

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

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



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Independent Auditor's Report on Review of Interim Financial Information

To the Board of Directors of CP ALL Public Company Limited

I have reviewed the accompanying consolidated and separate statements of financial position of CP ALL Public Company Limited and its subsidiaries, and of CP ALL Public Company Limited, respectively, as at 30 September 2019; the consolidated and separate statements of income and comprehensive income for the three-month and nine-month periods ended 30 September 2019; the consolidated and separate statements of changes in equity and cash flows for the nine-month period ended 30 September 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
12 November 2019

CP ALL Public Company Limited and its Subsidiaries

Statement of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		30 September	31 December	30 September	31 December
Assets	Note	2019	2018	2019	2018
		(Unaudited)		(Unaudited)	
<i>(in thousand Baht)</i>					
Current assets					
Cash and cash equivalents		25,606,889	34,023,109	16,171,146	22,611,758
Current investments		615,867	1,467,227	-	-
Trade accounts receivable	3,4	1,601,397	2,039,651	71,198	65,520
Other current receivables	3	6,683,568	7,406,471	4,774,881	4,929,326
Short-term loans to subsidiaries	3	-	-	6,356,500	5,850,000
Inventories	3	28,178,451	29,570,068	13,133,834	13,458,886
Other current assets		589,728	487,183	227,862	293,763
Total current assets		63,275,900	74,993,709	40,735,421	47,209,253
Non-current assets					
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		2,453	989	-	-
Other non-current receivables	3	1,578,449	1,398,186	1,084,862	1,107,169
Investment properties		332,832	332,832	-	-
Property, plant and equipment	3,6	114,201,159	111,287,432	33,717,612	30,983,842
Goodwill		128,096,021	128,096,021	-	-
Leasehold rights		3,955,547	4,107,307	387,756	395,839
Other intangible assets	3	51,346,325	51,435,443	1,560,819	1,394,495
Deferred tax assets		1,206,103	1,002,040	577,892	459,192
Other non-current assets		1,107,209	1,053,658	1,216,436	1,173,597
Total non-current assets		301,860,098	298,747,908	238,106,908	233,158,835
Total assets		365,135,998	373,741,617	278,842,329	280,368,088

The accompanying condensed 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 September	31 December	30 September	31 December
Liabilities and equity	Note	2019	2018	2019	2018
		(Unaudited)		(Unaudited)	
<i>(in thousand Baht)</i>					
Current liabilities					
Short-term borrowings from					
financial institutions		8,643,171	3,582,584	5,630,000	-
Trade accounts payable	3	70,097,241	78,790,391	37,875,988	41,442,528
Other payables	3	15,030,523	15,866,590	16,525,450	19,212,592
Short-term borrowing from					
subsidiary	3	-	-	700,000	-
Short-term borrowings from					
other parties		14,684	-	-	-
Current portion of debentures	7	1,500,000	22,994,300	1,500,000	22,994,300
Current portion of long-term					
borrowings from financial					
institutions		129,428	94,477	-	-
Current portion of finance					
lease liabilities		90,269	106,206	-	-
Income tax payable		863,847	1,394,812	332,944	447,916
Other current liabilities		1,193,312	922,328	911,526	672,670
Total current liabilities		97,562,475	123,751,688	63,475,908	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		8,761,162	9,009,893	-	-
Finance lease liabilities		534,884	592,140	-	-
Provisions for employee benefits	8	4,436,964	3,368,250	2,564,547	1,927,576
Accrued guarantee deposits		3,863,809	3,716,366	3,792,815	3,634,159
Deferred tax liabilities		15,023,402	15,087,902	-	-
Other non-current liabilities		759,735	513,093	180,849	132,459
Total non-current liabilities		164,763,556	150,171,244	137,921,811	123,577,794
Total liabilities		262,326,031	273,922,932	201,397,719	208,347,800

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CP ALL Public Company Limited and its Subsidiaries

Statement of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		30 September	31 December	30 September	31 December
Liabilities and equity (<i>Continued</i>)	Note	2019	2018	2019	2018
		(Unaudited)		(Unaudited)	
<i>(in thousand Baht)</i>					
Equity					
Share capital					
Authorised share capital		<u>8,986,296</u>	<u>8,986,296</u>	<u>8,986,296</u>	<u>8,986,296</u>
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		60,379,105	55,731,138	45,968,038	40,543,716
Other component of equity		<u>(2,110,226)</u>	<u>(1,315,759)</u>	<u>-</u>	<u>-</u>
Total		<u>68,393,564</u>	<u>64,921,649</u>	<u>57,535,456</u>	<u>52,111,134</u>
Subordinated perpetual debentures	9	<u>19,909,154</u>	<u>19,909,154</u>	<u>19,909,154</u>	<u>19,909,154</u>
Equity attributable to equity					
holders of the Company		<u>88,302,718</u>	<u>84,830,803</u>	<u>77,444,610</u>	<u>72,020,288</u>
Non-controlling interests		<u>14,507,249</u>	<u>14,987,882</u>	<u>-</u>	<u>-</u>
Total equity		<u>102,809,967</u>	<u>99,818,685</u>	<u>77,444,610</u>	<u>72,020,288</u>
Total liabilities and equity		<u>365,135,998</u>	<u>373,741,617</u>	<u>278,842,329</u>	<u>280,368,088</u>

