

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

Interim financial statements
for the three-month and six-month periods ended
30 June 2018
and
Independent Auditor's Report
on Review of Interim Financial Information



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

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

Independent Auditor's Report on Review of Interim Financial Information

To the Board of Directors of CP ALL Public Company Limited

I have reviewed the accompanying consolidated and separate statements of financial position of CP ALL Public Company Limited and its subsidiaries, and of CP ALL Public Company Limited, respectively, as at 30 June 2018; the consolidated and separate statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2018; the consolidated and separate statements of changes in equity and cash flows for the six-month period ended 30 June 2018; and condensed notes ("interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Conclusion

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

(Munchupa Singsuksawat)
Certified Public Accountant
Registration No. 6112

KPMG Phoomchai Audit Ltd.
Bangkok
9 August 2018

CP ALL Public Company Limited and its Subsidiaries

Statement of financial position

	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 June	31 December	30 June	31 December
Assets		2018	2017	2018	2017
		(Unaudited)		(Unaudited)	
<i>(in thousand Baht)</i>					
Current assets					
Cash and cash equivalents		30,800,253	28,878,806	22,364,734	17,651,393
Current investments		1,411,564	1,384,828	-	-
Trade accounts receivable	3,4	1,373,798	1,600,923	121,145	123,933
Other current receivables	3	6,123,225	6,711,809	4,428,449	4,642,188
Short-term loans to subsidiaries	3	-	-	4,850,000	4,700,000
Inventories	3	26,014,749	27,376,288	12,015,478	12,723,676
Other current assets		567,644	620,615	321,983	380,037
Total current assets		66,291,233	66,573,269	44,101,789	40,221,227
Non-current assets					
Investments in subsidiaries	5	-	-	197,609,701	206,833,435
Investment in related company	3	34,000	34,000	34,000	34,000
Other long-term investments		989	412	-	-
Other non-current receivables	3	1,399,053	1,398,281	1,116,242	1,117,062
Investment properties		332,832	332,832	-	-
Property, plant and equipment	3,6	108,161,339	106,394,003	29,302,036	28,293,611
Goodwill		128,328,020	128,328,020	-	-
Leasehold rights	3	3,993,873	4,075,076	347,256	350,573
Other intangible assets	3	51,256,289	51,249,434	1,330,575	1,329,560
Deferred tax assets		967,510	914,761	451,308	427,729
Other non-current assets		1,086,386	998,478	1,150,942	1,102,560
Total non-current assets		295,560,291	293,725,297	231,342,060	239,488,530
Total assets		361,851,524	360,298,566	275,443,849	279,709,757

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

CP ALL Public Company Limited and its Subsidiaries

Statement of financial position

	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 June	31 December	30 June	31 December
Liabilities and equity		2018	2017	2018	2017
		(Unaudited)		(Unaudited)	
<i>(in thousand Baht)</i>					
Current liabilities					
Short-term borrowings from					
financial institutions	7	3,504,730	4,325,530	-	-
Trade accounts payable	3	67,454,502	74,742,349	37,423,933	38,336,434
Other payables	3	13,060,811	14,079,123	14,063,355	16,848,314
Current portion of debentures	7	23,313,100	14,747,000	23,313,100	14,747,000
Current portion of long-term					
borrowings from financial					
institutions	7	2,050,015	2,031,562	-	-
Current portion of finance					
lease liabilities		122,168	118,347	-	-
Income tax payable		1,596,932	1,206,250	865,526	269,693
Other current liabilities		850,841	856,798	621,918	571,934
Total current liabilities		111,953,099	112,106,959	76,287,832	70,773,375
Non-current liabilities					
Debentures	7	129,811,800	140,877,900	129,811,800	140,877,900
Long-term borrowings from					
financial institutions	7	7,201,525	4,250,087	-	-
Finance lease liabilities		636,425	687,562	-	-
Provisions for employee benefits		2,984,447	2,787,298	1,651,669	1,537,961
Accrued guarantee deposits		3,618,389	3,592,742	3,528,171	3,457,759
Deferred tax liabilities		15,137,593	15,170,074	-	-
Other non-current liabilities		459,685	597,164	103,825	74,665
Total non-current liabilities		159,849,864	167,962,827	135,095,465	145,948,285
Total liabilities		271,802,963	280,069,786	211,383,297	216,721,660

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

CP ALL Public Company Limited and its Subsidiaries

Statement of financial position

Liabilities and equity (Continued)	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 June	31 December	30 June	31 December
		2018	2017	2018	2017
		(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					
interest in subsidiary		(1,061,148)	(1,142,586)	-	-
Retained earnings					
Appropriated					
Legal reserve		900,000	900,000	900,000	900,000
Unappropriated		45,542,853	45,728,253	32,583,980	31,511,525
Other component of equity		(754,931)	(729,324)	-	-
Total		55,294,192	55,423,761	44,151,398	43,078,943
Subordinated perpetual debentures	8	19,909,154	19,909,154	19,909,154	19,909,154
Equity attributable to equity					
holders of the Company		75,203,346	75,332,915	64,060,552	62,988,097
Non-controlling interests		14,845,215	4,895,865	-	-
Total equity		90,048,561	80,228,780	64,060,552	62,988,097
Total liabilities and equity		361,851,524	360,298,566	275,443,849	279,709,757

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

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

		Consolidated		Separate	
		financial statements		financial statements	
		For the three-month		For the three-month	
		period ended 30 June		period ended 30 June	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Revenues	3				
Revenue from sale of goods and rendering of services		124,914,898	116,133,912	77,072,831	69,377,206
Interest income		89,972	53,673	115,960	84,581
Dividend income		53	44	4,391,002	3,145,075
Net foreign exchange gain		-	-	61	-
Other income		4,701,357	4,464,309	4,623,169	4,442,159
Total revenues		129,706,280	120,651,938	86,203,023	77,049,021
Expenses	3				
Cost of sale of goods and rendering of services		97,508,629	90,333,235	55,759,099	49,761,105
Distribution costs		20,770,693	19,150,619	17,920,057	16,322,523
Administrative expenses		3,833,537	3,593,686	2,844,054	2,618,933
Net foreign exchange loss		3,933	18,376	-	19
Finance costs		1,832,776	2,013,538	1,720,072	1,923,454
Total expenses		123,949,568	115,109,454	78,243,282	70,626,034
Profit before income tax expense		5,756,712	5,542,484	7,959,741	6,422,987
Income tax expense	10	927,663	866,259	487,239	492,384
Profit for the period		4,829,049	4,676,225	7,472,502	5,930,603
Profit attributable to:					
Equity holders of the Company		4,779,175	4,647,184	7,472,502	5,930,603
Non-controlling interests		49,874	29,041	-	-
Profit for the period		4,829,049	4,676,225	7,472,502	5,930,603
Basic earnings per share (in Baht)	11	0.50	0.50	0.80	0.65

