

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2016 (Unaudited)

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

The interim financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved for issue by the executive directors on 11 August 2016.

1 General information

Charoen Pokphand Foods Public Company Limited, the “Company”, is incorporated in Thailand on 17 January 1978 and has its registered head office at 313 C.P. Tower, Silom Road, Silom, Bangrak, Bangkok 10500, Thailand.

The Company was listed on the Stock Exchange of Thailand on 21 December 1987.

The principal activities of the Company and its subsidiaries (together referred to the “Group”) are operating in agro-industrial and integrated food businesses. The Group’s business operations are located throughout Thailand and overseas. The businesses are divided into 2 main segments as follows:

- 1) The livestock business comprises chicken, duck and pigs
- 2) The aquaculture business consists of shrimp and fish

The Group’s two main businesses are vertically integrated, starting from sourcing of raw materials for animal feed production, manufacturing animal feed, breeding animals, farming animals for commercial purposes, processing meat, producing ready-to-eat food products, and including food retail outlets and restaurants. The Group’s main products are divided into 3 main categories as follows:

- 1) Animal feed
- 2) Animal farm products such as animal breeder, live animal and meat, etc.
- 3) Processed foods and ready meals

Details of the Company’s subsidiaries as at 30 June 2016 and 31 December 2015 only those with change in ownership interests during the six-month period ended 30 June 2016 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interests (%)	
			30 June 2016	31 December 2015
<i>Indirect subsidiary with change in interests</i>				
1) CPF Trading LLC. ⁽¹⁾	Importer and distributor of meat products	Russia	99.99	59.99
<i>Newly incorporated indirect subsidiaries</i>				
1) Beijing CP Consultation Services Co., Ltd. ⁽²⁾	Provision of consulting service on economic and trade	The Republic of China	50.43	-
2) CPF Ryzan LLC. ⁽¹⁾	Livestock farming	Russia	99.99	-

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Name of the entity	Type of business	Country of incorporation	Ownership interests (%)	
			30 June 2016	31 December 2015
3) CP Group (Inner Mongolia) Nutrition Technology Flocks and Herds Service Co., Ltd. ⁽²⁾	Production and sale of animal feed	The People's Republic of China	50.43	-
4) Nanning C.P. Food Co., Ltd. ⁽²⁾	Production and sale of ready meal	The People's Republic of China	50.43	-
5) NNPP-2 Limited Liability Company ⁽³⁾	Livestock farming	Russia	75.82	-

Indirect subsidiaries from business acquisition

1) Hubei Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed and breeding and processed food	The People's Republic of China	50.43	-
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Indirect subsidiary that change name

1) C.P. Premix (Tianjin) Co., Ltd. ⁽²⁾ (Formerly known as Tianjin Chia Tai Feed Tech Co., Ltd.)	Production and sale of animal feed	The People's Republic of China	50.43	50.43
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⁽¹⁾ a subsidiary of Charoen Pokphand Foods (Overseas) LLC.

⁽²⁾ a subsidiary of C.P. Pokphand Co., Ltd.

⁽³⁾ a subsidiary of Russia Baltic Pork Invest ASA

During the six-month period ended 30 June 2016, the Group did not dispose any investment in subsidiaries.

2 Basis of preparation of the interim financial statements

2.1 Statement of compliance

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (“TAS”) No. 34 (revised 2015) *Interim Financial Reporting*; including related guidelines promulgated by the Federation of Accounting Professions (“FAP”); 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 2015. 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 for the year ended 31 December 2015.

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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 2015 except for the adaption of all the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2016 and are relevant to the Group's operations. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these new and revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Group.

2.2 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 presented in Thai Baht has been rounded in the notes to the interim financial statements to the nearest million Baht unless otherwise stated.

2.3 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 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 2015.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable 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 prices) or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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.

Further information about the assumptions made in measuring fair values of available-for-sale investments, which is financial instrument carried at fair value, is included in note 6 to the interim financial statements.

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3 Business combination by acquisition of shares

Share acquisition of Hubei Chia Tai Co., Ltd. (“Hubei”)

At the Board of Directors’ meeting of the Company held on 11 May 2016, the Board of Directors of the Company passed a resolution to approve Chia Tai (China) Investment Company Limited (“CTI”), a 50.43% indirectly owned subsidiary, to acquire ordinary shares of Hubei which is incorporated in China, from Chia Tai Food Investment Company Limited (“CTFI”), an indirect subsidiary of Charoen Pokphand Group Company Limited.

The main business of Hubei is production and sale of animal feed, breeding and processed food. The total value of the transaction is Renminbi 103 million or Baht 560 million.

CTI obtained control of Hubei on 14 June 2016 (“Acquisition date”) through the acquisition of 100.00% of Hubei’s total issued and paid-up share capital which equaled to 50.43% interests by the Group.

