

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

Interim financial statements
for the three-month and six-month periods ended
30 June 2019
and
Independent Auditor's Review Report



KPMG Phoomchai Audit Ltd.
50th Floor, Empire Tower
1 South Sathorn Road, Yannawa
Sathorn, Bangkok 10120, Thailand
Tel +66 2677 2000
Fax +66 2677 2222
Website kpmg.com/th

บริษัท เคพีเอ็มจี ภูมิไชย สอบบัญชี จำกัด
ชั้น 50 เอ็มไพร์ทาวเวอร์
1 ถนนสาทรใต้ แขวงยานนาวา
เขตสาทร กรุงเทพฯ 10120
โทร +66 2677 2000
แฟกซ์ +66 2677 2222
เว็บไซต์ kpmg.com/th

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 30 June 2019; the consolidated and separate statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2019; the consolidated and separate statements of changes in equity and cash flows for the six-month period ended 30 June 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 August 2019

CP ALL Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 June	31 December	30 June	31 December
		2019	2018	2019	2018
		(Unaudited)		(Unaudited)	
		(in thousand Baht)			
<i>Current assets</i>					
Cash and cash equivalents		31,370,218	34,023,109	21,720,642	22,611,758
Current investments		708,947	1,467,227	-	-
Trade accounts receivable	3,4	1,429,676	2,039,651	30,336	65,520
Other current receivables	3	6,326,075	7,406,471	4,416,707	4,929,326
Short-term loans to subsidiaries	3	-	-	6,005,500	5,850,000
Inventories	3	27,956,525	29,570,068	13,239,780	13,458,886
Other current assets		602,902	487,183	234,950	293,763
Total current assets		68,394,343	74,993,709	45,647,915	47,209,253
<i>Non-current assets</i>					
Investments in subsidiaries	5	-	-	199,527,531	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	1,591,717	1,398,186	1,102,758	1,107,169
Investment properties		332,832	332,832	-	-
Property, plant and equipment	3,6	113,525,538	111,287,432	32,883,031	30,983,842
Goodwill		128,096,021	128,096,021	-	-
Leasehold rights		4,045,582	4,107,307	391,094	395,839
Other intangible assets	3	51,360,124	51,435,443	1,507,583	1,394,495
Deferred tax assets		1,191,829	1,002,040	567,839	459,192
Other non-current assets		1,093,500	1,053,658	1,202,053	1,173,597
Total non-current assets		301,272,132	298,747,908	237,215,889	233,158,835
Total assets		369,666,475	373,741,617	282,863,804	280,368,088

The accompanying notes form an integral part of the interim financial statements.

CP ALL Public Company Limited and its Subsidiaries

Statement of financial position

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 June	31 December	30 June	31 December
		2019	2018	2019	2018
		(Unaudited)		(Unaudited)	
		(in thousand Baht)			
Current liabilities					
Short-term borrowings from financial institutions		3,686,470	3,582,584	-	-
Trade accounts payable	3	73,410,776	78,790,391	40,169,895	41,442,528
Other payables	3	13,877,692	15,866,590	17,114,464	19,212,592
Short-term borrowing from subsidiary	3	-	-	700,000	-
Short-term borrowings from other parties		9,223	-	-	-
Current portion of debentures	7	13,428,200	22,994,300	13,428,200	22,994,300
Current portion of long-term borrowings from financial institutions		134,791	94,477	-	-
Current portion of finance lease liabilities		91,062	106,206	-	-
Income tax payable		1,612,105	1,394,812	847,131	447,916
Other current liabilities		987,752	922,328	706,710	672,670
Total current liabilities		107,238,071	123,751,688	72,966,400	84,770,006
Non-current liabilities					
Debentures	7	131,383,600	117,883,600	131,383,600	117,883,600
Long-term borrowings from financial institutions		8,834,594	9,009,893	-	-
Finance lease liabilities		555,512	592,140	-	-
Provisions for employee benefits	8	4,345,350	3,368,250	2,512,047	1,927,576
Accrued guarantee deposits		3,833,919	3,716,366	3,760,516	3,634,159
Deferred tax liabilities		15,046,221	15,087,902	-	-
Other non-current liabilities		605,493	513,093	164,149	132,459
Total non-current liabilities		164,604,689	150,171,244	137,820,312	123,577,794
Total liabilities		271,842,760	273,922,932	210,786,712	208,347,800

The accompanying notes form an integral part of the interim financial statements.

CP ALL Public Company Limited and its Subsidiaries

Statement of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		30 June	31 December	30 June	31 December
Liabilities and equity (<i>Continued</i>)	Note	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		(1,442,733)	(1,061,148)	-	-
Retained earnings					
Appropriated					
Legal reserve		900,000	900,000	900,000	900,000
Unappropriated		55,015,215	55,731,138	40,600,520	40,543,716
Other component of equity		(1,788,308)	(1,315,759)	-	-
Total		63,351,592	64,921,649	52,167,938	52,111,134
Subordinated perpetual debentures	9	19,909,154	19,909,154	19,909,154	19,909,154
Equity attributable to equity					
holders of the Company		83,260,746	84,830,803	72,077,092	72,020,288
Non-controlling interests		14,562,969	14,987,882	-	-
Total equity		97,823,715	99,818,685	72,077,092	72,020,288
Total liabilities and equity					
		369,666,475	373,741,617	282,863,804	280,368,088

The accompanying notes form an integral part of the interim financial statements.