The accompanying condensed 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 September		For the three-month period ended 30 September	
Note		2019	2018	2019	2018
		(in thousand Baht)			
Revenues	3				
Revenue from sale of goods and rendering of services		135,762,706	125,399,357	83,229,152	76,850,895
Interest income		57,891	70,499	104,859	110,079
Dividend income		60	54	2,036,339	2,036,335
Net foreign exchange gain		-	57,790	321	-
Other income		5,251,591	4,869,315	5,357,747	4,943,909
Total revenues		141,072,248	130,397,015	90,728,418	83,941,218
Expenses	3				
Cost of sale of goods and rendering of services		104,585,596	97,319,130	59,880,356	55,574,620
Distribution costs		23,638,917	21,170,349	19,968,095	17,936,943
Administrative expenses		4,390,407	3,827,296	3,199,825	2,772,710
Net foreign exchange loss		22,214	-	-	20
Finance costs		1,671,569	1,834,799	1,574,142	1,719,991
Total expenses		134,308,703	124,151,574	84,622,418	78,004,284
Profit before income tax expense		6,763,545	6,245,441	6,106,000	5,936,934
Income tax expense	11	1,067,705	998,129	490,537	516,667
Profit for the period		5,695,840	5,247,312	5,615,463	5,420,267
Profit attributable to:					
Equity holders of the Company		5,611,835	5,181,786	5,615,463	5,420,267
Non-controlling interests		84,005	65,526	-	-
Profit for the period		5,695,840	5,247,312	5,615,463	5,420,267
Basic earnings per share (in Baht)	12	0.60	0.55	0.60	0.58

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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 September		For the three-month period ended 30 September	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Profit for the period	5,695,840	5,247,312	5,615,463	5,420,267
Other comprehensive income				
<i>Item that will be reclassified subsequently to profit or loss</i>				
Exchange differences on translating financial statements	(328,803)	(603,058)	-	-
Other comprehensive income for the period	(328,803)	(603,058)	-	-
Total comprehensive income for the period	5,367,037	4,644,254	5,615,463	5,420,267
Total comprehensive income attributable to:				
Equity holders of the Company	5,289,917	4,593,387	5,615,463	5,420,267
Non-controlling interests	77,120	50,867	-	-
Total comprehensive income for the period	5,367,037	4,644,254	5,615,463	5,420,267

The accompanying condensed 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 nine-month period ended 30 September		For the nine-month period ended 30 September	
	Note	2019	2018	2019	2018
		(in thousand Baht)			
Revenues	3				
Revenue from sale of goods and rendering of services		408,390,160	373,806,895	249,015,622	227,709,397
Interest income		244,505	214,834	385,595	306,964
Dividend income		185	158	6,241,467	6,427,337
Net foreign exchange gain		34,676	47,058	282	65
Gain on sale of investment in subsidiary	5	-	-	-	907,177
Other income		14,514,024	13,725,930	14,756,722	13,594,814
Total revenues		423,183,550	387,794,875	270,399,688	248,945,754
Expenses	3				
Cost of sale of goods and rendering of services		315,924,555	290,698,366	178,974,962	164,678,294
Distribution costs		69,343,694	61,779,815	58,635,819	52,336,057
Administrative expenses		13,354,487	11,226,297	9,449,544	8,224,938
Finance costs		5,104,504	5,456,078	4,804,324	5,141,241
Total expenses		403,727,240	369,160,556	251,864,649	230,380,530
Profit before income tax expense		19,456,310	18,634,319	18,535,039	18,565,224
Income tax expense	11	3,061,304	3,106,892	1,583,050	1,691,091
Profit for the period		16,395,006	15,527,427	16,951,989	16,874,133
Profit attributable to:					
Equity holders of the Company		16,175,634	15,377,797	16,951,989	16,874,133
Non-controlling interests		219,372	149,630	-	-
Profit for the period		16,395,006	15,527,427	16,951,989	16,874,133
Basic earnings per share (in Baht)	12	1.72	1.63	1.80	1.80

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CP ALL Public Company Limited and its Subsidiaries

Statement of comprehensive income (Unaudited)

	Consolidated financial statements		Separate financial statements	
	For the nine-month period ended 30 September		For the nine-month period ended 30 September	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Profit for the period	16,395,006	15,527,427	16,951,989	16,874,133
Other comprehensive income				
<i>Item that will be reclassified subsequently to profit or loss</i>				
Exchange differences on translating financial statements	(817,036)	(623,030)	-	-
Other comprehensive income for the period	(817,036)	(623,030)	-	-
Total comprehensive income for the period	15,577,970	14,904,397	16,951,989	16,874,133
Total comprehensive income attributable to:				
Equity holders of the Company	15,381,167	14,763,791	16,951,989	16,874,133
Non-controlling interests	196,803	140,606	-	-
Total comprehensive income for the period	15,577,970	14,904,397	16,951,989	16,874,133

