stipulated in the agreements
Purchase of property, plant and equipment	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies
Purchase of other intangible assets	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies

Significant transactions for the three-month periods ended 31 March 2019 and 2018 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
<i>For the three-month period ended 31 March</i>	2019	2018	2019	2018
	<i>(in million Baht)</i>			
<i>Subsidiaries</i>				
Revenue from sale of goods and rendering of services	-	-	178	175
Interest income	-	-	80	54
Dividend income	-	-	100	-
Other income	-	-	360	350
Distribution costs	-	-	375	145
Administrative expenses	-	-	459	489
Purchases of goods and services	-	-	6,442	5,559
Purchases of property, plant and equipment and other intangible assets	-	-	720	769
<i>Other related companies</i>				
Revenue from sale of goods and rendering of services	396	424	115	142
Other income	497	183	490	176
Distribution costs	28	19	-	-
Administrative expenses	211	154	164	95
Purchases of goods and services	12,736	11,090	9,075	7,833
Purchases of property, plant and equipment and other intangible assets	4	5	-	-

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

	Consolidated financial statements		Separate financial statements	
<i>For the three-month period ended 31 March</i>	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Key management personnel				
Key management benefit expenses				
Short-term employee benefits	165	169	112	113
Severance pay for employees	3	2	1	1
Total key management benefit expenses	168	171	113	114

Balances as at 31 March 2019 and 31 December 2018 with related parties were as follows:

Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	<i>(in million Baht)</i>			
Related companies	211	631	-	-
Less allowance for doubtful accounts	(1)	-	-	-
Net	210	631	-	-

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Bad and doubtful debts expense for the three-month period ended 31 March	1	-	-	-

Other receivables

	Consolidated financial statements		Separate financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	<i>(in million Baht)</i>			
Current				
Subsidiaries	-	-	698	755
Other related companies	643	756	409	552
Total	643	756	1,107	1,307
Non-current				
Subsidiary	-	-	96	104
Total	-	-	96	104

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<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 amortises the prepaid rental and service fees as an expense according to the terms of the agreements (15 years).

Short-term loans to subsidiaries

	Consolidated financial statements		Separate financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	<i>(in million Baht)</i>			
CPRAM Co., Ltd.	-	-	6,300	5,800
ALL Wellness Co., Ltd.	-	-	1	-
CP Retailink Co., Ltd.	-	-	-	50
Total	-	-	6,301	5,850

All short-term loans to subsidiaries of the Company as at 31 March 2019 and 31 December 2018 were denominated entirely in Thai Baht.

Movements during the three-month periods ended 31 March 2019 and 2018 were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
At 1 January	-	-	5,850	4,700
Increases	-	-	1,001	250
Decreases	-	-	(550)	(300)
At 31 March	-	-	6,301	4,650
At 31 December		-		5,850

As at 31 March 2019 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 2018: 4.75% per annum)

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

Investment in related company

	Consolidated financial statements		Separate financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	<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 2019 and 31 December 2018 was denominated entirely in Thai Baht.

Trade accounts payable

	Consolidated financial statements		Separate financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	<i>(in million Baht)</i>			
Subsidiaries	-	-	2,352	2,355
Other related companies	7,134	7,730	4,565	4,919
Total	7,134	7,730	6,917	7,274

Other payables

	Consolidated financial statements		Separate financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	<i>(in million Baht)</i>			
Subsidiaries	-	-	9,604	11,122
Other related companies	153	250	31	40
Total	153	250	9,635	11,162

Future minimum lease payments under non-cancellable operating leases

	Consolidated financial statements		Separate financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	<i>(in million Baht)</i>			
Within one year	173	211	107	143
After one year but within five years	123	126	-	-
After five years	133	135	-	-
Total	429	472	107	143

The Group has lease agreements covering lease of buildings, vehicles and other assets for periods of 1 to 25 years, which will expire between 2019 to 2039.