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

		Consolidated financial statements		Separate financial statements	
		For the three-month period ended 30 June		For the three-month period ended 30 June	
	<i>Note</i>	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Revenues	3				
Revenue from sale of goods and rendering of services		138,395,714	124,838,952	84,900,986	77,072,831
Interest income		74,241	89,972	120,208	115,960
Dividend income		62	53	4,105,129	4,391,002
Net foreign exchange gain		58,902	-	-	61
Other income		4,796,823	4,619,380	4,886,556	4,541,192
Total revenues		143,325,742	129,548,357	94,012,879	86,121,046
Expenses	3				
Cost of sale of goods and rendering of services		107,180,802	97,350,706	60,877,533	55,677,122
Distribution costs		23,869,872	20,770,693	20,218,851	17,920,057
Administrative expenses		4,978,941	3,833,537	3,618,630	2,844,054
Net foreign exchange loss		-	3,933	24	-
Finance costs		1,683,829	1,832,776	1,582,727	1,720,072
Total expenses		137,713,444	123,791,645	86,297,765	78,161,305
Profit before income tax expense		5,612,298	5,756,712	7,715,114	7,959,741
Income tax expense	<i>11</i>	761,854	927,663	404,687	487,239
Profit for the period		4,850,444	4,829,049	7,310,427	7,472,502
Profit attributable to:					
Equity holders of the Company		4,794,614	4,779,175	7,310,427	7,472,502
Non-controlling interests		55,830	49,874	-	-
Profit for the period		4,850,444	4,829,049	7,310,427	7,472,502
Basic earnings per share (in Baht)	<i>12</i>	0.51	0.50	0.79	0.80

The accompanying notes form an integral part of the interim financial statements.

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

	Consolidated financial statements		Separate financial statements	
	For the three-month period ended 30 June		For the three-month period ended 30 June	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Profit for the period	4,850,444	4,829,049	7,310,427	7,472,502
Other comprehensive income				
<i>Item that will be reclassified subsequently to profit or loss</i>				
Exchange differences on translating financial statements	(551,817)	137,514	-	-
Other comprehensive income for the period	(551,817)	137,514	-	-
Total comprehensive income for the period	4,298,627	4,966,563	7,310,427	7,472,502
Total comprehensive income attributable to:				
Equity holders of the Company	4,263,330	4,894,285	7,310,427	7,472,502
Non-controlling interests	35,297	72,278	-	-
Total comprehensive income for the period	4,298,627	4,966,563	7,310,427	7,472,502

The accompanying notes form an integral part of the interim financial statements.

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

		Consolidated		Separate	
		financial statements		financial statements	
		For the six-month		For the six-month	
		period ended 30 June		period ended 30 June	
	Note	2019	2018	2019	2018
		(in thousand Baht)			
Revenues	3				
Revenue from sale of goods and rendering of services		272,627,454	248,407,538	165,786,470	150,858,502
Interest income		186,614	144,335	280,736	196,885
Dividend income		125	104	4,205,128	4,391,002
Net foreign exchange gain		56,890	-	-	85
Gain on sale of investment in subsidiary	5	-	-	-	907,177
Other income		9,262,433	8,856,615	9,398,975	8,650,905
Total revenues		282,133,516	257,408,592	179,671,309	165,004,556
Expenses	3				
Cost of sale of goods and rendering of services		211,338,959	193,379,236	119,094,606	109,103,674
Distribution costs		45,704,777	40,609,466	38,667,724	34,399,114
Administrative expenses		8,964,080	7,399,001	6,249,719	5,452,228
Net foreign exchange loss		-	10,732	39	-
Finance costs		3,432,935	3,621,279	3,230,182	3,421,250
Total expenses		269,440,751	245,019,714	167,242,270	152,376,266
Profit before income tax expense		12,692,765	12,388,878	12,429,039	12,628,290
Income tax expense	11	1,993,599	2,108,763	1,092,513	1,174,424
Profit for the period		10,699,166	10,280,115	11,336,526	11,453,866
Profit attributable to:					
Equity holders of the Company		10,563,799	10,196,011	11,336,526	11,453,866
Non-controlling interests		135,367	84,104	-	-
Profit for the period		10,699,166	10,280,115	11,336,526	11,453,866
Basic earnings per share (in Baht)	12	1.12	1.08	1.21	1.22

The accompanying notes form an integral part of the interim financial statements.

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

	Consolidated financial statements		Separate financial statements	
	For the six-month period ended 30 June		For the six-month period ended 30 June	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Profit for the period	10,699,166	10,280,115	11,336,526	11,453,866
Other comprehensive income				
<i>Item that will be reclassified subsequently to profit or loss</i>				
Exchange differences on translating financial statements	<u>(488,233)</u>	<u>(19,972)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>(488,233)</u>	<u>(19,972)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>10,210,933</u>	<u>10,260,143</u>	<u>11,336,526</u>	<u>11,453,866</u>
Total comprehensive income attributable to:				
Equity holders of the Company	10,091,250	10,170,404	11,336,526	11,453,866
Non-controlling interests	<u>119,683</u>	<u>89,739</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>10,210,933</u>	<u>10,260,143</u>	<u>11,336,526</u>	<u>11,453,866</u>

The accompanying notes form an integral part of the interim financial statements.