The accompanying condensed 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				
			Deficit from changes in ownership interests in subsidiaries	Legal reserve	Unappropriated	Exchange differences on translating financial statements	Subordinated perpetual debentures	Equity attributable to holders of the Company	Non-controlling interests	Total equity
Note	Issued and paid-up share capital	Premium on ordinary shares								

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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	Exchange differences on translating financial statements	Subordinated perpetual debentures	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
Note	Issued and paid-up share capital	Premium on ordinary shares								

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

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

		Separate financial statements					
				Retained earnings			
	Note	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated	Subordinated perpetual debentures	Total equity
(in thousand Baht)							
For the nine-month period ended 30 September 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							
<i>Distributions to equity holders</i>							
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		-	-	-	16,951,989	-	16,951,989
Total comprehensive income for the period		-	-	-	16,951,989	-	16,951,989
Interest payment on subordinated perpetual debentures	9	-	-	-	(747,945)	-	(747,945)
Balance at 30 September 2019		8,983,101	1,684,317	900,000	45,968,038	19,909,154	77,444,610

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

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

		Separate financial statements					
		Retained earnings					
	Note	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated	Subordinated perpetual debentures	Total equity
(in thousand Baht)							
For the nine-month period ended 30 September 2018							
Balance at 1 January 2018		8,983,101	1,684,317	900,000	31,511,525	19,909,154	62,988,097
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		-	-	-	16,874,133	-	16,874,133
Total comprehensive income for the period		-	-	-	16,874,133	-	16,874,133
Interest payment on subordinated perpetual debentures							
	9	-	-	-	(747,945)	-	(747,945)
Balance at 30 September 2018		8,983,101	1,684,317	900,000	37,756,302	19,909,154	69,232,874

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

CP ALL Public Company Limited and its Subsidiaries

Statement of cash flows (Unaudited)

	Consolidated financial statements		Separate financial statements	
	For the nine-month period ended 30 September		For the nine-month period ended 30 September	
Note	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit for the period	16,395,006	15,527,427	16,951,989	16,874,133
<i>Adjustments to reconcile profit to cash receipts</i>				
Depreciation	7,497,424	7,068,327	4,470,611	4,240,093
Amortisation of leasehold rights	230,065	223,956	83,499	80,888
Amortisation of other intangible assets	539,708	469,554	183,168	164,281
Interest income	(244,505)	(214,834)	(385,595)	(306,964)
Dividend income	(185)	(158)	(6,241,467)	(6,427,337)
Gain on sale of investment in subsidiary	5	-	-	(907,177)
Finance costs	5,104,504	5,456,078	4,804,324	5,141,241
Income tax expense	3,061,304	3,106,892	1,583,050	1,691,091
Provisions for employee benefits	1,088,091	306,911	626,903	171,000
Reversal of allowance for losses on decline in value of inventories	(34,835)	(74,231)	(33,404)	(38,083)
Impairment for losses on property, plant and equipment	1,231	6,981	-	-
Impairment for losses (reversal of impairment for losses) on other intangible assets	7,470	(2,500)	-	-
Bad and doubtful debts expenses	16,302	6,003	-	-
Unrealised loss (gain) on exchange	4,295	(821)	-	-
Loss on disposal and write-off of property, plant and equipment	95,830	85,865	91,574	96,079
Gain on disposal of leasehold rights	(9,066)	(9,733)	(9,066)	(9,733)
Loss on write-off of other intangible assets	89	47	39	47
	33,752,728	31,955,764	22,125,625	20,769,559

The accompanying condensed 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 nine-month		For the nine-month	
	period ended 30 September		period ended 30 September	
Note	2019	2018	2019	2018
	(in thousand Baht)			
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	420,708	134,038	(5,678)	76,016
Other receivables	543,574	479,476	175,348	224,892
Inventories	1,426,437	1,009,949	358,456	595,307
Other current assets	(96,320)	125,360	68,909	107,602
Other non-current assets	(135,106)	(118,256)	(42,839)	(51,098)
Trade accounts payable	(8,678,497)	(7,183,779)	(3,566,540)	(1,361,435)
Other payables	262,981	860,742	(2,324,594)	(486,330)
Other current liabilities	270,984	23,471	238,856	88,163
Provisions for employee benefits paid	(19,091)	(17,432)	-	(1,312)
Transferred in (out) of provisions for employee benefits	752	(1,199)	10,069	(469)
Accrued guarantee deposits	147,443	74,610	158,656	124,256
Other non-current liabilities	246,642	(85,719)	48,390	43,656
Net cash generated from operating	28,143,235	27,257,025	17,244,658	20,128,807
Income tax paid	(3,868,093)	(3,670,376)	(1,816,722)	(1,651,201)
Net cash from operating activities	24,275,142	23,586,649	15,427,936	18,477,606
<i>Cash flows from investing activities</i>				
Interest received	218,933	171,184	386,999	257,718
Dividends received	185	158	6,241,467	6,427,337
Acquisition of current investments	(720,791)	(1,949,008)	-	-
Proceeds from sale of current investments	1,570,126	1,871,538	-	-
Cash outflow on short-term loans to subsidiaries	3	-	(1,356,500)	(1,300,000)
Proceeds from repayment of short-term loans to subsidiaries	3	-	850,000	400,000
Cash outflow on investments in subsidiaries	5	-	(1,128,780)	(1,000)

