

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

Interim financial statements
for the three-month and nine-month periods ended
30 September 2018

and

Independent Auditor's Report
on Review of Interim Financial Information



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Independent Auditor's Report on Review of Interim Financial Information

To the Board of Directors of CP ALL Public Company Limited

I have reviewed the accompanying consolidated and separate statements of financial position of CP ALL Public Company Limited and its subsidiaries, and of CP ALL Public Company Limited, respectively, as at 30 September 2018; the consolidated and separate statements of income and comprehensive income for the three-month and nine-month periods ended 30 September 2018; the consolidated and separate statements of changes in equity and cash flows for the nine-month period ended 30 September 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
13 November 2018

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	2018	2017	2018	2017
		(Unaudited)		(Unaudited)	
<i>(in thousand Baht)</i>					
Current assets					
Cash and cash equivalents		36,986,408	28,878,806	27,640,765	17,651,393
Current investments		1,461,815	1,384,828	-	-
Trade accounts receivable	3,4	1,465,424	1,600,923	47,917	123,933
Other current receivables	3	6,293,238	6,711,809	4,488,268	4,642,188
Short-term loans to subsidiaries	3	-	-	5,600,000	4,700,000
Inventories	3	26,440,566	27,376,288	12,166,453	12,723,676
Other current assets		493,573	620,615	265,355	380,037
Total current assets		73,141,024	66,573,269	50,208,758	40,221,227
Non-current assets					
Investments in subsidiaries	5	-	-	197,610,701	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	1,373,182	1,398,281	1,095,335	1,117,062
Investment properties		332,832	332,832	-	-
Property, plant and equipment	3,6	108,652,285	106,394,003	29,824,234	28,293,611
Goodwill		128,328,020	128,328,020	-	-
Leasehold rights	3	4,079,762	4,075,076	385,473	350,573
Other intangible assets	3	51,274,242	51,249,434	1,400,760	1,329,560
Deferred tax assets		982,034	914,761	453,521	427,729
Other non-current assets		1,050,100	998,478	1,153,658	1,102,560
Total non-current assets		296,107,446	293,725,297	231,957,682	239,488,530
Total assets		369,248,470	360,298,566	282,166,440	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

		Consolidated		Separate	
		financial statements		financial statements	
		30 September	31 December	30 September	31 December
Liabilities and equity	Note	2018	2017	2018	2017
		(Unaudited)		(Unaudited)	
<i>(in thousand Baht)</i>					
Current liabilities					
Short-term borrowings from					
financial institutions	7	3,429,345	4,325,530	-	-
Trade accounts payable	3	67,504,167	74,742,349	36,975,000	38,336,434
Other payables	3	14,963,669	14,079,123	16,430,679	16,848,314
Current portion of debentures	7	35,241,300	14,747,000	35,241,300	14,747,000
Current portion of long-term					
borrowings from financial					
institutions	7	2,047,072	2,031,562	-	-
Current portion of finance					
lease liabilities		115,512	118,347	-	-
Income tax payable		825,832	1,206,250	335,375	269,693
Other current liabilities		880,269	856,798	660,097	571,934
Total current liabilities		125,007,166	112,106,959	89,642,451	70,773,375
Non-current liabilities					
Debentures	7	117,883,600	140,877,900	117,883,600	140,877,900
Long-term borrowings from					
financial institutions	7	9,072,335	4,250,087	-	-
Finance lease liabilities		613,848	687,562	-	-
Provisions for employee benefits		3,075,378	2,787,298	1,707,180	1,537,961
Accrued guarantee deposits		3,667,352	3,592,742	3,582,014	3,457,759
Deferred tax liabilities		15,108,626	15,170,074	-	-
Other non-current liabilities		508,139	597,164	118,321	74,665
Total non-current liabilities		149,929,278	167,962,827	123,291,115	145,948,285
Total liabilities		274,936,444	280,069,786	212,933,566	216,721,660

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

CP ALL Public Company Limited and its Subsidiaries

Statement of financial position

Liabilities and equity <i>(Continued)</i>	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 September	31 December	30 September	31 December
		2018	2017	2018	2017
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
Equity					
Share capital					
Authorised share capital		8,986,296	8,986,296	8,986,296	8,986,296
Issued and paid-up share capital		8,983,101	8,983,101	8,983,101	8,983,101
Additional paid-in capital					
Premium on ordinary shares		1,684,317	1,684,317	1,684,317	1,684,317
Deficit from changes in ownership					
interest in subsidiary		(1,061,148)	(1,142,586)	-	-
Retained earnings					
Appropriated					
Legal reserve		900,000	900,000	900,000	900,000
Unappropriated		50,476,694	45,728,253	37,756,302	31,511,525
Other component of equity		(1,343,330)	(729,324)	-	-
Total		59,639,634	55,423,761	49,323,720	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		79,548,788	75,332,915	69,232,874	62,988,097
Non-controlling interests		14,763,238	4,895,865	-	-
Total equity		94,312,026	80,228,780	69,232,874	62,988,097
Total liabilities and equity		369,248,470	360,298,566	282,166,440	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 September		period ended 30 September	
<i>Note</i>		2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Revenues	3				
Revenue from sale of goods and rendering of services		125,482,337	118,241,828	76,850,895	70,844,644
Interest income		70,499	45,095	110,079	80,095
Dividend income		54	44	2,036,335	1,977,553
Net foreign exchange gain		57,790	4,550	-	30
Other income		4,941,596	4,923,553	5,016,190	4,923,944
Total revenues		130,552,276	123,215,070	84,013,499	77,826,266
Expenses	3				
Cost of sale of goods and rendering of services		97,474,391	91,742,078	55,646,901	51,057,511
Distribution costs		21,170,349	20,003,348	17,936,943	16,959,219
Administrative expenses		3,827,296	3,621,147	2,772,710	2,742,314
Net foreign exchange loss		-	-	20	-
Finance costs		1,834,799	2,000,204	1,719,991	1,909,557
Total expenses		124,306,835	117,366,777	78,076,565	72,668,601
Profit before income tax expense		6,245,441	5,848,293	5,936,934	5,157,665
Income tax expense	10	998,129	852,968	516,667	368,209
Profit for the period		5,247,312	4,995,325	5,420,267	4,789,456
Profit attributable to:					
Equity holders of the Company		5,181,786	4,970,338	5,420,267	4,789,456
Non-controlling interests		65,526	24,987	-	-
Profit for the period		5,247,312	4,995,325	5,420,267	4,789,456
Basic earnings per share (in Baht)	11	0.55	0.53	0.58	0.51