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

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The accompanying notes form an integral part of the interim 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		Legal reserve	Unappropriated reserve	Exchange differences on translating financial statements	Subordinated perpetual debentures	Equity attributable to equity holders of the Company
		Issued and paid-up share capital	Premium on ordinary shares					Non-controlling interests
								Total equity
		Note						
<i>(in thousand Baht)</i>								
For the six-month period ended 30 June 2018								
Balance at 1 January 2018		8,983,101	1,684,317	(1,142,586)	900,000	45,728,253	19,909,154	75,332,915
Transactions with equity holders, recorded directly in equity								
<i>Distributions to equity holders</i>								
Dividends		13	-	-	-	(9,881,411)	-	(9,881,411)
Total distributions to equity holders								(9,938,449)
<i>Changes in ownership interests in subsidiaries</i>								
Called for paid-up share capital from subsidiary			-	-	-	(9,881,411)	-	(9,938,449)
Changes in ownership interest in subsidiary without a change in control		5	-	81,438	-	-	-	81,438
Total changes in ownership interests in subsidiaries								9,978,494
Total transactions with equity holders, recorded directly in equity			-	81,438	-	-	-	9,916,649
Comprehensive income for the period								
Profit			-	-	-	(9,881,411)	-	(9,799,973)
Other comprehensive income			-	-	-	10,196,011	-	10,196,011
Total comprehensive income for the period			-	-	-	(25,607)	-	(25,607)
Interest payment on subordinated perpetual debentures		9	-	-	-	10,196,011	-	10,170,404
Balance at 30 June 2018		8,983,101	1,684,317	(1,061,148)	900,000	45,542,853	19,909,154	75,203,346
								(500,000)
								14,845,215
								90,048,561

The accompanying notes form an integral part of the interim financial statements.

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

	Note	Separate financial statements					Subordinated perpetual debentures	Total equity
		Issued and paid-up share capital	Premium on ordinary shares	Legal reserve <i>(in thousand Baht)</i>	Unappropriated	Retained earnings		
For the six-month period ended 30 June 2019								
Balance at 1 January 2019		8,983,101	1,684,317	900,000	40,543,716		19,909,154	72,020,288
Transactions with equity holders, recorded directly in equity								
Distributions to equity holders								
Dividends	13	-	-	-	(10,779,722)		-	(10,779,722)
Total transactions with equity holders, recorded directly in equity		-	-	-	(10,779,722)		-	(10,779,722)
Comprehensive income for the period								
Profit		-	-	-	11,336,526		-	11,336,526
Total comprehensive income for the period		-	-	-	11,336,526		-	11,336,526
Interest payment on subordinated perpetual debentures	9	-	-	-	(500,000)		-	(500,000)
Balance at 30 June 2019		8,983,101	1,684,317	900,000	40,600,520		19,909,154	72,077,092

The accompanying notes form an integral part of the interim financial statements.

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

For the six-month period ended 30 June 2018

Balance at 1 January 2018

**Transactions with equity holders,
recorded directly in equity**

Distributions to equity holders

Dividends

Total transactions with equity holders,

recorded directly in equity

Comprehensive income for the period

Profit

Total comprehensive income for the period

Interest payment on subordinated perpetual

debentures

Balance at 30 June 2018

Separate financial statements								
	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings			Subordinated perpetual debentures	Total equity
				Legal reserve	Unappropriated			
(in thousand Baht)								
For the six-month period ended 30 June 2018		8,983,101	1,684,317	900,000	31,511,525	19,909,154	62,988,097	
Balance at 1 January 2018								
Transactions with equity holders, recorded directly in equity								
Distributions to equity holders								
Dividends	13	-	-	-	(9,881,411)	-	(9,881,411)	
Total transactions with equity holders, recorded directly in equity		-	-	-	(9,881,411)	-	(9,881,411)	
Comprehensive income for the period								
Profit		-	-	-	11,453,866	-	11,453,866	
Total comprehensive income for the period		-	-	-	11,453,866	-	11,453,866	
Interest payment on subordinated perpetual debentures	9	-	-	-	(500,000)	-	(500,000)	
Balance at 30 June 2018		8,983,101	1,684,317	900,000	32,583,980	19,909,154	64,060,552	

The accompanying notes form an integral part of the interim financial statements.

CP ALL Public Company Limited and its Subsidiaries

Statement of cash flows (Unaudited)

	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month		For the six-month	
	period ended 30 June		period ended 30 June	
Note	2019	2018	2019	2018
	(in thousand Baht)			
Cash flows from operating activities				
Profit for the period	10,699,166	10,280,115	11,336,526	11,453,866
<i>Adjustments to reconcile profit to cash receipts</i>				
Depreciation	4,911,475	4,660,118	2,919,822	2,792,539
Amortisation of leasehold rights	149,906	148,029	52,645	53,368
Amortisation of other intangible assets	340,182	293,381	117,512	95,120
Interest income	(186,614)	(144,335)	(280,736)	(196,885)
Dividend income	(125)	(104)	(4,205,128)	(4,391,002)
Gain on sale of investment in subsidiary	5	-	-	(907,177)
Finance costs	3,432,935	3,621,279	3,230,182	3,421,250
Income tax expense	1,993,599	2,108,763	1,092,513	1,174,424
Provisions for employee benefits	989,731	208,716	574,402	114,000
Losses (reversal of allowance for losses)				
on decline in value of inventories	15,296	(46,746)	(31,166)	(23,984)
Impairment for losses on				
property, plant and equipment	1,442	6,671	-	-
Impairment for losses on other intangible assets	-	2,387	-	-
Bad and doubtful debts expenses	9,816	6,227	-	-
Unrealised (gain) loss on exchange	(4,304)	10,065	-	-
Loss on disposal and write-off of				
property, plant and equipment	50,489	42,928	49,673	56,670
Gain on disposal of leasehold rights	(5,668)	(6,181)	(5,668)	(6,181)
Loss on write-off of other intangible assets	90	47	39	47
	22,397,416	21,191,360	14,850,616	13,636,055
Changes in operating assets and liabilities				
Trade accounts receivable	600,371	224,908	35,184	2,788
Other receivables	871,678	602,759	496,580	222,987
Inventories	1,598,237	1,408,356	250,272	732,182
Other current assets	(109,766)	56,007	64,112	55,841
Other non-current assets	(60,853)	(69,664)	(28,456)	(48,382)

The accompanying notes form an integral part of the interim financial statements.