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CP ALL Public Company Limited and its Subsidiaries

Statement of cash flows *(continued)* (Unaudited)

		Consolidated financial statements		Separate financial statements	
		For the nine-month period ended 30 September		For the nine-month period ended 30 September	
	Note	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Acquisition of other long-term investments		(1,464)	(577)	-	-
Acquisition of property, plant and equipment	14	(12,227,164)	(10,018,417)	(7,660,811)	(5,791,615)
Proceeds from sale of property, plant and equipment		180,471	158,417	153,963	101,712
Acquisition of leasehold rights		(161,160)	(290,543)	(79,060)	(109,014)
Proceeds from sale of leasehold rights		9,702	10,188	9,702	10,038
Acquisition of other intangible assets	14	(542,736)	(554,702)	(301,554)	(217,840)
Proceeds from sale of other intangible assets		-	78	-	-
Net cash used in investing activities		(11,673,898)	(10,601,684)	(2,884,574)	(222,664)
<i>Cash flows from financing activities</i>					
Interest paid		(5,282,432)	(5,501,919)	(5,003,350)	(5,267,542)
Interest paid on subordinated perpetual debentures	9	(747,945)	(747,945)	(747,945)	(747,945)
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		(318,820)	(189,882)	-	-
Payment by a lessee for reduction of the outstanding liabilities relating to a finance lease		(125,649)	(137,869)	-	-
Increases (decreases) in short-term borrowings from financial institutions		5,082,417	(896,362)	5,630,000	-
Proceed from short-term borrowing from subsidiary	3	-	-	700,000	-
Proceed from short-term borrowings from other parties		15,026	-	-	-
Proceeds from issue of debentures	7	15,000,000	-	15,000,000	-
Repayment of debentures	7	(22,994,300)	(2,500,000)	(22,994,300)	(2,500,000)

The accompanying condensed 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 nine-month		For the nine-month	
		period ended 30 September		period ended 30 September	
Note		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Proceeds from long-term borrowings					
from financial institutions		-	5,001,263	-	-
Repayment of long-term borrowings					
from financial institutions		(21,908)	(154,803)	-	-
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	<u>(788,051)</u>	<u>10,130,912</u>	<u>(788,051)</u>	<u>10,130,912</u>
Net cash used in financing activities		<u>(20,914,140)</u>	<u>(4,858,007)</u>	<u>(18,983,974)</u>	<u>(8,265,570)</u>
Net (decrease) increase in cash and cash equivalents,					
before effect of exchange rates		(8,312,896)	8,126,958	(6,440,612)	9,989,372
Effect of exchange rate changes on					
cash and cash equivalents		<u>(103,324)</u>	<u>(19,356)</u>	<u>-</u>	<u>-</u>
Net (decrease) increase in					
cash and cash equivalents		<u>(8,416,220)</u>	<u>8,107,602</u>	<u>(6,440,612)</u>	<u>9,989,372</u>
Cash and cash equivalents at beginning of period		<u>34,023,109</u>	<u>28,878,806</u>	<u>22,611,758</u>	<u>17,651,393</u>
Cash and cash equivalents at end of period		<u>25,606,889</u>	<u>36,986,408</u>	<u>16,171,146</u>	<u>27,640,765</u>

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

CP ALL Public Company Limited and its Subsidiaries
Condensed notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2019 (Unaudited)

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CP ALL Public Company Limited and its Subsidiaries
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These condensed 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 12 November 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 September 2019 was 11,640 stores (*31 December 2018: 10,988 stores*).

	30 September 2019	31 December 2018
	<i>(number of stores)</i>	
The Company owns and manages convenience stores	5,249	4,894
The Company franchises the license to other retailers		
- under management agreements	5,600	5,336
- under sub-license agreements	791	758
Total	11,640	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 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.

CP ALL Public Company Limited and its Subsidiaries
Condensed notes to the interim financial statements
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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. Relationships with key management and other related parties, as well as, pricing policies for particular types of transactions with related parties have no material changes during the nine-month period ended 30 September 2019.

Significant transactions for the three-month and nine-month periods ended 30 September 2019 and 2018 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
<i>For the three-month period ended 30 September</i>	2019	2018	2019	2018
	<i>(in million Baht)</i>			
<i>Subsidiaries</i>				
Revenue from sale of goods and rendering of services	-	-	179	171
Interest income	-	-	73	63
Dividend income	-	-	2,036	2,036
Other income	-	-	498	367
Distribution costs	-	-	392	483
Administrative expenses	-	-	681	606
Finance costs	-	-	8	-
Purchases of goods and services	-	-	6,887	6,070
Purchases of property, plant and equipment and other intangible assets	-	-	646	484

CP ALL Public Company Limited and its Subsidiaries
Condensed notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2019 (Unaudited)