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 September		period ended 30 September	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Profit for the period	5,247,312	4,995,325	5,420,267	4,789,456
Other comprehensive income				
<i>Item that will be reclassified</i>				
<i>subsequently to profit or loss</i>				
Exchange differences on translating				
financial statement	<u>(603,058)</u>	<u>(43,059)</u>	<u>-</u>	<u>-</u>
Other comprehensive income				
for the period	<u>(603,058)</u>	<u>(43,059)</u>	<u>-</u>	<u>-</u>
Total comprehensive income				
for the period	<u>4,644,254</u>	<u>4,952,266</u>	<u>5,420,267</u>	<u>4,789,456</u>
Total comprehensive income				
attributable to:				
Equity holders of the Company	4,593,387	4,932,048	5,420,267	4,789,456
Non-controlling interests	<u>50,867</u>	<u>20,218</u>	<u>-</u>	<u>-</u>
Total comprehensive income				
for the period	<u>4,644,254</u>	<u>4,952,266</u>	<u>5,420,267</u>	<u>4,789,456</u>

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 nine-month		For the nine-month	
		period ended 30 September		period ended 30 September	
<i>Note</i>		2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Revenues	3				
Revenue from sale of goods and rendering of services		374,049,038	347,704,572	227,709,397	205,766,420
Interest income		214,834	182,897	306,964	278,204
Dividend income		158	134	6,427,337	5,122,628
Net foreign exchange gain		47,058	-	65	-
Gain on sale of investment in subsidiary	5	-	-	907,177	-
Other income		13,982,608	13,482,350	13,851,492	13,401,380
Total revenues		388,293,696	361,369,953	249,202,432	224,568,632
Expenses	3				
Cost of sale of goods and rendering of services		291,197,187	270,509,703	164,934,972	147,990,313
Distribution costs		61,779,815	56,994,351	52,336,057	48,235,668
Administrative expenses		11,226,297	10,653,024	8,224,938	7,828,052
Net foreign exchange loss		-	8,790	-	52
Finance costs		5,456,078	6,054,038	5,141,241	5,791,748
Total expenses		369,659,377	344,219,906	230,637,208	209,845,833
Profit before income tax expense		18,634,319	17,150,047	18,565,224	14,722,799
Income tax expense	10	3,106,892	2,670,216	1,691,091	1,317,277
Profit for the period		15,527,427	14,479,831	16,874,133	13,405,522
Profit attributable to:					
Equity holders of the Company		15,377,797	14,382,512	16,874,133	13,405,522
Non-controlling interests		149,630	97,319	-	-
Profit for the period		15,527,427	14,479,831	16,874,133	13,405,522
Basic earnings per share (in Baht)	11	1.63	1.55	1.80	1.44

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 nine-month		For the nine-month	
	period ended 30 September		period ended 30 September	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Profit for the period	15,527,427	14,479,831	16,874,133	13,405,522
Other comprehensive income				
<i>Item that will be reclassified</i>				
<i>subsequently to profit or loss</i>				
Exchange differences on translating				
financial statement	(623,030)	(202,401)	-	-
Other comprehensive income				
for the period	(623,030)	(202,401)	-	-
Total comprehensive income				
for the period	14,904,397	14,277,430	16,874,133	13,405,522
Total comprehensive income				
attributable to:				
Equity holders of the Company	14,763,791	14,192,262	16,874,133	13,405,522
Non-controlling interests	140,606	85,168	-	-
Total comprehensive income				
for the period	14,904,397	14,277,430	16,874,133	13,405,522

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

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

Consolidated financial statements									
				Retained earnings	Other component of equity				
				Surplus (Deficit) from changes in ownership interest in subsidiary	Exchange differences on translating financial statement	Equity attributable to equity holders of the Company	Subordinated perpetual debentures	Non-controlling interests	Total equity
				Legal reserve	Unappropriated				
			</						

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

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

Consolidated financial statements									
		Retained earnings			Other component of equity				

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)

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	12	-	-	(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	8	-	-	(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 notes are an integral part of these financial statements.