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

Significant agreements with related parties

As at 31 March 2019 the Group had the following significant agreements with related parties:

- (a) The Company has a service agreement with Charoen Pokphand Group Company Limited, a shareholder of the Company, covering technical advisory, management, technical assistances and right to use the trademark and services of the shareholder for a period of 1 year ending in December 2019. In consideration thereof, the Company agreed to pay a monthly service fee to the shareholder totaling Baht 0.8 million.
- (b) The Company has a cash management agreement with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agreed to provide cash management services under conditions stipulated in the agreement to the subsidiary. In consideration thereof, the subsidiary agreed to pay a cash management service fee to the Company at the rates stipulated in the agreement, and the Company agreed to pay benefits for cash management to the subsidiary at the rate stipulated in the agreement. If either party has intention to terminate the agreement, a written notification must be made to the other party at least 60 days before the expiry date of the agreement.
- (c) The Company has service agreements with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreements, the Company agreed to provide and install the computer system to support bill payment services. In consideration thereof, the subsidiary agreed to pay monthly service fees to the Company in accordance with the types of service stipulated in the agreements.
- (d) The Company has a service agreement with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agreed to be appointed as the agent of the subsidiary for bill payment services under conditions stipulated in the agreement. In consideration thereof, the subsidiary agreed to pay a service fee to the Company at the amount stipulated in the agreement. If either party has intention to terminate the agreement, a written notification must be made to the other party at least 60 days before the expiry date of the agreement.
- (e) The Company has a maintenance service agreement with CP Retailink Co., Ltd., a local subsidiary. Under the terms of the agreement, the subsidiary agreed to provide maintenance of computer hardware and equipment services to the Company for a period of 5 years ending in December 2019. In consideration thereof, the Company agreed to pay an annual service fee to the subsidiary at the amount stipulated in the agreement.
- (f) The Company has a computer service center agreement with Thai Smart Card Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agreed to provide place for setting up computer center and other facilities to the subsidiary for a period of 3 years ending in September 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 12.8 million, and placed guarantee deposits with the related company totaling Baht 38.6 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 August 2021.

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month period ended 31 March 2019 (Unaudited)

- (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 2019. 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 Siam Makro Public Company Limited, a local subsidiary, and Makro (Cambodia) Company Limited, a foreign subsidiary. 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 year 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 2022.

4 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
		31 March 2019	31 December 2018	31 March 2019	31 December 2018
	Note				
		(in million Baht)			
Related parties	3	211	631	-	-
Other parties		1,346	1,439	112	66
Total		1,557	2,070	112	66
Less allowance for doubtful accounts		(31)	(30)	-	-
Net		1,526	2,040	112	66

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<i>(in million Baht)</i>				
Bad and doubtful debts expense for the three-month period ended 31 March	1	3	-	-

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

Aging analyses for trade accounts receivable were as follows:

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	31 March 2019	31 December 2018	31 March 2019	31 December 2018
		<i>(in million Baht)</i>			
Related parties					
Within credit terms		180	577	-	-
Overdue:					
Less than 3 months		22	36	-	-
3 - 6 months		6	16	-	-
6 - 12 months		2	-	-	-
Over 12 months		1	2	-	-
Total		211	631	-	-
Less allowance for doubtful accounts		(1)	-	-	-
Net	3	210	631	-	-
Other parties					
Within credit terms		896	1,008	112	66
Overdue:					
Less than 3 months		393	351	-	-
3 - 6 months		24	50	-	-
6 - 12 months		13	12	-	-
Over 12 months		20	18	-	-
Total		1,346	1,439	112	66
Less allowance for doubtful accounts		(30)	(30)	-	-
Net		1,316	1,409	112	66
Grand total		1,526	2,040	112	66

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 2019 and 2018 were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
At 1 January	-	-	197,610	206,833
Increase	-	-	554	-
Decrease	-	-	-	(9,224)
At 31 March	-	-	198,164	197,609
At 31 December		-		197,610

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

Details of the increase (decrease) in investments in subsidiaries during the three-month periods ended 31 March 2019 and 2018 were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Thai Smart Card Co., Ltd.	-	-	554	-
Siam Makro Public Company Limited	-	-	-	(9,224)
Total	-	-	554	(9,224)

Changes in interests in subsidiaries without a change in control

During the first quarter of 2019, the company acquired ordinary shares from shareholders totaling 30,745,600 shares equally to 19.21% of total issued and paid-up shares of a local subsidiary (Thai Smart Card Co., Ltd.) at the price of Baht 18 per share, totaling Baht 554 million in cash, increasing its ownership interest from 72.64% to 91.85%. The Group recognised a decrease in non-controlling interests of Baht 308 million and deficit from changes in ownership interest in subsidiary of Baht 246 million.

On 28 March 2018 (“the date of sale”), the Company had partial disposal 4.80% of total issued and paid-up ordinary shares of a local 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.