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 30 June		period ended 30 June	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Profit for the period	4,829,049	4,676,225	7,472,502	5,930,603
Other comprehensive income				
<i>Item that will be reclassified</i>				
<i>subsequently to profit or loss</i>				
Exchange differences on translating				
financial statement	137,514	37,696	-	-
Other comprehensive income				
for the period	137,514	37,696	-	-
Total comprehensive income				
for the period	4,966,563	4,713,921	7,472,502	5,930,603
Total comprehensive income				
attributable to:				
Equity holders of the Company	4,894,285	4,691,407	7,472,502	5,930,603
Non-controlling interests	72,278	22,514	-	-
Total comprehensive income				
for the period	4,966,563	4,713,921	7,472,502	5,930,603

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 six-month		For the six-month	
		period ended 30 June		period ended 30 June	
	Note	2018	2017	2018	2017
		(in thousand Baht)			
Revenues	3				
Revenue from sale of goods and rendering of services		248,566,701	229,462,744	150,858,502	134,921,776
Interest income		144,335	137,802	196,885	198,109
Dividend income		104	90	4,391,002	3,145,075
Net foreign exchange gain		-	-	85	-
Gain on sale of investment in subsidiary	5	-	-	907,177	-
Other income		9,041,012	8,558,797	8,835,302	8,477,436
Total revenues		257,752,152	238,159,433	165,188,953	146,742,396
Expenses	3				
Cost of sale of goods and rendering of services		193,722,796	178,767,625	109,288,071	96,932,802
Distribution costs		40,609,466	36,991,003	34,399,114	31,276,449
Administrative expenses		7,399,001	7,031,877	5,452,228	5,085,738
Net foreign exchange loss		10,732	13,340	-	82
Finance costs		3,621,279	4,053,834	3,421,250	3,882,191
Total expenses		245,363,274	226,857,679	152,560,663	137,177,262
Profit before income tax expense		12,388,878	11,301,754	12,628,290	9,565,134
Income tax expense	10	2,108,763	1,817,248	1,174,424	949,068
Profit for the period		10,280,115	9,484,506	11,453,866	8,616,066
Profit attributable to:					
Equity holders of the Company		10,196,011	9,412,174	11,453,866	8,616,066
Non-controlling interests		84,104	72,332	-	-
Profit for the period		10,280,115	9,484,506	11,453,866	8,616,066
Basic earnings per share (in Baht)	11	1.08	1.02	1.22	0.93

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 six-month		For the six-month	
	period ended 30 June		period ended 30 June	
	2018	2017	2018	2017
	(in thousand Baht)			
Profit for the period	10,280,115	9,484,506	11,453,866	8,616,066
Other comprehensive income				
<i>Item that will be reclassified</i>				
<i>subsequently to profit or loss</i>				
Exchange differences on translating				
financial statement	(19,972)	(159,342)	-	-
Other comprehensive income				
for the period	(19,972)	(159,342)	-	-
Total comprehensive income				
for the period	10,260,143	9,325,164	11,453,866	8,616,066
Total comprehensive income				
attributable to:				
Equity holders of the Company	10,170,404	9,260,214	11,453,866	8,616,066
Non-controlling interests	89,739	64,950	-	-
Total comprehensive income				
for the period	10,260,143	9,325,164	11,453,866	8,616,066

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

Consolidated financial statements

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

Consolidated financial statements

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

CP ALL Public Company Limited and its Subsidiaries

Statement of changes in equity (Unaudited)

	Separate financial statements				
	Retained earnings				
	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Subordinated perpetual debentures	Total equity
<i>Note</i>					
	<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	900,000	31,511,525	62,988,097
Transactions with equity holders, recorded directly in equity					
<i>Distributions to equity holders</i>					
Dividends	-	-	-	-	(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	-	-	-	-	(500,000)
Balance at 30 June 2018	8,983,101	1,684,317	900,000	32,583,980	64,060,552

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

CP ALL Public Company Limited and its Subsidiaries

Statement of changes in equity (Unaudited)

Separate financial statements						
	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 six-month period ended 30 June 2017						
Balance at 1 January 2017	8,983,101	1,684,317	900,000	24,392,314	9,952,925	45,912,657
Transactions with equity holders, recorded directly in equity						
Distributions to equity holders						
Dividends	-	-	-	(8,983,101)	-	(8,983,101)
Total transactions with equity holders, recorded directly in equity						
Comprehensive income for the period						
Profit	-	-	-	8,616,066	-	8,616,066
Total comprehensive income for the period	-	-	-	8,616,066	-	8,616,066
Interest payment on subordinated perpetual debentures						
Balance at 30 June 2017	8,983,101	1,684,317	900,000	23,777,334	9,952,925	45,297,677

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 six-month		For the six-month	
		period ended 30 June		period ended 30 June	
Note		2018	2017	2018	2017
		(in thousand Baht)			
Cash flows from operating activities					
Profit for the period		10,280,115	9,484,506	11,453,866	8,616,066
Adjustments to reconcile profit to cash receipts					
Depreciation		4,660,118	4,250,964	2,792,539	2,598,222
Amortisation of leasehold rights		148,029	136,270	53,368	54,862
Amortisation of other intangible assets		293,381	264,300	95,120	88,616
Interest income		(144,335)	(137,802)	(196,885)	(198,109)
Dividend income		(104)	(90)	(4,391,002)	(3,145,075)
Gain on sale of investment in subsidiary	5	-	-	(907,177)	-
Finance costs		3,621,279	4,053,834	3,421,250	3,882,191
Income tax expense		2,108,763	1,817,248	1,174,424	949,068
Provisions for employee benefits		208,716	192,635	114,000	102,000
Reversal of allowance for losses on decline in value of inventories		(46,746)	(60,087)	(23,984)	(45,640)
Impairment for losses on property, plant and equipment		6,671	2,100	-	-
Impairment for losses on other intangible assets		2,387	-	-	-
Bad and doubtful debts expenses		6,227	4,674	-	-
Unrealised loss (gain) on exchange		10,065	(2,859)	-	-
Loss on disposal and write-off of property, plant and equipment		42,928	41,616	56,670	36,318
Gain on disposal of leasehold rights		(6,181)	(3,106)	(6,181)	(3,106)
Loss on write-off of other intangible assets		47	-	47	-
		21,191,360	20,044,203	13,636,055	12,935,413
Changes in operating assets and liabilities					
Trade accounts receivable		224,908	259,095	2,788	14,554
Other receivables		602,759	802,265	222,987	433,375
Inventories		1,408,356	2,807,426	732,182	(124,991)
Other current assets		56,007	(14,080)	55,841	150,394
Other non-current assets		(69,664)	(30,439)	(48,382)	(34,357)
Trade accounts payable		(7,251,434)	(7,904,044)	(912,501)	(328,783)
Other payables		(1,575,033)	(985,791)	(3,023,925)	(2,776,080)
Other current liabilities		(5,957)	(168,366)	49,984	(25,953)