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

For the nine-month period ended 30 September 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						
<i>Distributions to equity holders</i>						
Dividends	12	-	-	(8,983,101)	-	(8,983,101)
Total transactions with equity holders, recorded directly in equity		-	-	(8,983,101)	-	(8,983,101)
Comprehensive income for the period						
Profit		-	-	13,405,522	-	13,405,522
Total comprehensive income for the period		-	-	13,405,522	-	13,405,522
Issuance of subordinated perpetual debentures	8	-	-	-	9,956,229	9,956,229
Interest payment on subordinated perpetual debentures	8	-	-	(247,945)	-	(247,945)
Balance at 30 September 2017		8,983,101	1,684,317	900,000	19,909,154	60,043,362

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 nine-month		For the nine-month	
	period ended 30 September		period ended 30 September	
Note	2018	2017	2018	2017
	(in thousand Baht)			
Cash flows from operating activities				
Profit for the period	15,527,427	14,479,831	16,874,133	13,405,522
<i>Adjustments to reconcile profit to cash receipts</i>				
Depreciation	7,068,327	6,471,997	4,240,093	3,962,778
Amortisation of leasehold rights	223,956	207,852	80,888	82,252
Amortisation of other intangible assets	469,554	399,505	164,281	136,734
Interest income	(214,834)	(182,897)	(306,964)	(278,204)
Dividend income	(158)	(134)	(6,427,337)	(5,122,628)
Gain on sale of investment in subsidiary	5	-	(907,177)	-
Finance costs	5,456,078	6,054,038	5,141,241	5,791,748
Income tax expense	3,106,892	2,670,216	1,691,091	1,317,277
Provisions for employee benefits	306,911	274,111	171,000	153,000
Reversal of allowance for losses on decline in value of inventories	(74,231)	(66,930)	(38,083)	(54,079)
Impairment for losses on property, plant and equipment	6,981	800	-	-
Reversal of impairment for losses on other intangible assets	(2,500)	-	-	-
Bad and doubtful debts expenses	6,003	1,806	-	-
Unrealised gain on exchange	(821)	(5,272)	-	-
Loss on disposal and write-off of property, plant and equipment	85,865	78,485	96,079	66,137
Gain on disposal of leasehold rights	(9,733)	(6,384)	(9,733)	(6,384)
Loss on write-off of other intangible assets	47	103	47	103
	31,955,764	30,377,127	20,769,559	19,454,256
Changes in operating assets and liabilities				
Trade accounts receivable	134,038	129,725	76,016	56,984
Other receivables	479,476	280,830	224,892	(115,927)
Inventories	1,009,949	2,182,127	595,307	(421,411)
Other current assets	125,360	13,695	107,602	192,463
Other non-current assets	(118,256)	(98,557)	(51,098)	(58,939)

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 financial statements		Separate financial statements	
		For the nine-month period ended 30 September		For the nine-month period ended 30 September	
	Note	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Trade accounts payable		(7,183,779)	(841,439)	(1,361,435)	2,767,947
Other payables		860,742	1,582,596	(486,330)	294,973
Other current liabilities		23,471	(93,969)	88,163	36,666
Provisions for employee benefits paid		(17,432)	(42,285)	(1,312)	(5,821)
Transferred (out) in of provisions for employee benefits		(1,199)	1,263	(469)	6,416
Accrued guarantee deposits		74,610	158,572	124,256	178,204
Other non-current liabilities		(85,719)	113,649	43,656	33,290
Net cash generated from operating		27,257,025	33,763,334	20,128,807	22,419,101
Income tax paid		(3,670,376)	(3,181,340)	(1,651,201)	(1,450,879)
Net cash from operating activities		23,586,649	30,581,994	18,477,606	20,968,222
<i>Cash flows from investing activities</i>					
Interest received		171,184	195,243	257,718	269,188
Dividends received		158	134	6,427,337	5,122,628
Acquisition of current investments		(1,949,008)	(1,329,717)	-	-
Proceeds from sale of current investments		1,871,538	1,333,639	-	-
Cash outflow on short-term loans to subsidiaries	3	-	-	(1,300,000)	(110,000)
Proceeds from repayment of short-term loans to subsidiaries	3	-	-	400,000	735,000
Acquisition of investments in subsidiaries	5	-	-	(1,000)	(37,500)
Acquisition of other long-term investments		(577)	-	-	-
Acquisition of property, plant and equipment	13	(10,018,417)	(11,347,975)	(5,791,615)	(5,503,003)
Proceeds from sale of property, plant and equipment		158,417	104,843	101,712	74,147
Acquisition of leasehold rights		(290,543)	(959,719)	(109,014)	(71,829)
Proceeds from sale of leasehold rights		10,188	9,761	10,038	9,761
Acquisition of other intangible assets	13	(554,702)	(583,998)	(217,840)	(209,661)
Proceeds from sale of other intangible assets		78	179	-	-
Net cash outflows on acquisition of subsidiaries		-	(2,618,402)	-	-
Net cash (used in) from investing activities		(10,601,684)	(15,196,012)	(222,664)	278,731