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

	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month		For the six-month	
	period ended 30 June		period ended 30 June	
<i>Note</i>	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Trade accounts payable	(5,405,073)	(7,251,434)	(1,272,633)	(912,501)
Other payables	(1,377,265)	(1,575,033)	(2,195,047)	(3,023,925)
Other current liabilities	65,424	(5,957)	34,040	49,984
Provisions for employee benefits paid	(12,566)	(11,612)	-	(219)
Transferred in (out) of provisions for employee benefits	752	-	10,069	(72)
Accrued guarantee deposits	117,553	25,647	126,357	70,412
Other non-current liabilities	92,400	(138,135)	31,690	29,160
Net cash generated from operating	18,778,308	14,457,202	12,402,784	10,814,310
Income tax paid	(2,013,313)	(1,856,788)	(801,945)	(602,170)
Net cash from operating activities	16,764,995	12,600,414	11,600,839	10,212,140
<i>Cash flows from investing activities</i>				
Interest received	182,191	133,787	301,187	188,457
Dividends received	125	104	4,205,128	4,391,002
Acquisition of current investments	(720,780)	(1,808,175)	-	-
Proceeds from sale of current investments	1,477,914	1,782,871	-	-
Cash outflow on short-term loans to subsidiaries	3	-	(1,005,500)	(500,000)
Proceeds from repayment of short-term loans to subsidiaries	3	-	850,000	350,000
Cash outflow on investment in subsidiary	5	-	(1,128,780)	-
Acquisition of other long-term investments	-	(577)	-	-
Acquisition of property, plant and equipment	14	(8,388,105)	(5,014,163)	(3,696,603)
Proceeds from sale of property, plant and equipment	-	137,915	120,416	66,030
Acquisition of leasehold rights	-	(143,281)	(53,836)	(48,140)
Proceeds from sale of leasehold rights	-	6,304	6,304	6,483
Acquisition of other intangible assets	14	(340,578)	(223,862)	(70,701)
Proceeds from sale of other intangible assets	-	9,271	-	-
Net cash (used in) from investing activities	(7,788,295)	(6,338,621)	(1,943,106)	686,528

The accompanying notes form an integral part of the interim financial statements.

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

		Consolidated		Separate	
		financial statements		financial statements	
		For the six-month		For the six-month	
		period ended 30 June		period ended 30 June	
	Note	2019	2018	2019	2018
		(in thousand Baht)			
Cash flows from financing activities					
Interest paid		(3,289,615)	(3,580,538)	(3,114,370)	(3,435,244)
Interest paid on subordinated perpetual debentures	9	(500,000)	(500,000)	(500,000)	(500,000)
Dividends paid to equity holders of the Company		(10,780,328)	(9,880,995)	(10,780,328)	(9,880,995)
Dividends paid to non-controlling interests		(185,980)	(57,038)	-	-
Payment by a lessee for reduction of the outstanding liabilities relating to a finance lease		(89,098)	(92,040)	-	-
Increase (decrease) in short-term borrowings from financial institutions		120,039	(820,978)	-	-
Proceed from short-term borrowing from subsidiary	3	-	-	700,000	-
Proceed from short-term borrowings from other parties		9,480	-	-	-
Proceeds from issue of debentures	7	15,000,000	-	15,000,000	-
Repayment of debentures	7	(11,066,100)	(2,500,000)	(11,066,100)	(2,500,000)
Proceeds from long-term borrowings from financial institutions		-	3,000,880	-	-
Repayment of long-term borrowings from financial institutions		(22,647)	(68,608)	-	-
Proceeds from called for paid-up share capital from subsidiaries		47,850	19,593	-	-
(Payment of) proceeds from changes in ownership interests in subsidiaries without a change in control	5	(788,051)	10,130,912	(788,051)	10,130,912
Net cash used in financing activities		(11,544,450)	(4,348,812)	(10,548,849)	(6,185,327)
Net (decrease) increase in cash and cash equivalents, before effect of exchange rates		(2,567,750)	1,912,981	(891,116)	4,713,341
Effect of exchange rate changes on cash and cash equivalents		(85,141)	8,466	-	-
Net (decrease) increase in cash and cash equivalents		(2,652,891)	1,921,447	(891,116)	4,713,341
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		31,370,218	30,800,253	21,720,642	22,364,734

The accompanying notes form an integral part of the interim financial statements.

CP ALL Public Company Limited and its Subsidiaries
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CP ALL Public Company Limited and its Subsidiaries
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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 August 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 30 June 2019 was 11,528 stores (31 December 2018: 10,988 stores).

	30 June 2019 (number of stores)	31 December 2018
The Company owns and manages convenience stores	5,211	4,894
The Company franchises the license to other retailers		
- under management agreements	5,538	5,336
- under sub-license agreements	779	758
Total	11,528	10,988

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are presented in the same format as the annual financial statements and prepared its notes to the interim financial statements on a condensed basis (“interim financial statements”) in accordance with Thai Accounting Standard (“TAS”) No. 34 *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.

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(b) Use of judgements, estimates and accounting policies

In preparing these interim financial statements, judgements and estimates are made by management in applying the Group's accounting policies. Actual results may differ from these estimates. The accounting policies, methods of computation 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 additional 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 *Revenue from Contracts with Customers* ("TFRS 15") which the Group has initially adopted to replace 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 condensed note 18 to the interim financial statements.