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 six-month		For the six-month	
		period ended 30 June		period ended 30 June	
Note		2018	2017	2018	2017
		(in thousand Baht)			
Provisions for employee benefits paid		(11,612)	(38,329)	(219)	(5,821)
Transferred in (out) of provisions for employee benefits		-	1,263	(72)	6,264
Accrued guarantee deposits		25,647	97,138	70,412	103,682
Other non-current liabilities		(138,135)	75,342	29,160	21,865
Net cash generated from operating		14,457,202	14,945,683	10,814,310	10,369,562
Income tax paid		(1,856,788)	(1,630,828)	(602,170)	(643,041)
Net cash from operating activities		12,600,414	13,314,855	10,212,140	9,726,521
Cash flows from investing activities					
Interest received		133,787	175,361	188,457	212,462
Dividends received		104	90	4,391,002	3,145,075
Acquisition of current investments		(1,808,175)	(759,783)	-	-
Proceeds from sale of current investments		1,782,871	747,998	-	-
Cash outflow on short-term loans to subsidiaries	3	-	-	(500,000)	(110,000)
Proceeds from repayment of short-term loans to subsidiaries	3	-	-	350,000	418,000
Acquisition of other long-term investments		(577)	-	-	-
Acquisition of property, plant and equipment	13	(6,210,136)	(7,356,388)	(3,696,603)	(3,049,527)
Proceeds from sale of property, plant and equipment		117,830	72,699	66,030	46,433
Acquisition of leasehold rights		(74,032)	(866,368)	(48,140)	(47,931)
Proceeds from sale of leasehold rights		6,483	6,421	6,483	6,421
Acquisition of other intangible assets	13	(296,047)	(263,370)	(70,701)	(50,837)
Proceeds from sale of other intangible assets		9,271	12	-	-
Net cash outflows on acquisition of subsidiaries		-	(2,618,402)	-	-
Net cash (used in) from investing activities		(6,338,621)	(10,861,730)	686,528	570,096

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 six-month		For the six-month	
		period ended 30 June		period ended 30 June	
Note	2018	2017	2018	2017	
		(in thousand Baht)			
Cash flows from financing activities					
Interest paid		(3,580,538)	(4,091,634)	(3,435,244)	(3,982,370)
Interest paid on subordinated					
perpetual debentures	8	(500,000)	(247,945)	(500,000)	(247,945)
Dividends paid to equity holders of					
the Company		(9,880,995)	(8,982,783)	(9,880,995)	(8,982,783)
Dividends paid to non-controlling interests		(57,038)	(49,907)	-	-
Payment by a lessee for reduction of					
the outstanding liability relating to					
a finance lease		(92,040)	(89,515)	-	-
(Decrease) increase in short-term					
borrowings from financial institutions	7	(820,978)	3,616,618	-	-
Proceeds from issue of debentures	7	-	4,500,000	-	4,500,000
Repayment of debentures	7	(2,500,000)	(13,586,100)	(2,500,000)	(13,586,100)
Increase in long-term borrowings from					
financial institutions	7	2,932,272	1,736,531	-	-
Proceeds from called for paid-up					
share capital from subsidiary		19,593	-	-	-
Proceeds from changes in ownership interest					
in subsidiary without a change in control	5	10,130,912	-	10,130,912	-
Net cash used in financing activities		(4,348,812)	(17,194,735)	(6,185,327)	(22,299,198)
Net increase (decrease) in cash and					
cash equivalents, before effect of					
exchange rates		1,912,981	(14,741,610)	4,713,341	(12,002,581)
Effect of exchange rate changes on					
cash and cash equivalents		8,466	(109,902)	-	-
Net increase (decrease) in cash					
and cash equivalents		1,921,447	(14,851,512)	4,713,341	(12,002,581)
Cash and cash equivalents at beginning					
of period		28,878,806	33,443,166	17,651,393	23,734,916
Cash and cash equivalents at end of period		30,800,253	18,591,654	22,364,734	11,732,335

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 and six-month periods ended 30 June 2018 (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	Segment information
10	Income tax expense
11	Basic earnings per share
12	Dividends
13	Supplemental disclosures of cash flows information
14	Financial instruments
15	Commitments with non-related parties
16	Contingent liability
17	Events after the reporting period

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

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

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language interim financial statements have been prepared from the Thai language interim financial statements, and were approved and authorised for issue by the Board of Directors on 9 August 2018.

1 General information

CP ALL Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 313 C.P. Tower, 24th Floor, Silom Road, Kwang Silom, Khet Bangrak, Bangkok 10500, Thailand.

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

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

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

The Company operates convenience stores under the “7-Eleven” trademark and franchises to other retailers in the territory of Thailand. The number of 7-Eleven convenience stores as at 30 June 2018 was 10,760 stores (31 December 2017: 10,268 stores).

	30 June 2018	31 December 2017
	(number of stores)	
The Company owns and manages convenience stores	4,850	4,530
The Company franchises the license to other retailers		
- under management agreements	5,175	5,017
- under sub-license agreements	735	721
Total	10,760	10,268

Details of the Company’s subsidiaries as at 30 June 2018 and 31 December 2017 are given in note 5 to the interim financial statements.

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (“TAS”) No. 34 (revised 2017) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2017. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company and its subsidiaries for the year ended 31 December 2017.

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2018 (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 2017 except that the Group has adopted all the revised Thai Financial Reporting Standards (“TFRS”) that will be effective for annual periods beginning on or after 1 January 2018. The adoption of these revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Group or the Company.

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

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

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

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

(b) *Functional and presentation currency*

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

(c) *Use of judgements and estimates*

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

In preparing these interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2017.

Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (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 far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 14 to the interim financial statements.