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 nine-month		For the nine-month	
		period ended 30 September		period ended 30 September	
Note		2018	2017	2018	2017
		(in thousand Baht)			
Cash flows from financing activities					
Interest paid		(5,501,919)	(6,621,137)	(5,267,542)	(6,424,130)
Interest paid on subordinated perpetual debentures	8	(747,945)	(247,945)	(747,945)	(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		(189,882)	(90,647)	-	-
Payment by a lessee for reduction of the outstanding liability relating to a finance lease		(137,869)	(135,287)	-	-
(Decrease) increase in short-term borrowings from financial institutions	7	(896,362)	2,844,360	-	-
Proceeds from issue of debentures	7	-	7,500,000	-	7,500,000
Repayment of debentures	7	(2,500,000)	(26,149,100)	(2,500,000)	(26,149,100)
Increase in long-term borrowings from financial institutions	7	4,846,460	1,771,917	-	-
Proceeds from issue of subordinated perpetual debentures	8	-	9,956,229	-	9,956,229
Proceeds from called for paid-up share capital from subsidiary		19,593	189,415	-	-
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		(4,858,007)	(19,964,978)	(8,265,570)	(24,347,729)
Net increase (decrease) in cash and cash equivalents, before effect of exchange rates		8,126,958	(4,578,996)	9,989,372	(3,100,776)
Effect of exchange rate changes on cash and cash equivalents		(19,356)	(155,053)	-	-
Net increase (decrease) in cash and cash equivalents		8,107,602	(4,734,049)	9,989,372	(3,100,776)
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		36,986,408	28,709,117	27,640,765	20,634,140

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

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Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

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

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language interim financial statements have been prepared from the Thai language interim financial statements, and were approved and authorised for issue by the Board of Directors on 13 November 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 September 2018 was 10,902 stores (*31 December 2017: 10,268 stores*).

	30 September 2018	31 December 2017
	<i>(number of stores)</i>	
The Company owns and manages convenience stores	4,894	4,530
The Company franchises the license to other retailers		
- under management agreements	5,261	5,017
- under sub-license agreements	747	721
Total	10,902	10,268

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

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

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

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

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The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2017 except that the Group has adopted all the revised Thai Financial Reporting Standards (“TFRS”) that are 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.

In addition to the above revised TFRS, the FAP has issued a number of other new TFRS which become effective for annual financial reporting periods beginning on or after 1 January of the following years.

TFRS	Topic	Effective
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TAS 32*	Financial Instruments: Presentation	2020
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation	2020
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments	2020

** TFRS - Financial instruments standards*

The Group has not early adopted these TFRS in the preparation of interim financial statements.

TFRS 15 Revenue from Contracts with Customers

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.

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

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.

(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.

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(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.

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.

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Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

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
CPF IT Center Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
Leadership Development Charoen Pokphand Group Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
Perfect Companion Group Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
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
True Lifestyle Retail 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

CP ALL Public Company Limited and its Subsidiaries

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For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

Name of parties	Country of incorporation/ nationality	Nature of relationships
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. Cambodia Co., Ltd.	Cambodia	Charoen Pokphand Group Company Limited is a major shareholder
C.P. Facility Management 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
CP Coffee Business Hong Kong Company Limited	Hong Kong	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
Real Move Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Digital and Media Platform Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Distribution and Sales Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True GS Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Internet Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Internet Corporation Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Move Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

Name of parties	Country of incorporation/ nationality	Nature of relationships
True Move H Universal Communication Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True United Football Club 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
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

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Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

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

	Consolidated financial statements		Separate financial statements	
<i>For the three-month period ended 30 September</i>	2018	2017 (in million Baht)	2018	2017
Ultimate parent company				
Administrative expenses	2	15	2	15
Subsidiaries				
Revenue from sale of goods and rendering of services	-	-	171	171
Interest income	-	-	63	53
Dividend income	-	-	2,036	1,978
Other income	-	-	367	360
Distribution costs	-	-	483	323
Administrative expenses	-	-	606	638
Purchases of goods and services	-	-	6,070	5,349
Purchases of property, plant and equipment and other intangible assets	-	-	484	620
Other related companies				
Revenue from sale of goods and rendering of services	469	482	120	156
Other income	619	259	602	247
Distribution costs	21	17	-	-
Administrative expenses	168	194	122	153
Purchases of goods and services	12,177	10,449	8,588	7,536
Purchases of property, plant and equipment, leasehold rights and other intangible assets	4	19	-	-
Key management personnel				
Key management benefit expenses				
Short-term employee benefits	161	149	115	104
Severance pay for employees	2	2	1	1
Total key management benefit expenses	163	151	116	105

CP ALL Public Company Limited and its Subsidiaries

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For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

	Consolidated financial statements		Separate financial statements	
<i>For the nine-month period ended 30 September</i>	2018	2017 (in million Baht)	2018	2017
Ultimate parent company				
Administrative expenses	7	20	7	20
Subsidiaries				
Revenue from sale of goods and rendering of services	-	-	512	502
Interest income	-	-	173	164
Dividend income	-	-	6,427	5,123
Other income	-	-	1,060	996
Distribution costs	-	-	1,393	1,028
Administrative expenses	-	-	1,781	1,760
Purchases of goods and services	-	-	17,571	15,491
Purchases of property, plant and equipment and other intangible assets	-	-	1,478	1,703
Other related companies				
Revenue from sale of goods and rendering of services	1,296	1,410	394	552
Other income	1,175	1,007	1,079	979
Distribution costs	58	48	-	-
Administrative expenses	562	503	395	360
Purchases of goods and services	33,607	29,597	23,399	21,590
Purchases of property, plant and equipment, leasehold rights and other intangible assets	12	41	-	-
Key management personnel				
Key management benefit expenses				
Short-term employee benefits	563	508	386	351
Severance pay for employees	6	7	2	3
Total key management benefit expenses	569	515	388	354