3 Related parties

Relationships with subsidiaries are described in condensed note 5 to the interim financial statements. Other related parties which have material changes in relationships or that the Group had significant transactions during the period with 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
Perfect Companion Group Co., Ltd.	Thailand	Company under CPG Group and 1 common director

CP ALL Public Company Limited and its Subsidiaries
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Name of parties	Country of incorporation/ nationality	Nature of relationships
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
C.P. Packaging Industry Co., Ltd.	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
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
C.P. Trading Group 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
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Significant transactions for the three-month and six-month periods ended 30 June 2019 and 2018 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
<i>For the three-month period ended 30 June</i>	2019	2018	2019	2018
	<i>(in million Baht)</i>			
<i>Subsidiaries</i>				
Revenue from sale of goods and rendering of services	-	-	166	166
Interest income	-	-	69	56
Dividend income	-	-	4,105	4,391
Other income	-	-	396	343
Distribution costs	-	-	408	765
Administrative expenses	-	-	765	686
Finance costs	-	-	2	-
Purchases of goods and services	-	-	6,962	5,942
Purchases of property, plant and equipment and other intangible assets	-	-	903	225
<i>Other related companies</i>				
Revenue from sale of goods and rendering of services	352	403	105	132
Other income	305	373	299	301
Distribution costs	30	18	-	-
Administrative expenses	237	245	176	183
Purchases of goods and services	13,138	10,340	8,770	6,978
Purchases of property, plant and equipment and other intangible assets	5	3	-	-
<i>Key management personnel</i>				
Key management benefit expenses				
Short-term employee benefits	298	233	215	158
Severance pay for employees	2	2	-	-
Total key management benefit expenses	300	235	215	158
	Consolidated financial statements		Separate financial statements	
<i>For the six-month period ended 30 June</i>	2019	2018	2019	2018
	<i>(in million Baht)</i>			
<i>Subsidiaries</i>				
Revenue from sale of goods and rendering of services	-	-	344	341
Interest income	-	-	149	110
Dividend income	-	-	4,205	4,391
Other income	-	-	756	693
Distribution costs	-	-	783	910
Administrative expenses	-	-	1,224	1,175
Finance costs	-	-	2	-
Purchases of goods and services	-	-	13,404	11,501
Purchases of property, plant and equipment and other intangible assets	-	-	1,623	994

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<i>For the six-month period ended 30 June</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
<i>Other related companies</i>				
Revenue from sale of goods and rendering of services	748	827	220	274
Other income	802	556	789	477
Distribution costs	58	37	-	-
Administrative expenses	448	399	340	278
Purchases of goods and services	25,874	21,430	17,845	14,811
Purchases of property, plant and equipment and other intangible assets	9	8	-	-
<i>Key management personnel</i>				
Key management benefit expenses				
Short-term employee benefits	463	402	327	271
Severance pay for employees	5	4	1	1
Total key management benefit expenses	468	406	328	272

Balances as at 30 June 2019 and 31 December 2018 with related parties were as follows:

Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
Related companies	197	631	-	-
Less allowance for doubtful accounts	-	-	-	-
Net	197	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 30 June	(1)	-	-	-
- six-month period ended 30 June	-	-	-	-

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Other receivables

	Consolidated financial statements		Separate financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
Current				
Subsidiaries	-	-	706	755
Other related companies	616	756	382	552
Total	616	756	1,088	1,307
Non-current				
Subsidiary	-	-	89	104
Total	-	-	89	104

	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 30 June	-	-	-	-
- six-month period ended 30 June	-	-	-	-

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

Movements during the six-month period ended 30 June 2019 were as follows:

	Interest rate		Separate financial statements			
	31 December 2018	30 June 2019	31 December 2018	Increases	Decreases	30 June 2019
	<i>(% per annum)</i>			<i>(in million Baht)</i>		
Subsidiaries	4.75	4.75	5,850	1,006	(850)	6,006
Total			5,850			6,006

As at 30 June 2019 the outstanding balance of short-term loans to the subsidiaries was unsecured and at call.

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Investment in related company

	Consolidated financial statements		Separate financial statements	
	30 June 2019	31 December 2018	30 June 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 30 June 2019 and 31 December 2018 was denominated entirely in Thai Baht.

Trade accounts payable

	Consolidated financial statements		Separate financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
Subsidiaries	-	-	2,261	2,355
Other related companies	7,038	7,730	4,483	4,919
Total	7,038	7,730	6,744	7,274

Other payables

	Consolidated financial statements		Separate financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
Subsidiaries	-	-	9,680	11,122
Other related companies	173	250	38	40
Total	173	250	9,718	11,162

Short-term borrowing from subsidiary

Movements during the six-month period ended 30 June 2019 were as follows:

	Interest rate		Separate financial statements		
	31 December 2018	30 June 2019	31 December 2018	Increase Decrease	30 June 2019
	<i>(% per annum)</i>		<i>(in million Baht)</i>		
Subsidiary	-	4.50	-	700	700
Total			-		700

As at 30 June 2019 the outstanding balance of short-term borrowing from the subsidiary was unsecured and at call.

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Future minimum lease payments under non-cancellable operating leases

<i>At 30 June 2019</i>	Consolidated financial statements <i>(in million Baht)</i>	Separate financial statements
Within one year	135	70
After one year but within five years	110	-
After five years	131	-
Total	376	70

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.

Significant agreement with related parties

As at 30 June 2019 the Group had the following significant agreement with related parties only those with new during the six-month period ended 30 June 2019:

A local subsidiary (Siam Makro Public Company Limited) has a services agreement with Egg Digital Co., Ltd., a related company ("the party"). Under the terms of this agreement, the party agreed to provide services in relation to maintain and to support the information system to the subsidiary. In consideration thereof, the subsidiary agreed to pay a monthly services fee to the party as stipulated in the agreement. This agreement will expire in October 2020.