3 Related parties

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

Relationships with subsidiaries are described in note 5 to the interim financial statements. Relationships with key management and other related parties were as follows:

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

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

Name of parties	Country of incorporation/ nationality	Nature of relationships
Leadership Development Charoen Pokphand Group Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
C.P. Merchandising Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited and one of family member of the Company's director are major shareholders and 1 common director
Freewill Solutions Company Limited	Thailand	Charoen Pokphand Group Company Limited and one of family member of the Company's director are major shareholders and 1 common director
True Internet Data Center Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited and one of family member of the Company's director are major shareholders and 1 common director
True Leasing Company Limited	Thailand	Charoen Pokphand Group Company Limited and one of family member of the Company's director are major shareholders and 1 common director
Ascend Commerce Company Limited	Thailand	Charoen Pokphand Group Company Limited and one of family member of the Company's director are major shareholders
EGG Digital Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited and one of family member of the Company's director are major shareholders
True Money Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited and one of family member of the Company's director are major shareholders
Allianz C.P. General Insurance Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
BFKT (Thailand) Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
C.P. Packaging Industry Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
C.P. Tower Growth Leasehold Property Fund	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
CP B&F (Thailand) Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
CPF Food and Beverage Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
CPF Restaurant and Food Chain Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
CPF Trading Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
International Pet Food Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
Real Move Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2018 (Unaudited)

Name of parties	Country of incorporation/ nationality	Nature of relationships
True Digital and Media Platform Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Distribution and Sales Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True GS Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Internet Corporation Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Move Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Move H Universal Communication Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
Charoen Pokphand Foods Canada Inc.	Canada	Charoen Pokphand Group Company Limited is a major shareholder
C.P. Food Store Co., Ltd.	Thailand	Chearavanont family is a major shareholder
C.P. Trading Group Co., Ltd.	Thailand	Chearavanont family is a major shareholder
Dees Supreme Co., Ltd.	Thailand	One of family member of the Company's director is a major shareholder
Key management personnel	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director of the Group (whether executive or otherwise)

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

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

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

Significant transactions for the three-month and six-month periods ended 30 June 2018 and 2017 with related parties were as follows:

<i>For the three-month period ended 30 June</i>	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
<i>Ultimate parent company</i>				
Administrative expenses	3	3	3	3
<i>Subsidiaries</i>				
Revenue from sale of goods and rendering of services	-	-	166	166
Interest income	-	-	56	56
Dividend income	-	-	4,391	3,145
Other income	-	-	343	328
Distribution costs	-	-	765	368
Administrative expenses	-	-	686	594
Purchases of goods and services	-	-	5,942	5,349
Purchases of property, plant and equipment and other intangible assets	-	-	225	604
<i>Other related companies</i>				
Revenue from sale of goods and rendering of services	403	500	132	222
Other income	373	271	301	265
Distribution costs	18	16	-	-
Administrative expenses	242	181	180	125
Purchases of goods and services	10,340	9,916	6,978	7,279
Purchases of property, plant and equipment, leasehold rights and other intangible assets	3	21	-	-
<i>Key management personnel</i>				
Key management benefit expenses				
Short-term employee benefits	233	206	158	144
Severance pay for employees	2	2	-	1
Total key management benefit expenses	235	208	158	145

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2018 (Unaudited)

<i>For the six-month period ended 30 June</i>	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
<i>Ultimate parent company</i>				
Administrative expenses	5	5	5	5
<i>Subsidiaries</i>				
Revenue from sale of goods and rendering of services	-	-	341	331
Interest income	-	-	110	111
Dividend income	-	-	4,391	3,145
Other income	-	-	693	636
Distribution costs	-	-	910	705
Administrative expenses	-	-	1,175	1,122
Purchases of goods and services	-	-	11,501	10,142
Purchases of property, plant and equipment and other intangible assets	-	-	994	1,083
<i>Other related companies</i>				
Revenue from sale of goods and rendering of services	827	928	274	396
Other income	556	748	477	732
Distribution costs	37	31	-	-
Administrative expenses	394	309	273	207
Purchases of goods and services	21,430	19,148	14,811	14,054
Purchases of property, plant and equipment, leasehold rights and other intangible assets	8	22	-	-
<i>Key management personnel</i>				
Key management benefit expenses				
Short-term employee benefits	402	359	271	247
Severance pay for employees	4	5	1	2
Total key management benefit expenses	406	364	272	249

Balances as at 30 June 2018 and 31 December 2017 with related parties were as follows:

Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	<i>(in million Baht)</i>			
Related companies	197	216	-	-
Less allowance for doubtful accounts	-	-	-	-
Net	197	216	-	-

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Bad and doubtful debts expense for the				
- three-month period ended 30 June	-	-	-	-
- six-month period ended 30 June	-	-	-	-

Other receivables

	Consolidated financial statements		Separate financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	<i>(in million Baht)</i>			
Current				
Subsidiaries	-	-	568	614
Other related companies	421	623	297	507
Total	421	623	865	1,121
Non-current				
Subsidiary	-	-	119	134
Total	-	-	119	134

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Bad and doubtful debts expense for the				
- three-month period ended 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 amortised the prepaid rental and service fees as an expense according to the terms of the agreements (15 years).

Short-term loans to subsidiaries

	Consolidated financial statements		Separate financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	<i>(in million Baht)</i>			
CPRAM Co., Ltd.	-	-	4,700	4,250
CP Retailink Co., Ltd.	-	-	150	450
Total	-	-	4,850	4,700

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

All short-term loans to subsidiaries of the Company as at 30 June 2018 and 31 December 2017 were denominated entirely in Thai Baht.

Movements during the six-month periods ended 30 June 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
At 1 January	-	-	4,700	4,825
Increases	-	-	500	110
Decreases	-	-	(350)	(418)
At 30 June	-	-	4,850	4,517
At 31 December				4,700

As at 30 June 2018 the outstanding balance of short-term loans to the subsidiaries was unsecured and at call; and the interest rate was fixed at 4.75% per annum. (31 December 2017: 4.75% per annum)

Investment in related company

	Consolidated financial statements		Separate financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	<i>(in million Baht)</i>			
True GS Co., Ltd.	34	34	34	34
Total	34	34	34	34

All investment in related company of the Company as at 30 June 2018 and 31 December 2017 was denominated entirely in Thai Baht.