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

Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	(in million Baht)			
Related companies	218	216	-	-
Less allowance for doubtful accounts	-	-	-	-
Net	218	216	-	-

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Reversal of allowance for doubtful accounts for the				
- three-month period ended 30 September	-	(2)	-	-
- nine-month period ended 30 September	-	(2)	-	-

Other receivables

	Consolidated financial statements		Separate financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	<i>(in million Baht)</i>			
Current				
Subsidiaries	-	-	660	614
Other related companies	644	623	387	507
Total	644	623	1,047	1,121
Non-current				
Subsidiary	-	-	111	134
Total	-	-	111	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 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 amortised the prepaid rental and service fees as an expense according to the terms of the agreements (15 years).

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Short-term loans to subsidiaries

	Consolidated financial statements		Separate financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	<i>(in million Baht)</i>			
CPRAM Co., Ltd.	-	-	5,500	4,250
CP Retailink Co., Ltd.	-	-	100	450
Total	-	-	5,600	4,700

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

Movements during the nine-month periods ended 30 September 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	-	-	1,300	110
Decreases	-	-	(400)	(735)
At 30 September	-	-	5,600	4,200
At 31 December		-		4,700

As at 30 September 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 September 2018	31 December 2017	30 September 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 September 2018 and 31 December 2017 was denominated entirely in Thai Baht.

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Trade accounts payable

	Consolidated financial statements		Separate financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	<i>(in million Baht)</i>			
Subsidiaries	-	-	2,143	2,029
Other related companies	6,899	7,797	4,510	5,318
Total	6,899	7,797	6,653	7,347

Other payables

	Consolidated financial statements		Separate financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	<i>(in million Baht)</i>			
Subsidiaries	-	-	9,110	9,699
Other related companies	161	132	25	52
Total	161	132	9,135	9,751

Future minimum lease payments under non-cancellable operating leases

	Consolidated financial statements		Separate financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	<i>(in million Baht)</i>			
Within one year	223	182	145	122
After one year but within five years	172	249	35	119
After five years	137	144	-	-
Total	532	575	180	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 September 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.

CP ALL Public Company Limited and its Subsidiaries

Notes to the interim financial statements

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- (b) The Company has a cash management agreement with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agreed to provide cash management services under conditions stipulated in the agreement to the subsidiary. In consideration thereof, the subsidiary agreed to pay a cash management service fee to the Company at the rates stipulated in the agreement, and the Company agreed to pay benefits for cash management to the subsidiary at the rate stipulated in the agreement. If either party has intention to terminate the agreement, a written notification must be made to the other party at least 60 days before the expiry date of the agreement.
- (c) The Company has service agreements with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreements, the Company agreed to provide and install the computer system to support bill payment services. In consideration thereof, the subsidiary agreed to pay monthly service fees to the Company in accordance with the types of service stipulated in the agreements.
- (d) The Company has a service agreement with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agreed to be appointed as the agent of the subsidiary for bill payment services under conditions stipulated in the agreement. In consideration thereof, the subsidiary agreed to pay a service fee to the Company at the amount stipulated in the agreement. If either party has intention to terminate the agreement, a written notification must be made to the other party at least 60 days before the expiry date of the agreement.
- (e) The Company has a maintenance service agreement with CP Retailink Co., Ltd., a local subsidiary. Under the terms of the agreement, the subsidiary agreed to provide maintenance of computer hardware and equipment services to the Company for a period of 5 years ending in December 2019. In consideration thereof, the Company agreed to pay an annual service fee to the subsidiary at the amount stipulated in the agreement.
- (f) The Company has a computer service center agreement with Thai Smart Card Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agreed to provide place for setting up computer center and other facilities to the subsidiary for a period of 3 years ending in September 2020. In consideration thereof, the subsidiary agreed to pay an annual service fee to the Company at the amount stipulated in the agreement.
- (g) The Company and certain local subsidiaries have lease and service agreements with C.P. Tower Growth Leasehold Property Fund, a related company, to lease space in its buildings for offices of the Company and the subsidiaries. In consideration thereof, the Company and the subsidiaries agreed to pay monthly rental and services fees totaling Baht 12.5 million, and placed guarantee deposits with the related company totaling Baht 37.5 million. The guarantee deposits will be refunded to the Company and the subsidiaries upon the termination of the lease. These agreements are effective for a period of 3 years, and will expire on various dates until August 2021.
- (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.

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- (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.