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

Investments in subsidiaries as at 31 March 2019 and 31 December 2018, and dividend income for the three-month periods ended 31 March 2019 and 2018 were as follows:

Separate financial statements										Dividend income for the three-month period ended	
Name of parties	Type of business	Country of incorporation	Ownership interests		Paid-up capital		At cost			31 March 2019	31 March 2018
			31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018			
			(in million Baht)								
<i>Local direct subsidiaries</i>											
Suksapiwat Co., Ltd.	Holding company	Thailand	99.99	99.99	810	810	810	810	-	-	
CPRAM Co., Ltd.	Frozen food plant and bakery	Thailand	99.99	99.99	600	600	600	600	-	-	
Counter Service Co., Ltd.	Bill payment services, e-commerce, distributor of all types of commercial cards and tickets and insurance broker	Thailand	99.99	99.99	100	100	91	91	-	-	
All Corporation Limited	Holding company	Thailand	99.99	99.99	50	50	50	50	-	-	
24 Shopping Co., Ltd.	Distributor of catalog merchandises and e-commerce	Thailand	99.99	99.99	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	-	-	

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

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 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018		
			(%)		(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	100	-
All Training Co., Ltd.	Training center	Thailand	99.99	99.99	1	1	1	1	-	-
ALL Wellness Co., Ltd.	Digital innovation healthcare services and consultation by medical specialists	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	91.85	72.64	1,600	1,600	1,705	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	38.07	2,400	2,400	73,203	73,203	-	-
Total							189,779	189,225	100	-

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

Separate financial statements (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 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018	
			(in million United States Dollars)						
<i>Foreign direct subsidiaries</i>									
Lotus Distribution	Holding company	British Virgin Islands	100.00	100.00	244	244	8,385	8,385	-
Investment Limited									-
Albuera International Limited	Holding company	British Virgin Islands	100.00	100.00	-*	-*	-*	-*	-
Total							8,385	8,385	-
Grand total							198,164	197,610	100

* As at 31 March 2019 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.

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

Details of the Company's indirect subsidiaries as at 31 March 2019 and 31 December 2018 only those with changes during the three-month period ended 31 March 2019 were as follows:

Name of parties	Type of business	Country of incorporation	Ownership interests	
			31 March 2019	31 December 2018
			(%)	
Local indirect subsidiary (investment through All Corporation Co., Ltd.)				
ALL NOW LOGISTICS CO., LTD.	Parcel and express delivery services	Thailand	99.99	-
Foreign indirect subsidiary (investment through Siam Makro Public Company Limited)				
Guangzhou Huadu Makro Food Supermarket Company Limited	Wholesale and retail operator and related business	The People’s Republic of China	93.06	-

6 Property, plant and equipment

Acquisitions, disposals and transfers of property, plant and equipment during the three-month periods ended 31 March 2019 and 2018 were as follows:

	Consolidated financial statements			
	2019		2018	
	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value
		(in million Baht)		
Land	244	-	303	-
Buildings, building and leasehold improvements	992	33	627	17
Machinery and equipment	1,016	10	838	16
Furniture, fixtures and office equipment	603	23	533	26
Assets under construction and installation	2,482	1,336	1,434	861
Other	170	3	136	1
Total	5,507	1,405	3,871	921

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

	Separate financial statements			
	2019		2018	
	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value (in million Baht)	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value
Land	230	-	270	-
Buildings, building and leasehold improvements	634	32	544	15
Machinery and equipment	477	3	415	13
Furniture, fixtures and office equipment	536	23	454	17
Assets under construction and installation	1,167	707	684	551
Other	146	3	121	1
Total	3,190	768	2,488	597

7 Interest-bearing liabilities

Short-term borrowings from financial institutions

Movements during the three-month periods ended 31 March 2019 and 2018 were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in million Baht)			
At 1 January	3,583	4,326	-	-
Decreases	(2,903)	(3,705)	-	-
At 31 March	680	621	-	-
At 31 December		3,583		-

Debentures

	Consolidated financial statements		Separate financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	(in million Baht)			
Current	11,928	22,994	11,928	22,994
Non-current	132,884	117,884	132,884	117,884
Total	144,812	140,878	144,812	140,878

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month period ended 31 March 2019 (Unaudited)