Trade accounts payable

	Consolidated financial statements		Separate financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	<i>(in million Baht)</i>			
Subsidiaries	-	-	2,006	2,029
Other related companies	7,767	7,797	5,410	5,318
Total	7,767	7,797	7,416	7,347

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

Other payables

	Consolidated financial statements		Separate financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	<i>(in million Baht)</i>			
Subsidiaries	-	-	7,651	9,699
Other related companies	161	132	38	52
Total	161	132	7,689	9,751

Future minimum lease payments under non-cancellable operating leases

	Consolidated financial statements		Separate financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	<i>(in million Baht)</i>			
Within one year	202	182	129	122
After one year but within five years	199	249	61	119
After five years	140	144	-	-
Total	541	575	190	241

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

Significant agreements with related parties

As at 30 June 2018 the Group had the following significant agreements with related parties:

- (a) The Company has a service agreement with Charoen Pokphand Group Company Limited, the ultimate parent company, covering technical advisory, management, technical assistances and right to use the trademark and services of the ultimate parent company for a period of 1 year ending in December 2018. In consideration thereof, the Company agreed to pay a monthly service fee to the ultimate parent company totaling Baht 0.8 million.
- (b) The Company has a cash management agreement with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agreed to provide cash management services under conditions stipulated in the agreement to the subsidiary. In consideration thereof, the subsidiary agreed to pay a cash management service fee to the Company at the rates stipulated in the agreement, and the Company agreed to pay benefits for cash management to the subsidiary at the rate stipulated in the agreement. If either party has intention to terminate the agreement, a written notification must be made to the other party at least 60 days before the expiry date of the agreement.
- (c) The Company has service agreements with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreements, the Company agreed to provide and install the computer system to support bill payment services. In consideration thereof, the subsidiary agreed to pay monthly service fees to the Company in accordance with the types of service stipulated in the agreements.

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2018 (Unaudited)

- (d) The Company has a service agreement with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agreed to be appointed as the agent of the subsidiary for bill payment services under conditions stipulated in the agreement. In consideration thereof, the subsidiary agreed to pay a service fee to the Company at the amount stipulated in the agreement. If either party has intention to terminate the agreement, a written notification must be made to the other party at least 60 days before the expiry date of the agreement.
- (e) The Company has a maintenance service agreement with CP Retailink Co., Ltd., a local subsidiary. Under the terms of the agreement, the subsidiary agreed to provide maintenance of computer hardware and equipment services to the Company for a period of 5 years ending in December 2019. In consideration thereof, the Company agreed to pay an annual service fee to the subsidiary at the amount stipulated in the agreement.
- (f) The Company has a computer service center agreement with Thai Smart Card Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agreed to provide place for setting up computer center and other facilities to the subsidiary for a period of 3 years ending in September 2020. In consideration thereof, the subsidiary agreed to pay an annual service fee to the Company at the amount stipulated in the agreement.
- (g) The Company and certain local subsidiaries have lease and service agreements with C.P. Tower Growth Leasehold Property Fund, a related company, to lease space in its buildings for offices of the Company and the subsidiaries. In consideration thereof, the Company and the subsidiaries agreed to pay monthly rental and services fees totaling Baht 11.0 million, and placed guarantee deposits with the related company totaling Baht 32.9 million. The guarantee deposits will be refunded to the Company and the subsidiaries upon the termination of the lease. These agreements are effective for a period of 3 years, and will expire on various dates until December 2019.
- (h) The Company and certain local subsidiaries have information system services agreements with Gosoft (Thailand) Co., Ltd. (“the service provider”), a local subsidiary. Under the terms of these agreements, the service provider agreed to provide consulting, advisory, development, design, installation, maintenance and supporting services to the Company and its subsidiaries for a period of 1 year ending in December 2018. In consideration thereof, the Company and its subsidiaries agreed to pay service fees to the service provider at the amounts stipulated in the agreements. If either party has intention to terminate the agreement, a written notification must be made to the other party at least 90 days before the expiry date of the agreement.
- (i) The Company has service agreements with a local subsidiary, Siam Makro Public Company Limited, and a foreign subsidiary, Makro (Cambodia) Company Limited. Under the terms of the agreements, the Company agrees to grant the right to use certain trademarks under conditions stipulated in the agreements. In consideration thereof, the subsidiaries are committed to pay a fee, calculated as a percentage of their sales, to the Company as stipulated in the agreements. These agreements are effective for periods of 1 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 September 2021.

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2018 (Unaudited)

4 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
		30 June 2018	31 December 2017	30 June 2018	31 December 2017
	Note				
		(in million Baht)			
Related parties	3	197	216	-	-
Other parties		1,206	1,412	121	124
Total		1,403	1,628	121	124
Less allowance for doubtful accounts		(29)	(27)	-	-
Net		1,374	1,601	121	124

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>(in million Baht)</i>				
Bad and doubtful debts expense for the				
- three-month period ended 30 June	2	3	-	-
- six-month period ended 30 June	5	5	-	-

Aging analyses for trade accounts receivable were as follows:

		Consolidated financial statements		Separate financial statements	
	Note	30 June 2018	31 December 2017	30 June 2018	31 December 2017
		(in million Baht)			
Related parties					
Within credit terms		145	166	-	-
Overdue:					
Less than 3 months		44	46	-	-
3 - 6 months		5	3	-	-
6 - 12 months		2	1	-	-
Over 12 months		1	-	-	-
Total		197	216	-	-
Less allowance for doubtful accounts		-	-	-	-
Net	3	197	216	-	-
Other parties					
Within credit terms		826	1,039	121	124
Overdue:					
Less than 3 months		315	305	-	-
3 - 6 months		34	20	-	-
6 - 12 months		22	29	-	-
Over 12 months		9	19	-	-
Total		1,206	1,412	121	124
Less allowance for doubtful accounts		(29)	(27)	-	-
Net		1,177	1,385	121	124
Grand total		1,374	1,601	121	124

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

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 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
At 1 January	-	-	206,833	205,537
Decrease	-	-	(9,224)	-
At 30 June	-	-	197,609	205,537
At 31 December		-		206,833

Details of the disposal in investments in subsidiary during the six-month periods ended 30 June 2018 and 2017 were as follows:

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

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

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

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

Investments in subsidiaries as at 30 June 2018 and 31 December 2017, and dividend income for the six-month periods ended 30 June 2018 and 2017 were as follows:

Name of parties	Type of business	Country of incorporation	Ownership interests		Paid-up capital		At cost		Dividend income for the six-month period ended
			30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017	
			(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	1,000
868									
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	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
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

For the three-month and six-month periods ended 30 June 2018 (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 six-month period ended	
			30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017		
(in million Baht)										
Gosoft (Thailand) Co., Ltd.	Information system design and development services	Thailand	99.99	99.99	20	20	20	20	400	150
OHT Co., Ltd.	Holding company	Thailand	99.99	99.99	12	12	57,754	57,754	780	571
Dynamic Management Co., Ltd.	Logistics and distribution of merchandises services	Thailand	99.99	99.99	2	2	2	2	-	-
All Training Co., Ltd.	Training center	Thailand	99.99	99.99	1	1	1	1	-	-
MAM Heart Co., Ltd.	Marketing activities planning services	Thailand	99.99	99.99	1	1	1	1	10	-
Panyatara Co., Ltd.	Training center	Thailand	99.99	99.99	1	1	1	1	-	-
Thai Smart Card Co., Ltd.	Smart purse card services	Thailand	72.64	72.64	1,600	1,600	1,151	1,151	-	-
Siam Makro Holding (Thailand) Ltd.	Holding company	Thailand	49.00	49.00	1,066	1,066	55,490	55,490	749	548
Siam Makro Public Company Limited	Cash and carry	Thailand	38.07	42.87	2,400	2,400	73,203	82,427	1,152	1,008
Total					189,224	198,448	4,391	3,145		

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2018 (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 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017	
			(%)		(in million United States Dollar)		(in million Baht)		
<i>Foreign direct subsidiaries</i>									
Lotus Distribution Investment Limited	Holding company	British Virgin Islands	100.00	100.00	244	244	8,385	8,385	-
Albuera International Limited	Holding company	British Virgin Islands	100.00	100.00	.*	.*	.*	.*	-
Total					8,385	8,385	8,385	-	-
Grand total					197,609	206,833	4,391	3,145	

* As at 30 June 2018 Albuera International Limited ("Albuera") had paid-up capital amounting to United States Dollar 1 and the Company invested in Albuera amounting to United States Dollar 1.