4 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	30 September 2018	31 December 2017	30 September 2018	31 December 2017
		(in million Baht)			
Related parties	3	218	216	-	-
Other parties		1,276	1,412	48	124
Total		1,494	1,628	48	124
Less allowance for doubtful accounts		(29)	(27)	-	-
Net		1,465	1,601	48	124

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
Bad and doubtful debts expense (Reversal of allowance for doubtful accounts) for the				
- three-month period ended 30 September	-	(3)	-	-
- nine-month period ended 30 September	5	2	-	-

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Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
<i>Note</i>	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Related parties				
Within credit terms	171	166	-	-
Overdue:				
Less than 3 months	42	46	-	-
3 - 6 months	2	3	-	-
6 - 12 months	1	1	-	-
Over 12 months	2	-	-	-
Total	218	216	-	-
Less allowance for doubtful accounts	-	-	-	-
Net	3 218	216	-	-
Other parties				
Within credit terms	869	1,039	48	124
Overdue:				
Less than 3 months	360	305	-	-
3 - 6 months	16	20	-	-
6 - 12 months	13	29	-	-
Over 12 months	18	19	-	-
Total	1,276	1,412	48	124
Less allowance for doubtful accounts	(29)	(27)	-	-
Net	1,247	1,385	48	124
Grand total	1,465	1,601	48	124

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 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
Increases	-	-	1	37
Decrease	-	-	(9,224)	-
At 30 September	-	-	197,610	205,574
At 31 December	-	-	206,833	206,833

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Details of the investments in subsidiaries during the nine-month periods ended 30 September 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)	-
ALL Wellness Co., Ltd.	-	-	1	-
All Corporation Limited	-	-	-	37
Total	-	-	(9,223)	37

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.

Additional investments

On 9 August 2018, the Company’s Board of Directors approved to set up a local subsidiary (ALL Wellness Co., Ltd.) which has 99.99% ownership interest 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.

During the third quarter of 2017, a local subsidiary (All Corporation Limited) collected from the called for additional paid-up share capital of Baht 37 million; from Baht 13 million to Baht 50 million.

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

Separate financial statements									
Name of parties	Type of business	Country of incorporation	Ownership interests		Paid-up capital		At cost		Dividend income for the nine-month period ended
			30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017	
(in million Baht)									
Local direct subsidiaries									
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	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	-
CP Retailink Co., Ltd.	Distributor of equipment for retailing and software development	Thailand	99.99	99.99	20	20	20	20	-

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Separate financial statement (Continued)										
Name of parties	Type of business	Country of incorporation	Ownership interests		Paid-up capital		At cost		Dividend income for the nine-month period ended	
			30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 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	1,318	1,159
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	220	-
ALL Wellness Co., Ltd.	Digital innovation healthcare services and consultation by medical specialists	Thailand	99.99	-	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	30	-
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	1,266	1,114
Siam Makro Public Company Limited	Cash and carry	Thailand	38.07	42.87	2,400	2,400	73,203	82,427	1,883	1,832
Total							189,225	198,448	6,427	5,123

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Separate financial statements (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 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017	
			2018		2017		2018		
(in million Baht)									
(in million United States Dollar)									
Foreign direct subsidiaries									
Lotus Distribution	Holding company	British Virgin Islands	100.00	100.00	244	244	8,385	8,385	-
Investment Limited									
Albuera International Limited	Holding company	British Virgin Islands	100.00	100.00	.*	.*	.*	.*	-
Total					8,385	8,385	8,385	-	-
Grand total					197,610	206,833	6,427	5,123	

* As at 30 September 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.

For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

Name of parties	Type of business	Country of incorporation	Ownership interests			
			30 September 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)						
Indoguna Vina Food Service Company Limited	Trading and distribution, and import and export food products	Vietnam	93.08	97.88		
ARO Commercial Company Limited	Wholesale and retail operator and related business	Republic of the Union of Myanmar	93.07	-		
ARO Company Limited	Providing marketing and consulting services	Republic of the Union of Myanmar	93.07	97.88		
CP Wholesale India Private Limited	Wholesale and related business	India	93.06	97.87		
Makro (Guangzhou) Food Company Limited	Wholesale and retail operator and related business	The People's Republic of China	93.06	97.87		

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Name of parties	Type of business	Country of incorporation	Ownership interests	
			30 September 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%)

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6 Property, plant and equipment

Acquisitions, disposals and transfers of property, plant and equipment during the nine-month periods ended 30 September 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	397	3	683	-
Buildings, building and leasehold improvements	2,781	120	3,360	80
Machinery and equipment	2,954	32	3,454	28
Furniture, fixtures and office equipment	1,734	80	1,719	71
Assets under construction and installation	5,329	3,739	6,912	5,301
Other	538	8	808	4
Total	13,733	3,982	16,936	5,484

	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	364	2	431	-
Buildings, building and leasehold improvements	1,932	107	1,875	71
Machinery and equipment	1,399	19	1,376	10
Furniture, fixtures and office equipment	1,597	65	1,575	56
Assets under construction and installation	2,369	2,099	2,484	2,346
Other	406	5	599	3
Total	8,067	2,297	8,340	2,486

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7 Interest-bearing liabilities

Short-term borrowings from financial institutions

Movements during the nine-month periods ended 30 September 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	(897)	2,844	-	-
Acquired through business combination	-	379	-	-
At 30 September	3,429	6,739	-	-
At 31 December		4,326		-

Debentures

	Consolidated financial statements		Separate financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	<i>(in million Baht)</i>			
Current	35,241	14,747	35,241	14,747
Non-current	117,884	140,878	117,884	140,878
Total	153,125	155,625	153,125	155,625

Movements during the nine-month periods ended 30 September 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	-	7,500	-	7,500
Decreases	(2,500)	(26,149)	(2,500)	(26,149)
At 30 September	153,125	161,510	153,125	161,510
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.