	Consolidated financial statements		Separate financial statements	
<i>For the three-month period ended 30 September</i>	2019	2018	2019	2018
	<i>(in million Baht)</i>			
<i>Other related companies</i>				
Revenue from sale of goods and rendering of services	336	421	97	120
Other income	499	619	492	602
Distribution costs	39	21	-	-
Administrative expenses	249	170	199	124
Purchases of goods and services	13,317	12,177	8,934	8,588
Purchases of property, plant and equipment and other intangible assets	2	4	-	-
<i>Key management personnel</i>				
Key management benefit expenses				
Short-term employee benefits	161	161	112	115
Severance pay for employees	3	2	1	1
Total key management benefit expenses	164	163	113	116
	Consolidated financial statements		Separate financial statements	
<i>For the nine-month period ended 30 September</i>	2019	2018	2019	2018
	<i>(in million Baht)</i>			
<i>Subsidiaries</i>				
Revenue from sale of goods and rendering of services	-	-	523	512
Interest income	-	-	222	173
Dividend income	-	-	6,241	6,427
Other income	-	-	1,254	1,060
Distribution costs	-	-	1,175	1,393
Administrative expenses	-	-	1,905	1,781
Finance costs	-	-	10	-
Purchases of goods and services	-	-	20,291	17,571
Purchases of property, plant and equipment and other intangible assets	-	-	2,269	1,478
<i>Other related companies</i>				
Revenue from sale of goods and rendering of services	1,084	1,248	317	394
Other income	1,301	1,175	1,281	1,079
Distribution costs	97	58	-	-
Administrative expenses	697	569	539	402
Purchases of goods and services	39,191	33,607	26,779	23,399
Purchases of property, plant and equipment and other intangible assets	11	12	-	-

CP ALL Public Company Limited and its Subsidiaries
Condensed notes to the interim financial statements
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	Consolidated financial statements		Separate financial statements	
<i>For the nine-month period ended 30 September</i>	2019	2018	2019	2018
	<i>(in million Baht)</i>			
<i>Key management personnel</i>				
Key management benefit expenses				
Short-term employee benefits	624	563	439	386
Severance pay for employees	8	6	2	2
Total key management benefit expenses	632	569	441	388

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

Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	<i>(in million Baht)</i>			
Related companies	269	631	-	-
Less allowance for doubtful accounts	-	-	-	-
Net	269	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 September	-	-	-	-
- nine-month period ended 30 September	-	-	-	-

Other receivables

	Consolidated financial statements		Separate financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	<i>(in million Baht)</i>			
<i>Current</i>				
Subsidiaries	-	-	750	755
Other related companies	628	756	429	552
Total	628	756	1,179	1,307
<i>Non-current</i>				
Subsidiary	-	-	81	104
Total	-	-	81	104

CP ALL Public Company Limited and its Subsidiaries
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For the three-month and nine-month periods ended 30 September 2019 (Unaudited)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Bad and doubtful debts expense for the				
- three-month period ended 30 September	-	-	-	-
- nine-month period ended 30 September	-	-	-	-

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 nine-month period ended 30 September 2019 were as follows:

	Interest rate		Separate financial statements			
	31 December 2018	30 September 2019	31 December 2018	Increases	Decreases	30 September 2019
	<i>(% per annum)</i>			<i>(in million Baht)</i>		
Subsidiaries	4.75	4.75	5,850	1,357	(850)	6,357
Total			5,850			6,357

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

Investment in related company

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

CP ALL Public Company Limited and its Subsidiaries
Condensed notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2019 (Unaudited)

Trade accounts payable

	Consolidated financial statements		Separate financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	<i>(in million Baht)</i>			
Subsidiaries	-	-	2,363	2,355
Other related companies	6,600	7,730	3,893	4,919
Total	6,600	7,730	6,256	7,274

Other payables

	Consolidated financial statements		Separate financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	<i>(in million Baht)</i>			
Subsidiaries	-	-	8,781	11,122
Other related companies	194	250	48	40
Total	194	250	8,829	11,162

Short-term borrowing from subsidiary

Movements during the nine-month period ended 30 September 2019 were as follows:

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

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

Future minimum lease payments under non-cancellable operating leases

	Consolidated financial statements	Separate financial statements
<i>At 30 September 2019</i>	<i>(in million Baht)</i>	
Within one year	103	41
After one year but within five years	116	18
After five years	129	-
Total	348	59

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.

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For the three-month and nine-month periods ended 30 September 2019 (Unaudited)

Significant agreements with related parties

As at 30 September 2019 the Group had the following new agreements with related parties during the nine-month period ended 30 September 2019:

- (a) The Company has service agreements with ARO Commercial Company Limited, Guangzhou Huadu Makro Food Supermarket Company Limited and Makro (Guangzhou) Food Company Limited, foreign subsidiaries. Under the terms of these 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 will expire on various dates up to December 2024.
- (b) 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 agrees to provide services in relation to maintenance and support information system to the subsidiary. In consideration thereof, the subsidiary agrees 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 September	31 December	30 September	31 December
<i>Note</i>	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Related parties				
Within credit terms	218	577	-	-
Overdue:				
Less than 3 months	42	36	-	-
3 - 6 months	6	16	-	-
6 - 12 months	2	-	-	-
Over 12 months	1	2	-	-
Total	269	631	-	-
Less allowance for doubtful accounts	-	-	-	-
Net	3 269	631	-	-
Other parties				
Within credit terms	956	1,008	71	66
Overdue:				
Less than 3 months	335	351	-	-
3 - 6 months	45	50	-	-
6 - 12 months	16	12	-	-
Over 12 months	20	18	-	-
Total	1,372	1,439	71	66
Less allowance for doubtful accounts	(40)	(30)	-	-
Net	1,332	1,409	71	66
Grand total	1,601	2,040	71	66