4 Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
<i>Note</i>	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Related parties				
Within credit terms	158	577	-	-
Overdue:				
Less than 3 months	29	36	-	-
3 - 6 months	6	16	-	-
6 - 12 months	3	-	-	-
Over 12 months	1	2	-	-
Total	197	631	-	-
Less allowance for doubtful accounts	-	-	-	-
Net	197	631	-	-

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	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
<i>Note</i>	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Other parties				
Within credit terms	808	1,008	30	66
Overdue:				
Less than 3 months	378	351	-	-
3 - 6 months	37	50	-	-
6 - 12 months	25	12	-	-
Over 12 months	20	18	-	-
Total	1,268	1,439	30	66
<i>Less</i> allowance for doubtful accounts	(35)	(30)	-	-
Net	1,233	1,409	30	66
Grand total	1,430	2,040	30	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 30 June	8	2	-	-
- six-month period ended 30 June	9	5	-	-

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

5 Investments in subsidiaries

Movements during the six-month periods ended 30 June 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
Increases	-	-	1,917	-
Decrease	-	-	-	(9,224)
At 30 June	-	-	199,527	197,609
At 31 December	-	-	-	197,610

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Details of the increases (decrease) in investments in subsidiaries during the six-month periods ended 30 June 2019 and 2018 were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Lotus Distribution Investment Limited	-	-	1,129	-
Thai Smart Card Co., Ltd.	-	-	788	-
Siam Makro Public Company Limited	-	-	-	(9,224)
Total	-	-	1,917	(9,224)

Additional investment

During the second quarter of 2019, a foreign subsidiary (Lotus Distribution Investment Limited) collected from the called for additional paid-up share capital of United States Dollars 36 million; from United States Dollars 244 million to United States Dollars 280 million.

Changes in ownership 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%, and during the second quarter of 2019, the Company acquired ordinary shares from shareholders totaling 13,035,000 shares equally to 8.15% of total issued and paid-up shares of the subsidiary at the price of Baht 18 per share, totaling Baht 234 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 shares of the subsidiary, reducing its ownership interest from 100% to 99.99%. The Group recognised a decrease in non-controlling interests of Baht 406 million and deficit from changes in ownership interest in subsidiary of Baht 382 million.

On 28 March 2018 (“the date of sale”), the Company had partially disposed 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.

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Investments in subsidiaries as at 30 June 2019 and 31 December 2018, and dividend income for the six-month periods ended 30 June 2019 and 2018 were as follows:

Separate financial statements												
Name of parties	Type of business	Country of incorporation	Ownership interests		Paid-up capital		At cost		Dividend income for the six-month period ended			
			30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	30 June 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	980	1,000		
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	375	300		
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
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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 six-month period ended
			30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018	
			(%)		(in million Baht)				
Gosoft (Thailand) Co., Ltd.	Information system design and development services	Thailand	99.99	99.99	20	20	100	400	
OHT Co., Ltd.	Holding company	Thailand	99.99	99.99	12	12	57,754	57,754	780
Dynamic Management Co., Ltd.	Logistics and distribution of merchandises services	Thailand	99.99	99.99	2	2	100	-	
All Training Co., Ltd.	Training center	Thailand	99.99	99.99	1	1	100	-	
ALL Wellness Co., Ltd.	Digital innovation healthcare services and consultation by medical specialists	Thailand	99.99	99.99	1	1	-	-	
MAM Heart Co., Ltd.	Marketing activities planning services	Thailand	99.99	99.99	1	1	5	10	
Panyatara Co., Ltd.	Training center	Thailand	99.99	99.99	1	1	40	-	
Thai Smart Card Co., Ltd.	Smart purse card services	Thailand	99.99	72.64	1,600	1,600	-	-	
Siam Makro Holding (Thailand) Ltd.	Holding company	Thailand	49.00	49.00	1,066	1,066	726	749	
Siam Makro Public Company Limited	Cash and carry	Thailand	38.07	38.07	2,400	2,400	1,023	1,152	
Total					190,013	189,225	4,205	4,391	

CP ALL Public Company Limited and its Subsidiaries

Condensed notes to the interim financial statements

For the three-month and six-month periods ended 30 June 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 six-month period ended
			30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018	
			(%)		(in million United States Dollars)		(in million Baht)		
<i>Foreign direct subsidiaries</i>									
Lotus Distribution	Holding company	British Virgin Islands	100.00	100.00	280	244	9,514	8,385	-
Investment Limited									
Albuera International Limited	Holding company	British Virgin Islands	100.00	100.00	.*	.*	.*	.*	-
Total							9,514	8,385	-
Grand total							199,527	197,610	4,391

* As at 30 June 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.

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Details of the Company's indirect subsidiaries as at 30 June 2019 and 31 December 2018 only those with changes during the six-month period ended 30 June 2019 were as follows:

Name of parties	Type of business	Country of incorporation	Ownership interests	
			30 June 2019	31 December 2018
			(%)	
<i>Local indirect subsidiary (investment through All Corporation Co., Ltd.)</i>				
ALL NOW LOGISTICS CO., LTD.	Parcel and express delivery services	Thailand	99.99	-
<i>Foreign indirect subsidiary (investment through Siam Makro Public Company Limited)</i>				
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 six-month period ended 30 June 2019 were as follows:

	Consolidated financial statements		Separate financial statements	
	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	329	66	237	66
Buildings, building and leasehold improvements	2,839	64	1,692	61
Machinery and equipment	2,434	19	957	6
Furniture, fixtures and office equipment	1,328	34	1,235	32
Assets under construction and installation	4,493	4,439	2,452	2,001
Other	765	5	417	5
Total	12,188	4,627	6,990	2,171

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7 Debentures

	Consolidated financial statements		Separate financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
Current	13,428	22,994	13,428	22,994
Non-current	131,384	117,884	131,384	117,884
Total	144,812	140,878	144,812	140,878

Movements during the six-month periods ended 30 June 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)	(2,500)	(11,066)	(2,500)
At 30 June	144,812	153,125	144,812	153,125
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 “AA-” latest updated by TRIS Ratings (Thailand) Limited on 10 July 2019 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.