As at 30 September 2018 Siam Makro Public Company Limited shares 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 85,549 million.

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Long-term borrowings from financial institutions

	Consolidated financial statements		Separate financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	<i>(in million Baht)</i>			
Current	2,047	2,031	-	-
Non-current	9,072	4,250	-	-
Total	11,119	6,281	-	-

Movements during the nine-month periods ended 30 September 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	4,846	1,772	-	-
Acquired through business combination	-	32	-	-
Exchange differences on translating financial statement	(8)	(109)	-	-
At 30 September	11,119	6,280	-	-
At 31 December		6,281		-

As at 30 September 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 September 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 nine-month periods ended 30 September 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 nine-month periods ended 30 September 2018 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 2017: Baht 181 million and Baht 429 million). During the third quarter of 2018 the Company paid interest expenses on subordinated perpetual debentures to the holders of Baht 748 million (2017: Baht 248 million).

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9 Segment information

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

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

Other operations include bill payment services, frozen food plant and bakery, and distributor of retailing equipment and educational institutions. None of these segments meets the quantitative thresholds for determining reportable segments.

The Group is managed and operates principally (more than 99%) in Thailand. There are no material revenues derived from, or assets located in, foreign countries.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax expense, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before income tax expense is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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Revenue and results, based on segments, in the interim consolidated financial statements for the three-month and nine-month periods ended 30 September 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 September</i>										
Revenue from sale of goods and rendering of services to external customers	76,851	70,845	46,772	45,654	9,931	8,955	(8,072)	(7,212)	125,482	118,242
Total revenues	84,013	77,826	46,929	45,880	10,208	9,212	(10,598)	(9,703)	130,552	123,215
Segment profit before income tax expense	5,937	5,158	1,611	1,701	819	969	(2,122)	(1,980)	6,245	5,848
<i>For the nine-month period ended 30 September</i>										
Revenue from sale of goods and rendering of services to external customers	227,709	205,766	140,933	137,172	28,738	25,690	(23,331)	(20,923)	374,049	347,705
Total revenues	249,202	224,569	141,644	137,874	29,496	26,343	(32,048)	(27,416)	388,294	361,370
Segment profit before income tax expense	18,565	14,723	4,866	5,018	2,571	2,537	(7,368)	(5,128)	18,634	17,150

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10 Income tax expense

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim reporting period.

11 Basic earnings per share

The calculations of basic earnings per share for the three-month and nine-month periods ended 30 September 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 September</i>	<i>(in million Baht/million shares)</i>			
Profit for the period attributable to equity holders of the Company	5,182	4,970	5,420	4,789
Less: cumulative interest for the period on subordinated perpetual debentures	(252)	(181)	(252)	(181)
Profit used in calculation of basic earnings per share	4,930	4,789	5,168	4,608
Number of ordinary shares outstanding during the period	8,983	8,983	8,983	8,983
Basic earnings per share (in Baht)	0.55	0.53	0.58	0.51
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<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	15,378	14,383	16,874	13,406
Less: cumulative interest for the period on subordinated perpetual debentures	(748)	(429)	(748)	(429)
Profit used in calculation of basic earnings per share	14,630	13,954	16,126	12,977
Number of ordinary shares outstanding during the period	8,983	8,983	8,983	8,983
Basic earnings per share (in Baht)	1.63	1.55	1.80	1.44

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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 nine-month periods ended 30 September 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	9,994	11,612	5,968	5,969
Add (less) - changes in payables	37	(211)	(176)	(466)
- assets under finance leases	(13)	(53)	-	-
Purchase and paid by cash	10,018	11,348	5,792	5,503

Other intangible assets

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Increases during the period	558	566	236	229
(Less) add - changes in payables	(3)	18	(18)	(19)
Purchase and paid by cash	555	584	218	210

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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 September 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	35,241	-	35,558	-	35,558
<i>Non-current</i>					
Debentures	117,884	-	124,768	-	124,768
Accrued guarantee deposits	3,667	-	3,060	-	3,060
31 December 2017					
<i>Financial liability measured at fair value</i>					
Contingent consideration	232	-	-	232	232
<i>Financial liabilities not measured at fair value</i>					
<i>Current</i>					
Debentures	14,747	-	15,075	-	15,075
<i>Non-current</i>					
Debentures	140,878	-	149,915	-	149,915
Accrued guarantee deposits	3,593	-	3,103	-	3,103

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	Carrying amount	Separated financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
(in million Baht)					
30 September 2018					
<i>Financial liabilities not measured at fair value</i>					
<i>Current</i>					
Debentures	35,241	-	35,558	-	35,558
<i>Non-current</i>					
Debentures	117,884	-	124,768	-	124,768
Accrued guarantee deposits	3,582	-	2,975	-	2,975
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 September 2018 and 31 December 2017 the Group had total forward currency contracts as follow:

		Consolidated financial statements	
		30 September 2018	31 December 2017
Foreign currency		(in million)	
Forward currency contracts - to buy	Yen	1,057.6	377.3
	United States Dollar	25.8	13.6
	Euro	1.0	1.0
	China Renminbi	0.9	-
	Australian Dollar	0.2	0.1
	Pound Sterling	0.2	-
Forward currency contracts - to sell	United States Dollar	2.0	0.2
	Swiss Franc	0.2	0.5

As at 30 September 2018 the fair value level 2 of forward currency contracts - to buy and forward currency contracts - to sell amounting to Baht 1,197 million and Baht 71 million respectively (31 December 2017: Baht 595 million and Baht 25 million respectively).