CP ALL Public Company Limited and its Subsidiaries
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	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 September	<u>7</u>	<u>-</u>	<u>-</u>	<u>-</u>
- nine-month period ended 30 September	<u>16</u>	<u>5</u>	<u>-</u>	<u>-</u>

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

5 Investments in subsidiaries

Movements during the nine-month periods ended 30 September 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	1
Decrease	-	-	-	(9,224)
At 30 September	<u>-</u>	<u>-</u>	<u>199,527</u>	<u>197,610</u>
At 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>197,610</u>

Details of the increases (decrease) in investments in subsidiaries during the nine-month periods ended 30 September 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)
ALL Wellness Co., Ltd.	-	-	-	1
Total	<u>-</u>	<u>-</u>	<u>1,917</u>	<u>(9,223)</u>

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.

CP ALL Public Company Limited and its Subsidiaries
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On 9 August 2018, the Company's Board of Directors approved to set up a local subsidiary (ALL Wellness Co., Ltd.) of which its 99.99% ownership interest was held by the Company. The subsidiary has an initial authorised share capital of Baht 1 million and called for fully paid-up share capital. The registration was completed in August 2018.

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 September 2019 and 31 December 2018, and dividend income for the nine-month periods ended 30 September 2019 and 2018 were as follows:

Name of parties	Type of business	Country of incorporation	Separate financial statements						Dividend income for the nine-month period ended			
			Ownership interests		Paid-up capital		At cost		30 September 2019	30 September 2018		
			30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018				
			30 September 2019		31 December 2018		30 September 2019				31 December 2018	
			(in million Baht)		(in million Baht)		(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	250	-		

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 nine-month period ended	
			30	31	30	31	30	31	30	30
			September 2019	December 2018	September 2019	December 2018	September 2019	December 2018	September 2019	September 2018
			(%)				(in million Baht)			
Gosoft (Thailand) Co., Ltd.	Information system design and development services	Thailand	99.99	99.99	20	20	20	20	100	400
OHT Co., Ltd.	Holding company	Thailand	99.99	99.99	12	12	57,754	57,754	1,294	1,318
ALL Now Management Co., Ltd. (formerly “Dynamic Management Co., Ltd.”)	Logistics and distribution of merchandises services	Thailand	99.99	99.99	2	2	2	2	100	-
All Training Co., Ltd.	Training center	Thailand	99.99	99.99	1	1	1	1	100	220
ALL Wellness Co., Ltd.	Digital innovation healthcare services and consultation by medical specialists	Thailand	99.99	99.99	1	1	1	1	-	-
MAM Heart Co., Ltd.	Marketing activities planning services	Thailand	99.99	99.99	1	1	1	1	5	10
Panyatara Co., Ltd.	Training center	Thailand	99.99	99.99	1	1	1	1	40	30
Thai Smart Card Co., Ltd.	Smart purse card services	Thailand	99.99	72.64	1,600	1,600	1,939	1,151	-	-
Siam Makro Holding (Thailand) Ltd.	Holding company	Thailand	49.00	49.00	1,066	1,066	55,490	55,490	1,243	1,266
Siam Makro Public Company Limited	Cash and carry	Thailand	38.07	38.07	2,400	2,400	73,203	73,203	1,754	1,883
Total							190,013	189,225	6,241	6,427

CP ALL Public Company Limited and its Subsidiaries
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Separate financial statements <i>(Continued)</i>										
Name of parties	Type of business	Country of incorporation	Ownership interests		Paid-up capital		At cost		Dividend income for the nine-month period ended	
			30	31	30	31	30	31	30	30
			September	December	September	December	September	December	September	September
			2019	2018	2019	2018	2019	2018	2019	2018
			(%)		<i>(in million United States Dollars)</i>		<i>(in million Baht)</i>			
<i>Foreign direct subsidiaries</i>										
Lotus Distribution Investment Limited	Holding company	British Virgin Islands	100.00	100.00	280	244	9,514	8,385	-	-
Albuera International Limited	Holding company	British Virgin Islands	100.00	100.00	-*	-*	-*	-*	-	-
Total							9,514	8,385	-	-
Grand total							199,527	197,610	6,241	6,427

* As at 30 September 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.