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

Details of the Company's indirect subsidiaries as at 30 June 2018 and 31 December 2017 only those with changes during the six-month period ended 30 June 2018 were as follows:

Name of parties	Type of business	Country of incorporation	Ownership interests	
			30 June 2018	31 December 2017
(%)				
Local indirect subsidiaries (investment through Siam Makro Public Company Limited)				
Makro ROH Co., Ltd.	Providing technical and supporting services to the Group	Thailand	93.07	97.88
Siam Food Services Limited	Importing and trading of food products from international and domestic sources and providing freight, delivery rental and storage services	Thailand	93.07	97.88
ProMart Co., Ltd.	Trading of non-food products	Thailand	93.07	97.88
Foreign indirect subsidiaries (investment through Siam Makro Public Company Limited)				
ARO Company Limited	Providing marketing and consulting services	Republic of the Union of Myanmar	93.07	97.88
Indoguna Vina Food Service Company Limited	Trading and distribution, and import and export food products	Vietnam	93.08	97.88
CP Wholesale India Private Limited	Wholesale and related business	India	93.06	97.87
Makro (Guangzhou) Food Company Limited	Wholesale and retail operator and related business	The People’s Republic of China	93.06	97.87

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2018 (Unaudited)

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

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

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

6 Property, plant and equipment

Acquisitions, disposals and transfers of property, plant and equipment during the six-month periods ended 30 June 2018 and 2017 were as follows:

	Consolidated financial statements			
	2018		2017	
	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	357	1	247	-
Buildings, building and leasehold improvements	1,603	69	2,553	45
Machinery and equipment	1,861	25	2,418	20
Furniture, fixtures and office equipment	1,137	59	1,044	47
Assets under construction and installation	3,455	2,109	4,771	4,198
Other	302	5	635	2
Total	8,715	2,268	11,668	4,312

	Separate financial statements			
	2018		2017	
	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	324	-	-	-
Buildings, building and leasehold improvements	1,185	58	1,248	41
Machinery and equipment	874	16	796	6
Furniture, fixtures and office equipment	1,019	46	957	34
Assets under construction and installation	1,523	1,267	1,752	1,595
Other	266	3	441	2
Total	5,191	1,390	5,194	1,678

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

7 Interest-bearing liabilities

Short-term borrowings from financial institutions

Movements during the six-month periods ended 30 June 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
At 1 January	4,326	3,516	-	-
(Decreases) Increases	(821)	3,616	-	-
Acquired through business combination	-	379	-	-
At 30 June	3,505	7,511	-	-
At 31 December		4,326		-

Debentures

	Consolidated financial statements		Separate financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	<i>(in million Baht)</i>			
Current	23,313	14,747	23,313	14,747
Non-current	129,812	140,878	129,812	140,878
Total	153,125	155,625	153,125	155,625

Movements during the six-month periods ended 30 June 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
At 1 January	155,625	180,159	155,625	180,159
Increases	-	4,500	-	4,500
Decreases	(2,500)	(13,586)	(2,500)	(13,586)
At 30 June	153,125	171,073	153,125	171,073
At 31 December		155,625		155,625

The Company must comply with the specific covenants such as to maintain net debt to equity ratio in the annual consolidated financial statements through the terms of debentures, and to pledge Siam Makro Public Company Limited shares, etc.

Siam Makro Public Company Limited shares as at 30 June 2018, which were pledged in accordance with the conditions stipulated in the bond issuance, totaled 2,516 million shares. The fair value of those shares totaled Baht 97,501 million.

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

Long-term borrowings from financial institutions

	Consolidated financial statements		Separate financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	<i>(in million Baht)</i>			
Current	2,050	2,031	-	-
Non-current	7,202	4,250	-	-
Total	9,252	6,281	-	-

Movements during the six-month periods ended 30 June 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
At 1 January	6,281	4,585	-	-
Increases	2,932	1,737	-	-
Acquired through business combination	-	32	-	-
Exchange differences on translating financial statement	39	(67)	-	-
At 30 June	9,252	6,287	-	-
At 31 December		6,281		-

As at 30 June 2018 the Group had long-term borrowings agreements with a local branch of a foreign financial institution, a local financial institution and foreign financial institutions. In this regard, the Group must comply with the specified covenants in each long-term borrowings agreements, such as to maintain debt to equity ratio, total debts to total assets ratio and the shareholdings of the Company in a local subsidiary as stipulated in the agreements, etc.

8 Subordinated perpetual debentures

As at 30 June 2018 the Company had subordinated perpetual debentures (“Debentures”) of totalling Baht 19,909 million, net of issuance cost of Baht 91 million, which were recognised as a part of equity in the consolidated and separate interim financial statements for the three-month and six-month periods ended 30 June 2018 (consisted of debentures no. 1/2016 of Baht 9,953 million, net of issuance cost of Baht 47 million and debentures no. 1/2017 of Baht 9,956 million, net of issuance cost of Baht 44 million).

Cumulative interest for the three-month and six-month periods ended 30 June 2018 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 2017: Baht 125 million and Baht 248 million). During the second quarter of 2018 the Company paid interest expenses on subordinated perpetual debentures to the holders of Baht 500 million (2017: Baht 248 million).