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Measurement of fair values

Financial instruments measured at fair value

Contingent consideration

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

SFS recorded contingent consideration determined by the best estimate, amounting to Baht 232 million (fair value at the acquisition date), based on discount rates at 2.06% per annum in 2018 and 2.12% per annum in 2019. However, EBITDA as at 30 September 2018 has not yet achieved the target according to conditions as stipulated in the agreement.

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 September 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 September 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 information for the nine-month period ended 30 September 2018 amounting to Baht 232 million.

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Financial instruments not measured at fair value

Fair value for 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 September 2018	31 December 2017	30 September 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)	1,195	1,233	-	-
Total	1,195	1,233	-	-

Future minimum lease payments under non-cancellable operating leases

	Consolidated financial statements		Separate financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	<i>(in million Baht)</i>			
Within one year	7,181	6,472	6,283	5,911
After one year but within five years	10,533	9,336	7,898	7,438
After five years	12,930	8,241	2,880	2,667
Total	30,644	24,049	17,061	16,016

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 2018 to 2068.

Other commitments

	Consolidated financial statements		Separate financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	<i>(in million Baht)</i>			
Unused letters of credit for purchase of goods and supplies	513	255	-	-
Total	513	255	-	-

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Letters of guarantee

As at 30 September 2018 the Group has commitments under letters of guarantee with the financial institutions, principally guarantee for utilities, rental agreements and other guarantees totaling Baht 1,957 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 September 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 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 3 months, and will expire on various dates until November 2018.
- (e) A local subsidiary (Counter Service Co., Ltd.) has service agreements with government entities and state enterprises (e.g., utilities, telephone expenses, etc.), and other local companies (e.g., hire purchase, life insurance premium, etc.) ("the parties"). Under the terms of the agreements, the subsidiary is committed to operate payment centers to collect customer payments on behalf of the parties then remits funds to the parties as the agreed procedures. The subsidiary can collect service income from customers or local companies as stipulated in the agreements. These agreements are effective for periods over 1 to 5 years, and will expire on various dates up to November 2021. If either of the parties has an intention to terminate the agreement, a written notification must be made to the other party at least the number of day stipulated in the agreement before the expiry date of the agreement.

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- (f) A local subsidiary (Counter Service Co., Ltd.) has service agreements with certain individuals and local companies (“the parties”), whereby the 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 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 September 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 nine-month periods ended 30 September 2018.

17 Events after the reporting period

- 17.1 In September 2018, a local subsidiary (Makro ROH Co., Ltd.) called for additional paid-up share capital of Baht 952 million, paid-up share capital totaling Baht 3,137 million. The additional paid-up share capital was completed in October 2018.
- 17.2 In October 2018, a foreign subsidiary (Makro (Cambodia) Company Limited) called for additional paid-up share capital of United States Dollar 12 million, paid-up share capital totaling United States Dollar 42 million. The additional paid-up share capital was completed in October 2018.
- 17.3 In October 2018, a foreign subsidiary (MAXZI THE GOOD FOOD RESTAURANT & CAFÉ L.L.C) called for paid-up share capital of United Arab Emirates Dirham 4 million, paid-up share capital totaling United Arab Emirates Dirham 4 million. The paid-up share capital was completed in October 2018.

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17.4 At the Board of Directors' meeting of the Company held on 13 November 2018, the Company's Board of Directors approved to increase the authorised share capital in direct subsidiary and indirect subsidiaries as follows:

- Approved Lotus Distribution Investment Limited, a direct wholly-owned foreign subsidiary, to increase its authorised share capital by United States Dollar 66 million (increase from United States Dollar 245 million to United States Dollar 311 million).
- Approved Successor (China) Investments Limited, an indirect wholly-owned foreign subsidiary, to increase its authorised share capital by United States Dollar 66 million (increase from United States Dollar 232 million to United States Dollar 298 million).
- Approved Nanjing Tianqu Investment Management Co., Ltd., an indirect wholly-owned foreign subsidiary, to increase its authorised share capital by China Renminbi 450 million (increase from China Renminbi 1,412 million to China Renminbi 1,862 million).

17.5 At the Board of Directors' meeting of the Company held on 13 November 2018, the Company's Board of Directors approved to acquire ordinary shares of Thai Smart Card Co., Ltd., a local subsidiary, from all shareholders totaling 43,780,600 shares (equal to 27.36% of the subsidiary's total issued and paid-up shares) at the price of Baht 18 per share, totaling Baht 788 million which consisted of acquisitions from a local related company totaling 25,215,600 shares (equal to 15.76% of the subsidiary's total issued and paid-up shares) and from other companies totaling 18,565,000 shares (equal to 11.60% of the subsidiary's total issued and paid-up shares). In case the share acquisitions from all shareholders are completed, the Company will hold 100.00% of the subsidiary's total issued and paid-up shares (before the transaction, the Company holds 72.64% of the subsidiary's total issued and paid-up shares).