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Siam Makro Public Company Limited shares as at 30 June 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 71,556 million.

8 Provisions for employee benefits

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 has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in the second quarter of 2019. As a result of this change, the provision for retirement benefits as at 30 June 2019 and past service cost recognised in the interim consolidated and separate financial statements for the three-month and six-month periods then ended increased of Baht 809 million and Baht 489 million, respectively.

9 Subordinated perpetual debentures

As at 30 June 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 six-month period ended 30 June 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 and six-month periods ended 30 June 2019 which the debentures holders have the right to receive if the interest payment was announced amounting to Baht 249 million and Baht 496 million (*30 June 2018: Baht 249 million and Baht 496 million*). During the year 2019 the Company paid interest expenses on subordinated perpetual debentures to the holders of Baht 500 million (*2018: Baht 500 million*).

10 Segment information and disaggregation of revenue

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

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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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Disaggregation of revenues, timing of revenue recognition and results, based on segments, in the interim consolidated financial statements for the three-month and six-month periods ended 30 June 2019 and 2018 were as follows:

For the three-month period ended

30 June

Types of revenues

	Convenience stores	Cash and carry	Other	Eliminate	Total
	2019	2019	2019	2018	2018
Revenue from sale of goods	84,575	51,012	8,205	7,001	136,269
Revenue from rendering of services	326	794	2,673	(1,393)	2,237
Revenue from sale of goods and rendering of services to external customers	84,901	51,806	10,878	(9,189)	124,839
Total revenues	94,013	52,010	11,119	(12,700)	129,548

Timing of revenue recognition

At a point of time	84,901	51,012	8,853	(7,791)	123,457
Overtime	-	794	2,025	(1,398)	1,382
Total	84,901	51,806	10,878	(9,189)	124,839

Segment profit before income tax expense

	7,715	1,363	624	(4,090)	5,612
			827	(4,355)	5,757

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	Convenience stores		Cash and carry		Other		Eliminate		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(in million Baht)									
For the six-month period ended 30 June										
Types of revenues										
Revenue from sale of goods	165,125	150,100	101,694	92,539	15,869	13,718	(14,509)	(12,530)	268,179	243,827
Revenue from rendering of services	661	759	1,717	1,622	5,234	4,890	(3,164)	(2,690)	4,448	4,581
Revenue from sale of goods and rendering of services to external customers	165,786	150,859	103,411	94,161	21,103	18,608	(17,673)	(15,220)	272,627	248,408
Total revenues	179,671	165,005	103,809	94,715	21,536	19,100	(22,882)	(21,411)	282,134	257,409
Timing of revenue recognition										
At a point of time	165,786	150,859	101,694	92,539	17,934	15,904	(15,024)	(13,393)	270,390	245,909
Overtime	-	-	1,717	1,622	3,169	2,704	(2,649)	(1,827)	2,237	2,499
Total	165,786	150,859	103,411	94,161	21,103	18,608	(17,673)	(15,220)	272,627	248,408
Segment profit before income tax expense	12,429	12,628	3,179	3,255	1,524	1,752	(4,439)	(5,246)	12,693	12,389

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Contract balances

As at 30 June 2019 the Group had outstanding balances of deferred revenue in the interim consolidated financial statements amounting to Baht 666 million. The deferred revenue arises from consideration allocated to customer loyalty programme.

11 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.

12 Basic earnings per share

The calculations of basic earnings per share for the three-month and six-month periods ended 30 June 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:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<i>For the three-month period ended 30 June</i>	<i>(in million Baht/million shares)</i>			
Profit for the period attributable to equity holders of the Company	4,795	4,779	7,310	7,473
Less: cumulative interest for the period on subordinated perpetual debentures	(249)	(249)	(249)	(249)
Profit used in calculation of basic earnings per share	4,546	4,530	7,061	7,224
Number of ordinary shares outstanding during the period	8,983	8,983	8,983	8,983
Basic earnings per share (in Baht)	0.51	0.50	0.79	0.80
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<i>For the six-month period ended 30 June</i>	<i>(in million Baht/million shares)</i>			
Profit for the period attributable to equity holders of the Company	10,564	10,196	11,337	11,454
Less: cumulative interest for the period on subordinated perpetual debentures	(496)	(496)	(496)	(496)
Profit used in calculation of basic earnings per share	10,068	9,700	10,841	10,958
Number of ordinary shares outstanding during the period	8,983	8,983	8,983	8,983
Basic earnings per share (in Baht)	1.12	1.08	1.21	1.22

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13 Dividends

The dividends paid by the Company to the shareholders are as follows:

	Approval date	Payment date	Dividend rate (in Baht/share)	Amount (in million Baht)
<i>2019</i>				
2018 Annual dividend	26 April 2019	22 May 2019	1.20	10,780
<i>2018</i>				
2017 Annual dividend	20 April 2018	18 May 2018	1.10	9,881

14 Supplemental disclosures of cash flows information

Property, plant and equipment and other intangible assets paid by cash during the three-month and six-month periods ended 30 June 2019 and 2018 are detailed as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in million Baht)			
<i>Property, plant and equipment</i>				
Increases during the period	7,749	6,606	4,989	3,924
Add (Less) - changes in payables	649	(384)	25	(227)
- assets under finance leases	(10)	(12)	-	-
Purchase and paid by cash	8,388	6,210	5,014	3,697
<i>Other intangible assets</i>				
Increases during the period	319	317	231	96
Add (Less) - changes in payables	22	(21)	(7)	(25)
Purchase and paid by cash	341	296	224	71

15 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.