For the three-month and nine-month periods ended 30 September 2019 (Unaudited)[illegible]

ALL NOW LOGISTICS CO., LTD.	Parcel and express delivery services	Thailand	99.99	-
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Guangzhou Huadu Makro Food Supermarket Company Limited	Wholesale and retail operator and related business	The People's Republic of China	93.06	-
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Acquisitions, disposals and transfers of property, plant and equipment during the nine-month period ended 30 September 2019 were as follows:

	Consolidated financial statements	Disposals and transfers out - net book value <i>(in million Baht)</i>	Separate financial statements	Disposals and transfers out - net book value
	Acquisitions and transfers in - at cost		Acquisitions and transfers in - at cost	
Land	330	67	237	67
Buildings, building and leasehold improvements	3,965	119	2,502	112
Machinery and equipment	3,581	31	1,494	11
Furniture, fixtures and office equipment	2,177	50	2,045	47
Assets under construction and installation	6,206	5,934	3,489	2,986
Other	1,041	8	669	8
Total	17,300	6,209	10,436	3,231

	Consolidated financial statements		Separate financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	<i>(in million Baht)</i>			
Current	1,500	22,994	1,500	22,994
Non-current	131,384	117,884	131,384	117,884
Total	132,884	140,878	132,884	140,878

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Movements during the nine-month periods ended 30 September 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	(22,994)	(2,500)	(22,994)	(2,500)
At 30 September	132,884	153,125	132,884	153,125
At 31 December	140,878	140,878	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.

Siam Makro Public Company Limited shares as at 30 September 2019, which were pledged in accordance with the conditions stipulated in the bond issuance, totaled 1,765 million shares. The fair value of those shares totaled Baht 59,554 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 September 2019 and past service cost recognised in the interim consolidated and separate financial statements for the nine-month period then ended increased of Baht 809 million and Baht 489 million, respectively.

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9 Subordinated perpetual debentures

As at 30 September 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 nine-month period ended 30 September 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 nine-month periods ended 30 September 2019 which the debentures holders have the right to receive if the interest payment was announced amounting to Baht 252 million and Baht 748 million (*30 September 2018: Baht 252 million and Baht 748 million*). During the year 2019 the Company paid interest expenses on subordinated perpetual debentures to the holders of Baht 748 million (*2018: Baht 748 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

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 nine-month periods ended 30 September 2019 and 2018 were as follows:

	Convenience stores		Cash and carry		Other		Eliminate		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	<i>(in million Baht)</i>									
<i>For the three-month period ended 30 September</i>										
Types of revenues										
Revenue from sale of goods	82,898	76,502	49,856	45,950	8,544	7,255	(8,041)	(6,586)	133,257	123,121
Revenue from rendering of services	331	349	929	822	2,720	2,585	(1,474)	(1,478)	2,506	2,278
Revenue from sale of goods and rendering of services to external customers	83,229	76,851	50,785	46,772	11,264	9,840	(9,515)	(8,064)	135,763	125,399
Total revenues	90,728	83,941	50,987	46,929	11,522	10,117	(12,165)	(10,590)	141,072	130,397
Timing of revenue recognition										
At a point of time	83,229	76,851	49,856	45,950	9,959	8,409	(8,889)	(7,012)	134,155	124,198
Overtime	-	-	929	822	1,305	1,431	(626)	(1,052)	1,608	1,201
Total	83,229	76,851	50,785	46,772	11,264	9,840	(9,515)	(8,064)	135,763	125,399
Segment profit before income tax expense	6,106	5,937	1,803	1,611	957	819	(2,102)	(2,122)	6,764	6,245

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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)									
<i>For the nine-month period ended 30 September</i>										
Types of revenues										
Revenue from sale of goods	248,023	226,601	151,550	138,489	24,413	20,974	(22,550)	(19,116)	401,436	366,948
Revenue from rendering of services	993	1,108	2,646	2,444	7,953	7,475	(4,638)	(4,168)	6,954	6,859
Revenue from sale of goods and rendering of services to external customers	249,016	227,709	154,196	140,933	32,366	28,449	(27,188)	(23,284)	408,390	373,807
Total revenues	270,400	248,946	154,796	141,644	33,035	29,206	(35,047)	(32,001)	423,184	387,795
Timing of revenue recognition										
At a point of time	249,016	227,709	151,550	138,489	27,892	24,314	(23,913)	(20,405)	404,545	370,107
Overtime	-	-	2,646	2,444	4,474	4,135	(3,275)	(2,879)	3,845	3,700
Total	249,016	227,709	154,196	140,933	32,366	28,449	(27,188)	(23,284)	408,390	373,807
Segment profit before income tax expense	18,535	18,565	4,982	4,866	2,480	2,571	(6,541)	(7,368)	19,456	18,634

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Contract balances

As at 30 September 2019 the Group had outstanding balances of deferred revenue in the interim consolidated and separate financial statements amounting to Baht 1,444 million and Baht 703 million, respectively. 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 nine-month periods ended 30 September 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 September</i>	<i>(in million Baht/million shares)</i>			
Profit for the period attributable to equity holders of the Company	5,612	5,182	5,615	5,420
Less: cumulative interest for the period on subordinated perpetual debentures	(252)	(252)	(252)	(252)
Profit used in calculation of basic earnings per share	5,360	4,930	5,363	5,168
Number of ordinary shares outstanding during the period	8,983	8,983	8,983	8,983
Basic earnings per share (in Baht)	0.60	0.55	0.60	0.58
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<i>For the nine-month period ended 30 September</i>	<i>(in million Baht/million shares)</i>			
Profit for the period attributable to equity holders of the Company	16,176	15,378	16,952	16,874
Less: cumulative interest for the period on subordinated perpetual debentures	(748)	(748)	(748)	(748)
Profit used in calculation of basic earnings per share	15,428	14,630	16,204	16,126
Number of ordinary shares outstanding during the period	8,983	8,983	8,983	8,983
Basic earnings per share (in Baht)	1.72	1.63	1.80	1.80