Movements during the three-month periods ended 31 March 2019 and 2018 were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
At 1 January	140,878	155,625	140,878	155,625
Increases	15,000	-	15,000	-
Decreases	(11,066)	-	(11,066)	-
At 31 March	144,812	155,625	144,812	155,625
At 31 December		140,878		140,878

Debentures 1/2019

On 18 January 2019 the Company issued Baht 15,000 million unsubordinated and unsecured debentures in registered name form, which had the objective to repayment of matured debentures and/or for working capital, divided into:

- Debentures term of 3 years of Baht 5,000 million, fully repayable on 18 January 2022 and bearing interest at the fixed rate of 2.86% per annum
- Debentures term of 8 years of Baht 2,466 million, fully repayable on 18 January 2027 and bearing interest at the fixed rate of 3.95% per annum
- Debentures term of 10 years of Baht 1,920 million, fully repayable on 18 January 2029 and bearing interest at the fixed rate of 4.12% per annum
- Debentures term of 12 years of Baht 5,614 million, fully repayable on 18 January 2031 and bearing interest at the fixed rate of 4.40% per annum

These series of debentures have a credit rating of “A” updated by TRIS Ratings (Thailand) Limited on 12 December 2018 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 18 January 2019.

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 2019, which were pledged in accordance with the conditions stipulated in the bond issuance, totaled 1,921 million shares. The fair value of those shares totaled Baht 67,714 million.

Long-term borrowings from financial institutions

	Consolidated financial statements		Separate financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	<i>(in million Baht)</i>			
Current	95	94	-	-
Non-current	9,008	9,010	-	-
Total	9,103	9,104	-	-

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month period ended 31 March 2019 (Unaudited)

Movements during the three-month periods ended 31 March 2019 and 2018 were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
At 1 January	9,104	6,281	-	-
Increases	-	3,091	-	-
Exchange differences on translating financial statement	(1)	(109)	-	-
At 31 March	9,103	9,263	-	-
At 31 December		9,104		-

As at 31 March 2019 the Group had long-term borrowings agreements with a local branch of a foreign financial institution, a local financial institution and a foreign financial institution. 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 2019 the Company had subordinated perpetual debentures (“Debentures”) of totaling Baht 19,909 million, net of issuance cost of Baht 91 million, which were recognised as a part of equity in the interim consolidated and separate financial statements for the three-month period ended 31 March 2019 (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 2019 which the debentures holders have the right to receive if the interest payment was announced amounting to Baht 247 million (31 March 2018: Baht 247 million). During the first quarter of 2019 the Company paid interest expenses on subordinated perpetual debentures to the holders of Baht 252 million (2018: Baht 252 million).

9 Revenue and segment information

Revenue

The Group’s main operations are derived from sale of goods from convenience stores and cash and carry, and rendering of services related to these operations.

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

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

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.

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

Disaggregation of revenues, timing of revenue recognition and results, based on segments, in the interim consolidated financial statements for the three-month periods ended 31 March 2019 and 2018 were as follows:

***For the three-month period ended
31 March***

Types of revenues	Convenience stores		Cash and carry		Other		Eliminate		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<i>(in million Baht)</i>										
Revenue from sale of goods	80,550	73,392	50,682	47,168	7,767	6,808	(6,993)	(6,060)	132,006	121,308
Revenue from rendering of services	335	394	922	862	2,580	2,396	(1,525)	(1,308)	2,312	2,344
Revenue from sale of goods and rendering of services to external customers	80,885	73,786	51,604	48,030	10,347	9,204	(8,518)	(7,368)	134,318	123,652
Total revenues	85,658	78,883	51,799	48,310	10,540	9,480	(9,101)	(8,730)	138,896	127,943
Timing of revenue recognition										
At a point of time	80,885	73,786	50,682	47,168	9,202	7,870	(7,232)	(6,270)	133,537	122,554
Overtime	-	-	922	862	1,145	1,334	(1,286)	(1,098)	781	1,098
Total	80,885	73,786	51,604	48,030	10,347	9,204	(8,518)	(7,368)	134,318	123,652
Segment profit before income tax expense	4,714	4,669	1,816	1,930	899	924	(349)	(891)	7,080	6,632

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

Contract balances

As at 31 March 2019 the Group had outstanding balances of deferred revenue in the interim consolidated financial statements amounting to Baht 564 million. The deferred revenue arises from consideration allocated to customer loyalty programme.