		Consolidated financial statements			
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
30 June 2019					
<i>Financial liabilities not measured at fair value</i>					
<i>Current</i>					
Debentures	13.428	-	13.525	-	13.525

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		Consolidated financial statements			
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
30 June 2019					
Financial liabilities not measured at fair value					
Non-current					
Debentures	131,384	-	137,479	-	137,479
Accrued guarantee deposits	3,834	-	3,127	-	3,127
31 December 2018					
Financial liabilities not measured at fair value					
Current					
Debentures	22,994	-	23,166	-	23,166
Non-current					
Debentures	117,884	-	125,097	-	125,097
Accrued guarantee deposits	3,716	-	3,083	-	3,083
		Separate financial statements			
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
30 June 2019					
Financial liabilities not measured at fair value					
Current					
Debentures	13,428	-	13,525	-	13,525
Non-current					
Debentures	131,384	-	137,479	-	137,479
Accrued guarantee deposits	3,761	-	3,054	-	3,054
31 December 2018					
Financial liabilities not measured at fair value					
Current					
Debentures	22,994	-	23,166	-	23,166
Non-current					
Debentures	117,884	-	125,097	-	125,097
Accrued guarantee deposits	3,634	-	3,001	-	3,001

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As at 30 June 2019 and 31 December 2018 the Group had total forward currency contracts as follow:

		Consolidated financial statements	
		30 June 2019	31 December 2018
		<i>(in million)</i>	
Forward currency contracts	Yen	468.3	1,166.1
- to buy	United States Dollar	6.7	23.5
	Euro	0.9	1.0
	China Renminbi	0.8	1.1
	Australia Dollar	0.5	1.5
	Pound Sterling	-	0.2
Forward currency contracts	United States Dollar	1.0	0.4
- to sell	Swiss Franc	0.4	0.4

As at 30 June 2019 the fair value level 2 of forward currency contracts - to buy and forward currency contracts - to sell amounting to Baht 387 million and Baht 44 million respectively (*31 December 2018: Baht 1,191 million and Baht 27 million respectively*).

Measurement of fair values

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.

Valuation techniques

Financial instruments not measured at fair value

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

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.

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16 Commitments with non-related parties

Capital commitments

	Consolidated financial statements	Separate financial statements
<i>At 30 June 2019</i>	<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)	971	-
Total	971	-

Future minimum lease payments under non-cancellable operating leases

	Consolidated financial statements	Separate financial statements
<i>At 30 June 2019</i>	<i>(in million Baht)</i>	
Within one year	6,941	6,121
After one year but within five years	10,403	7,606
After five years	13,780	3,128
Total	31,124	16,855

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
<i>At 30 June 2019</i>	<i>(in million Baht)</i>	
Unused letters of credit for purchase of goods and supplies	685	-
Total	685	-

Letters of guarantee

As at 30 June 2019 the Group has commitments under letters of guarantee with the financial institutions, principally guarantee for utilities, rental agreements and others totaling Baht 2,019 million and United States Dollars 0.3 million.

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Significant agreements

As at 30 June 2019 the Group had the following significant agreements only those with changes during the six-month period ended 30 June 2019:

A local subsidiary (Counter Service Co., Ltd.) has service agreements with local financial institutions (“the parties”). Under the terms of the agreements, the subsidiary is committed to operate as banking agent for cash deposits, cash withdrawals and/or receipts of customers’ bills then remits funds to the parties as the agreed procedures. The subsidiary can collect service income from customers as stipulated in the agreements. These agreements are effective for periods over 1 to 3 years, started and will expire on various dates up to June 2022. If either of the parties has intention to terminate or has no intention to renew 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.

17 Events after the reporting period

At the Board of Directors’ meeting of a local subsidiary (Siam Makro Public Company Limited) held on 8 August 2019, the subsidiary’s Board of Directors approved the payment of interim dividends from the net profit after income tax for the six-month period ended 30 June 2019 of Baht 0.40 per share for 4,800 million ordinary shares, totaling Baht 1,920 million, and the dividends will be paid during the third quarter of 2019.

18 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.

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(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.

19 Reclassification of accounts

Certain accounts in the statement of income for the three-month and six-month periods ended 30 June 2018 have been reclassified to conform to the presentation of the interim financial statements for the three-month and six-month periods ended 30 June 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						
- three-month period ended 30 June						
Revenue from sale of goods and rendering of services	(124,915)	76	(124,839)	(77,073)	-	(77,073)
Other income	(4,701)	82	(4,619)	(4,623)	82	(4,541)
Cost of sale of goods and rendering of services	97,509	(158)	97,351	55,759	(82)	55,677
Statement of income						
- six-month period ended 30 June						
Revenue from sale of goods and rendering of services	(248,567)	159	(248,408)	(150,859)	-	(150,859)
Other income	(9,041)	184	(8,857)	(8,835)	184	(8,651)
Cost of sale of goods and rendering of services	193,722	(343)	193,379	109,288	(184)	109,104
		<u>-</u>			<u>-</u>	

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