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

9 Segment information

The Group has 3 reportable segments which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the Chief Operating Decision Maker ("CODM") reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

Segment 1: Convenience stores
Segment 2: Cash and carry
Segment 3: Other

Other operations include bill payment services, frozen food plant and bakery, 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 and six-month periods ended 30 June 2018 (Unaudited)

Revenue and results, based on segments, in the interim consolidated financial statements for the three-month and six-month periods ended 30 June 2018 and 2017 were as follows:

	Convenience stores		Cash and carry		Other		Eliminate		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(in million Baht)									
<i>For the three-month period ended 30 June</i>										
Revenue from sale of goods and rendering of services to external customers	77,073	69,377	46,131	45,205	9,603	8,749	(7,892)	(7,197)	124,915	116,134
Total revenues	86,203	77,049	46,405	45,431	9,819	8,952	(12,721)	(10,780)	129,706	120,652
Segment profit before income tax expense	7,960	6,423	1,325	1,396	827	830	(4,355)	(3,107)	5,757	5,542
<i>For the six-month period ended 30 June</i>										
Revenue from sale of goods and rendering of services to external customers	150,859	134,922	94,161	91,518	18,807	16,735	(15,260)	(13,712)	248,567	229,463
Total revenues	165,189	146,742	94,715	91,994	19,299	17,136	(21,451)	(17,713)	257,752	238,159
Segment profit before income tax expense	12,628	9,565	3,255	3,317	1,752	1,568	(5,246)	(3,148)	12,389	11,302

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2018 (Unaudited)

10 Income tax expense

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year 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 and six-month periods ended 30 June 2018 and 2017 were based on the profit for the periods attributable to equity holders of the Company less cumulative interest for the periods on subordinated perpetual debentures and the number of ordinary shares outstanding during the periods as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>For the three-month period ended 30 June</i>	<i>(in million Baht/million shares)</i>			
Profit for the period attributable to equity holders of the Company	4,779	4,647	7,473	5,931
Less: cumulative interest for the period on subordinated perpetual debentures	(249)	(125)	(249)	(125)
Profit used in calculation of basic earnings per share	4,530	4,522	7,224	5,806
Number of ordinary shares outstanding during the period	8,983	8,983	8,983	8,983
Basic earnings per share (in Baht)	0.50	0.50	0.80	0.65
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<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	10,196	9,412	11,454	8,616
Less: cumulative interest for the period on subordinated perpetual debentures	(496)	(248)	(496)	(248)
Profit used in calculation of basic earnings per share	9,700	9,164	10,958	8,368
Number of ordinary shares outstanding during the period	8,983	8,983	8,983	8,983
Basic earnings per share (in Baht)	1.08	1.02	1.22	0.93

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2018 (Unaudited)

12 Dividends

At the annual general meeting of the shareholders of the Company held on 20 April 2018, the Company's shareholders approved the appropriation of 2017 annual dividends of Baht 1.10 per share for 8,983,101,348 ordinary shares, totaling Baht 9,881 million, from the profit attributable to equity holders of the Company for the year 2017. The dividends were paid to the Company's shareholders on 18 May 2018.

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

13 Supplemental disclosures of cash flows information

Details of property, plant and equipment and other intangible assets paid by cash during the six-month periods ended 30 June 2018 and 2017 were as follows:

Property, plant and equipment

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Increases during the period	6,606	7,445	3,924	3,574
(Less) - changes in payables	(384)	(37)	(227)	(524)
- assets under finance leases	(12)	(52)	-	-
Purchase and paid by cash	6,210	7,356	3,697	3,050

Other intangible assets

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Increases during the period	317	251	96	75
(Less) add - changes in payables	(21)	12	(25)	(24)
Purchase and paid by cash	296	263	71	51

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

14 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)			
30 June 2018					
<i>Financial liability measured at fair value</i>					
Contingent consideration	232	-	-	232	232
<i>Financial liabilities not measured at fair value</i>					
<i>Current</i>					
Debentures	23,313	-	23,647	-	23,647
<i>Non-current</i>					
Debentures	129,812	-	138,046	-	138,046
Accrued guarantee deposits	3,618	-	3,062	-	3,062
31 December 2017					
<i>Financial liability measured at fair value</i>					
Contingent consideration	232	-	-	232	232
<i>Financial liabilities not measured at fair value</i>					
<i>Current</i>					
Debentures	14,747	-	15,075	-	15,075
<i>Non-current</i>					
Debentures	140,878	-	149,915	-	149,915
Accrued guarantee deposits	3,593	-	3,103	-	3,103

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2018 (Unaudited)

	Carrying amount	Separated financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
(in million Baht)					
30 June 2018					
<i>Financial liabilities not measured at fair value</i>					
<i>Current</i>					
Debentures	23,313	-	23,647	-	23,647
<i>Non-current</i>					
Debentures	129,812	-	138,046	-	138,046
Accrued guarantee deposits	3,528	-	2,972	-	2,972
31 December 2017					
<i>Financial liabilities not measured at fair value</i>					
<i>Current</i>					
Debentures	14,747	-	15,075	-	15,075
<i>Non-current</i>					
Debentures	140,878	-	149,915	-	149,915
Accrued guarantee deposits	3,458	-	2,968	-	2,968

As at 30 June 2018 and 31 December 2017 the Group had total forward currency contracts as follow:

		Consolidated financial statements	
		30 June 2018	31 December 2017
Foreign currency		<i>(in million)</i>	
Forward currency contracts - to buy	Yen	1,153.3	377.3
	United States Dollar	4.7	13.6
	Euro	3.0	1.0
	Australian Dollar	0.4	0.1
	China Renminbi	0.1	-
Forward currency contracts - to sell	United States Dollar	1.0	0.2
	Swiss Franc	0.5	0.5

As at 30 June 2018 the fair value level 2 of forward currency contracts - to buy and forward currency contracts - to sell amounting to Baht 638 million and Baht 50 million respectively (31 December 2017: Baht 595 million and Baht 25 million respectively).

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

Measurement of fair values

Financial instruments measured at fair value

Contingent consideration

As stipulated in the sale and purchase agreement dated 31 October 2016, Siam Food Services Limited (“SFS”), a local indirect subsidiary (investment through Siam Makro Public Company Limited) agreed to make an additional contingent consideration to the seller when the seller achieves targeted EBITDA.

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

Valuation techniques and significant unobservable inputs

The following tables show the valuation technique and the key unobservable inputs used in the determination of fair value of the contingent consideration at 30 June 2018 and 31 December 2017. Related valuation processes are described in note 2 (c) to the interim financial statements.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The fair value is determined considering the expected payment, discounted to present value using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of conditions as stipulate in the agreement, the amount to be paid under each scenario, and the probability of each scenario.	<ul style="list-style-type: none"> • Risk-adjusted discount rate (at 2.06% per annum in 2018 and 2.12% per annum in 2019) • Forecast EBITDA margin 	<ul style="list-style-type: none"> • The estimated fair value would increase if the risk-adjusted discount rate was lower. • The estimated fair value will be decreased if the EBITDA will not achieve in accordance with conditions stipulated in the agreement.