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 2019 and 2018 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:

<i>For the three-month period ended 31 March</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht/million shares)</i>			
Profit for the period attributable to equity holders of the Company	5,769	5,417	4,026	3,981
<i>Less:</i> cumulative interest for the period on subordinated perpetual debentures	(247)	(247)	(247)	(247)
Profit used in calculation of basic earnings per share	5,522	5,170	3,779	3,734
Number of ordinary shares outstanding during the period	8,983	8,983	8,983	8,983
Basic earnings per share (in Baht)	0.61	0.58	0.42	0.42

12 Supplemental disclosures of cash flows information

Property, plant and equipment and other intangible assets paid by cash during the three-month periods ended 31 March 2019 and 2018 are detailed as follows:

Property, plant and equipment

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Increases during the period	4,183	3,010	2,483	1,937
<i>Add (less) - changes in payables</i>	800	-	184	(157)
<i>- assets under finance leases</i>	-	(9)	-	-
Purchase and paid by cash	4,983	3,001	2,667	1,780

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month period ended 31 March 2019 (Unaudited)

Other intangible assets

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Increases during the period	110	148	78	40
Less - changes in payables	<u>(27)</u>	<u>(27)</u>	<u>(47)</u>	<u>(16)</u>
Purchase and paid by cash	<u>83</u>	<u>121</u>	<u>31</u>	<u>24</u>

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			
		Fair value			Total
		Level 1	Level 2	Level 3	
(in million Baht)					
31 March 2019					
<i>Financial liabilities not measured at fair value</i>					
<i>Current</i>					
Debentures	11,928	-	11,999	-	11,999
<i>Non-current</i>					
Debentures	132,884	-	139,005	-	139,005
Accrued guarantee deposits	3,780	-	3,115	-	3,115
31 December 2018					
<i>Financial liabilities not measured at fair value</i>					
<i>Current</i>					
Debentures	22,994	-	23,166	-	23,166
<i>Non-current</i>					
Debentures	117,884	-	125,097	-	125,097
Accrued guarantee deposits	3,716	-	3,083	-	3,083

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month period ended 31 March 2019 (Unaudited)

	Carrying amount	Separate financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
(in million Baht)					
31 March 2019					
<i>Financial liabilities not measured at fair value</i>					
<i>Current</i>					
Debentures	11,928	-	11,999	-	11,999
<i>Non-current</i>					
Debentures	132,884	-	139,005	-	139,005
Accrued guarantee deposits	3,704	-	3,040	-	3,040
31 December 2018					
<i>Financial liabilities not measured at fair value</i>					
<i>Current</i>					
Debentures	22,994	-	23,166	-	23,166
<i>Non-current</i>					
Debentures	117,884	-	125,097	-	125,097
Accrued guarantee deposits	3,634	-	3,001	-	3,001

As at 31 March 2019 and 31 December 2018 the Group had total forward currency contracts as follow:

		Consolidated financial statements	
		31 March 2019	31 December 2018
Foreign currency		<i>(in million)</i>	
Forward currency contracts - to buy	Yen	338.6	1,166.1
	United States Dollar	14.5	23.5
	China Renminbi	2.3	1.1
	Euro	1.2	1.0
	Australia Dollar	0.4	1.5
	Pound Sterling	-	0.2
Forward currency contracts - to sell	United States Dollar	1.5	0.4
	Swiss Franc	0.3	0.4

As at 31 March 2019 the fair value level 2 of forward currency contracts - to buy and forward currency contracts - to sell amounting to Baht 621 million and Baht 57 million respectively (31 December 2018: Baht 1,191 million and Baht 27 million respectively).

Financial instruments not measured at fair value

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

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

Fair value for accrued guarantee deposits was calculated by using discounted cash flow method.

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month period ended 31 March 2019 (Unaudited)

14 Commitments with non-related parties

Capital commitments

	Consolidated financial statements		Separate financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	<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)	824	524	-	-
Total	824	524	-	-

Future minimum lease payments under non-cancellable operating leases

	Consolidated financial statements		Separate financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	<i>(in million Baht)</i>			
Within one year	6,782	6,908	5,944	6,059
After one year but within five years	10,221	10,380	7,364	7,579
After five years	13,745	13,819	2,853	2,813
Total	30,748	31,107	16,161	16,451

The Group has lease agreements covering lease of land, buildings, vehicles and other assets for periods of 1 to 50 years, which will expire between 2019 to 2068.