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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)
2019				
2018 Annual dividend	26 April 2019	22 May 2019	<u>1.20</u>	<u>10,780</u>
2018				
2017 Annual dividend	20 April 2018	18 May 2018	<u>1.10</u>	<u>9,881</u>

14 Supplemental disclosures of cash flows information

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

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
<i>Property, plant and equipment</i>				
Increases during the period	11,366	9,994	7,450	5,968
Add (Less) - changes in payables	873	37	211	(176)
- assets under finance leases	(12)	(13)	-	-
Purchase and paid by cash	<u>12,227</u>	<u>10,018</u>	<u>7,661</u>	<u>5,792</u>
<i>Other intangible assets</i>				
Increases during the period	558	558	350	236
Less - changes in payables	(15)	(3)	(48)	(18)
Purchase and paid by cash	<u>543</u>	<u>555</u>	<u>302</u>	<u>218</u>

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.

	Carrying amount	Consolidated financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
		(in million Baht)			
30 September 2019					
Financial liabilities not measured at fair value					
Current					
Debentures	1,500	-	1,520	-	1,520

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		Consolidated financial statements			
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
30 September 2019					
Financial liabilities not measured at fair value					
Non-current					
Debentures	131,384	-	140,399	-	140,399
Accrued guarantee deposits	3,864	-	3,111	-	3,111
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 September 2019					
Financial liabilities not measured at fair value					
Current					
Debentures	1,500	-	1,520	-	1,520
Non-current					
Debentures	131,384	-	140,399	-	140,399
Accrued guarantee deposits	3,793	-	3,040	-	3,040
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 September 2019 and 31 December 2018 the Group had total forward currency contracts as follow:

		Consolidated financial statements	
		30 September 2019	31 December 2018
		<i>(in million)</i>	
Forward currency contracts - to buy	Foreign currency		
	Yen	502.6	1,166.1
	United States Dollar	5.2	23.5
	China Renminbi	1.3	1.1
	Euro	0.8	1.0
	Australia Dollar	0.6	1.5
	Pound Sterling	-	0.2
Forward currency contracts - to sell	United States Dollar	0.8	0.4
	Swiss Franc	0.3	0.4

As at 30 September 2019 the fair value level 2 of forward currency contracts - to buy and forward currency contracts - to sell amounting to Baht 350 million and Baht 35 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 September 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)	1,302	-
Total	1,302	-

Future minimum lease payments under non-cancellable operating leases

	Consolidated financial statements	Separate financial statements
<i>At 30 September 2019</i>	<i>(in million Baht)</i>	
Within one year	7,397	6,555
After one year but within five years	10,996	8,230
After five years	13,800	3,383
Total	32,193	18,168

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 September 2019</i>	<i>(in million Baht)</i>	
Unused letters of credit for purchase of goods and supplies	727	-
Total	727	-

Letters of guarantee

As at 30 September 2019 the Group has commitments under letters of guarantee with the financial institutions, principally guarantee for utilities, rental agreements and others totaling Baht 2,028 million and United States Dollars 0.3 million.

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Significant agreements

As at 30 September 2019 the Group had the following significant agreements only those with changes during the nine-month period ended 30 September 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 a 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 August 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 in advance not less than the timing period stipulated in the agreement before the expiry date of the agreement.

17 Event after the reporting period

In October 2019, a foreign subsidiary (CP Wholesale India Private Limited) called for and received additional paid-up share capital of Indian Rupee 300 million (Indian Rupee 70 per share consisted of the par value of Indian Rupee 10 per share and the share premium of Indian Rupee 60 per share). Therefore, the total paid-up share capital amounted to Indian Rupee 543 million and the share premium of Indian Rupee 2,657 million.

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 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 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 consolidated and separate financial statements.

19 Reclassification of accounts

Certain accounts in the statement of income for the three-month and nine-month periods ended 30 September 2018 have been reclassified to conform to the presentation of the interim financial statements for the three-month and nine-month periods ended 30 September 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 September						
Revenue from sale of goods and rendering of services	(125,482)	83	(125,399)	(76,851)	-	(76,851)
Other income	(4,941)	72	(4,869)	(5,016)	72	(4,944)
Cost of sale of goods and rendering of services	97,474	(155)	97,319	55,647	(72)	55,575
		<u>-</u>			<u>-</u>	
Statement of income						
- nine-month period ended 30 September						
Revenue from sale of goods and rendering of services	(374,049)	242	(373,807)	(227,709)	-	(227,709)
Other income	(13,983)	257	(13,726)	(13,852)	257	(13,595)
Cost of sale of goods and rendering of services	291,197	(499)	290,698	164,935	(257)	164,678
		<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.