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

Sensitivity analysis

For the fair values of contingent consideration, reasonably possible changes at 30 June 2018 to one of the significant unobservable inputs, holding other inputs constant, the significant unobservable inputs that would have effects to fair values of contingent consideration and profit or loss. EBITDA in 2018 is not achieved conditions as stipulated in the agreement. It would have effect to increase in profit of the interim consolidated financial statements for the six-month period ended 30 June 2018 amounting to Baht 232 million.

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

Financial instruments not measured at fair value

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

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

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

15 Commitments with non-related parties

Capital commitments

	Consolidated financial statements		Separate financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	<i>(in million Baht)</i>			
Contracted but not provided for (construction costs of new plants and installation costs of machinery, and computer system development costs)	1,151	1,233	-	-
Total	1,151	1,233	-	-

Future minimum lease payments under non-cancellable operating leases

	Consolidated financial statements		Separate financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	<i>(in million Baht)</i>			
Within one year	6,909	6,472	6,217	5,911
After one year but within five years	9,942	9,336	7,767	7,438
After five years	8,613	8,241	2,925	2,667
Total	25,464	24,049	16,909	16,016

The Group has lease agreements covering lease of land, buildings, vehicles and other assets for periods of 1 to 31 years, which will expire between 2018 to 2048.

Other commitments

	Consolidated financial statements		Separate financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	<i>(in million Baht)</i>			
Unused letters of credit for purchase of goods and supplies	605	255	-	-
Total	605	255	-	-

CP ALL Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

Letters of guarantee

As at 30 June 2018 the Group has commitments under letters of guarantee with the financial institutions, principally guarantee for utilities, rental agreements and others totaling Baht 1,927 million and United States Dollars 0.3 million (*31 December 2017: Baht 1,938 million and United States Dollars 0.3 million*).

Significant agreements

As at 30 June 2018 the Group had the following significant agreements:

- (a) The Company has an area license agreement with 7-Eleven, Inc., which was incorporated in the United States of America, to acquire a license to use the systems and trademarks of 7-Eleven, Inc. in connection with the operations of 7-Eleven convenience stores or franchising of such operations to other retailers in Thailand. The Company has also obtained certain services from 7-Eleven, Inc. in relation to training and technical assistance. In consideration thereof, the Company is committed to pay royalties to 7-Eleven, Inc. calculated as percentages of total sales of the 7-Eleven convenience stores that are operating in Thailand.
- (b) The Company has management agreements with local companies for their management of the Company-owned 7-Eleven convenience stores. Under the terms of the agreements, the Company is committed to pay management fees to those licensees calculated as percentages of gross operating profits of these convenience stores. The Company is entitled to receive the initial payments and royalties from those licensees in connection with the licenses granted for operating these 7-Eleven convenience stores. These initial payments and royalties are not refundable to the licensees in any case. The initial payments include deposits to guarantee the licensees' compliance with the agreements and any damage and/or liability that might be caused by the licensees. In consideration thereof, the Company pays interest on the deposits calculated at the time deposit rates announced by a local financial institution. These deposits will be refunded to the licensees upon termination of the agreements.
- (c) The Company has sub-area license agreements for operating 7-Eleven convenience stores and franchising such operations to other retailers ("licensees"). Under the terms of the agreements, the Company will provide certain technical assistance and related services to the sub-area licensees. In consideration thereof, the Company is entitled to receive royalties from the sub-area licensees as percentages of total sales of the 7-Eleven convenience stores operating in the licensed areas.
- (d) A local subsidiary, Gosoft (Thailand) Co., Ltd., has service agreements with local companies ("the parties"), whereby the latter parties provide the installation and development of systems as stipulated in the agreements. Under the terms of the agreements, the subsidiary is committed to pay a service fee to the parties as stipulated in the agreements. These agreements are effective for periods over 1 to 6 months, and will expire on various dates until July 2018.
- (e) A local subsidiary, Counter Service Co., Ltd., has service agreements with government entities and state enterprises (e.g., utilities, telephone expenses, etc.), and other local companies (e.g., hire purchase, life insurance premium, etc.) ("the parties"). Under the terms of the agreements, the subsidiary is committed to operate payment centers to collect customer payments on behalf of the parties then remits funds to the parties as the agreed procedures. The subsidiary can collect service income from customers or local companies as stipulated in the agreements. These agreements are effective for periods over 1 to 5 years, and will expire on various dates up to November 2021. If either of the parties has an intention to terminate the agreement, a written notification must be made to the other party at least the number of day stipulated in the agreement before the expiry date of the agreement.

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2018 (Unaudited)

- (f) A local subsidiary, Counter Service Co., Ltd., has service agreements with certain individuals and local companies (“the parties”), whereby the latter parties are appointed as agents of the subsidiary for receipts of customers’ bills as specified in the agreements. Under the terms of the agreements, the subsidiary is committed to pay a service fee to the parties as stipulated in the agreements. These agreements are effective for periods over 1 to 5 years, and will expire on various dates up to June 2021. If either of the parties has no intention to renew the agreement, a written notification must be made to the other party at least 30 days before the expiry date of the agreement.
- (g) A local subsidiary, CP Retailink Co., Ltd., has repair and maintenance management service agreements with local companies (“the parties”), whereby the latter parties agree to install and repair and maintenance of computer equipment and software, utility systems, electric appliances and other equipment used for operations in retail stores. Under the terms of the agreements, the subsidiary is committed to pay a service fee to the parties as stipulated in the agreements. These agreements are for a period of 1 year and are renewable for additional periods of 1 year. If either of the parties has no intention to renew the agreement, a written notification must be made to the other party at least 30 days before the expiry date of the agreement.

16 Contingent liability

As at 30 June 2018 the Company was contingently liable to a legal case with a fund (“the plaintiff”), in which the Company was a defendant in a lawsuit involving the compliance with Tender Offer Rule. The court of first instance rendered a judgement on 24 February 2015 and ruled the Company to pay the claimed damages amounting to Baht 104.7 million plus interest at the rate of 7.5% per annum starting from 2 August 2013 up to when the settlement of claimed damages will be completed. Consequently on 19 June 2015 the Company appealed the court’s judgement; and on 16 November 2015 the plaintiff filed against an appeal to the court.

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

On 14 November 2016, the Company and the plaintiff filed their own petitions with the Supreme Court. The court accepted the plaintiff’s petition on 21 April 2017 and the Company’s petition on 26 May 2017.

As at the date in this report, the legal case was still pending with the Supreme Court. The Company’s legal counsel was of the opinion that the legal case may not have a negative impact materially to the Company. Accordingly, no provision has been made in the interim financial statements for the three-month and six-month periods ended 30 June 2018.

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 2018, 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 on 30 June 2018 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 2018.