Other commitments

	Consolidated financial statements		Separate financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	<i>(in million Baht)</i>			
Unused letters of credit for purchase of goods and supplies	266	496	-	-
Total	266	496	-	-

Letters of guarantee

As at 31 March 2019 the Group has commitments under letters of guarantee with the financial institutions, principally guarantee for utilities, rental agreements and others totaling Baht 2,004 million and United States Dollars 0.3 million (31 December 2018: Baht 1,974 million and United States Dollars 0.3 million).

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

Significant agreements

As at 31 March 2019 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 (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 May 2023. 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.
- (e) A local subsidiary (Counter Service Co., Ltd.) has service agreements with 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.

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month period ended 31 March 2019 (Unaudited)

- (f) 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 Events after the reporting period

- 15.1 On 1 April 2019 the Company acquired ordinary shares from shareholders which were other companies totaling 13,035,000 shares equally to 8.15% of total issued and paid-up shares of a local subsidiary (Thai Smart Card Co., Ltd.) at the price of Baht 18 per share, totaling Baht 235 million in cash, increasing its ownership interest from 91.85% to 100%. The Company subsequently disposed 2 shares to two minor shareholders equally to 0.01% of total issued and paid-up ordinary shares of the subsidiary, reducing its ownership interest from 100% to 99.99%.
- 15.2 On 5 April 2019 the Labor Protection Act was amended to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of 20 years or more, receives severance payment of 400 days of wages at the most recent rate. The Group will amend its retirement plan in accordance with the changes in the Labor Protection Act in the second quarter of 2019. In this regard, the Group will recognise the increase of provision for retirement benefits as at 30 June 2019 as well as past service cost recognised during the six-month periods then in the interim consolidated and separate financial statements by an amount of Baht 809 million and Baht 489 million, respectively.
- 15.3 At the annual general shareholders’ meeting of the Company held on 26 April 2019, the Company’s shareholders approved the appropriation of dividends of Baht 1.20 per share for 8,983 million ordinary shares, totaling Baht 10,780 million, from the profit attributable to equity holders of the Company for the year 2018. The Company will pay dividends to the Company’s shareholders in May 2019.
- 15.4 At the annual general shareholders’ meeting of a local subsidiary (Siam Makro Public Company Limited) held on 23 April 2019, the subsidiary’s shareholders approved a resolution to declare the final dividends payment for the year 2018 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 2019.
- 15.5 In April 2019, certain foreign subsidiaries called for additional paid-up share capital as follows;
- Makro (Cambodia) Company Limited called for additional paid-up share capital of United States Dollars 5 million, paid-up share capital totaling United States Dollars 47 million. The additional paid-up share capital expect to be completed in May 2019.
 - CP Wholesale India Private Limited called for additional paid-up share capital of Indian Rupee 330 million (Indian Rupee 70 per share consisted of the par value of Indian Rupee 10 per share and the share premium of Indian Rupee 60 per share). Therefore, the total paid-up share capital amounted to Indian Rupee 500 million and the share premium of Indian Rupee 2,400 million. The additional paid-up share capital expect to be completed in May 2019.

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month period ended 31 March 2019 (Unaudited)

16 Thai Financial Reporting Standards not yet adopted

A number of new and revised Thai Financial Reporting Standards (“TFRS”) which are relevant to the Group’s operations are expected to have significant impact on the interim consolidated and separate financial statements on the date of initial application. Those TFRS which become effective for annual financial reporting periods beginning on or after 1 January 2020 are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

* *TFRS - Financial instruments standards*

(a) *TFRS - Financial instruments standards*

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying TFRS - Financial instruments standards on the interim consolidated and separate financial statements.

(b) *TFRS 16 Leases*

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases.

Management is presently considering the potential impact of adopting and initially applying TFRS 16 on the interim consolidated and separate financial statements.

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month period ended 31 March 2019 (Unaudited)

17 Reclassification of accounts

Certain accounts in the statement of income for the three-month period ended 31 March 2018 have been reclassified to conform to the presentation of the interim financial statements for the three-month period ended 31 March 2019 as follows:

	2018					
	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
Statement of income						
Other income	(4,339)	102	(4,237)	(4,212)	102	(4,110)
Cost of sale of goods and rendering of services	96,214	(102)	96,112	53,529	(102)	53,427
		<u>-</u>			<u>-</u>	

These reclassifications have been made consequent to the adoption of new Thai Financial Reporting Standards as disclosed in note 2(a) to the interim financial statements.