The Group has applied Thai Financial Reporting Standards (“TFRS”) No. 3 (revised 2015) *Business Combinations* to recognise the business combination transactions. The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration

	<i>(Unit: Million Baht)</i>
	Fair value
Cash	560

Identifiable assets acquired and liabilities assumed

	<i>(Unit: Million Baht)</i>
	Fair value
Cash and cash equivalents	478
Accounts receivables - trade and others	636
Inventories	310
Current biological assets	129
Other current assets	86
Property, plant and equipment	2,909
Leasehold rights prepayment	759
Overdrafts and short-term borrowings from financial institutions	(1,292)
Trade and other payables	(152)
Short-term borrowings	(205)
Current portion of long-term debts	(200)
Other current liabilities	(535)
Long-term debts	(2,361)
Deferred tax liabilities	(2)
Net assets	560
Consideration transferred	560
Cash received from acquisition of subsidiary	(478)
Net consideration paid for acquisition of subsidiary	82

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The Group had assessed the fair value of the net assets acquired in accordance with TFRS No. 3 (revised 2015). However, if new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above provisional fair values, or any additional assets or liabilities that existed at the acquisition date, then the acquisition accounting will be revised.

If the acquisition of Hubei had occurred on 1 January 2016, management estimates that revenue from sale of goods and profit of the Group in the consolidated financial statements for the three-month and six-month periods ended 30 June 2016 would have been as follows:

	<i>(Unit: Million Baht)</i>	
	For the three-month period ended 30 June 2016	For the six-month period ended 30 June 2016
Revenue from sale of goods	118,318	224,055
Profit for the period attributable to equity holders of the Company	4,022	7,779

4 Related party transactions

Related parties are those parties considered to be related to the Group. Related parties have the ability, directly or indirectly, to control the Group or exercise significant influence over the Group in making financial and operating decisions or where the Group and parties are subject to common control or common significant influence.

The significant influence entity of the Company is Charoen Pokphand Group Company Limited which directly and indirectly owned 45.40 % of the Company's voting rights as of the latest closing date of shareholder register book on 4 May 2016.

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

Transactions	Pricing policies
Sale of goods	The price list of the Group
Purchase of raw material and goods	The price list of the suppliers
Purchase and sale of property, plant and equipment	Fair value
Purchase and sale of investments	Fair value
Interest income/interest expense	Source of fund cost plus fund management expenses
Dividend income	Upon declaration
Rental and service fees	Standard rates as specified by the lessors or service providers
Technical service fees	Rate per quantity of feed production/rate per sale value of animal feed/rate per total revenue
Insurance premium	Standard rates as specified by the insurers
Trademark license fee	Rate per sales value under trademark
Other income/other expenses	Standard service rates as specified by the service providers

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4.1 Significant transactions with related parties for the three-month and six-month periods ended 30 June 2016 and 2015

For the three-month period ended 30 June 2016 and 2015

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
(a) Revenues				
Subsidiaries				
Dividend income	-	-	4,075	2,662
Interest income	-	-	1,124	867
Sale of goods	-	-	743	756
Rental, service and other income	-	-	3	1
Gain on sale of fixed assets	-	-	-	1
Associates, joint ventures and related companies				
Sale of goods	9,801	8,452	129	94
Dividend income	26	64	11	37
Rental, service and other income	41	51	-	-
Software application income	7	16	-	-
Training and seminar income	6	4	-	-
Interest income	-	1	-	-
(b) Expenses and others				
Significant influence entity				
Purchase of raw materials and goods	2,322	2,375	731	628
Technical service fees	495	426	12	9
Trademark license fees	23	21	1	2
Subsidiaries				
Purchase of raw materials and goods	-	-	1,253	1,075
Software application fees	-	-	47	49
Rental and service fees	-	-	15	17
Training and seminar fees	-	-	10	9
Other expenses	-	-	16	14

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For the three-month period ended 30 June 2016 and 2015 (continued)

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
(b) Expenses and others (continued)				
Associates, joint ventures and related companies				
Purchase of raw materials and goods	11,261	14,880	139	115
Construction costs of buildings, structures and others	360	362	41	64
Rental and service fees	349	382	67	104
Insurance premium	50	65	18	29
Purchase of equipment and others	42	10	14	9
Trademark license fees	9	8	-	-
Software application fees	8	8	-	-
Interest expenses	1	1	-	-
Other expenses	268	301	26	14

For the six-month period ended 30 June 2016 and 2015

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
(a) Revenues				
Subsidiaries				
Dividend income	-	-	6,100	5,587
Interest income	-	-	2,119	1,580
Sale of goods	-	-	1,255	1,454
Rental, service and other income	-	-	6	1
Gain on sale of fixed asset	-	-	1	1
Associates, joint ventures and related companies				
Sale of goods	18,801	16,319	285	152
Gain on sale of land	-	705	-	-
Rental, service and other income	96	125	1	1
Dividend income	26	64	11	37
Software application income	13	21	-	-
Interest income	2	1	-	-
Training and seminar income	9	8	-	-

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For the six-month period ended 30 June 2016 and 2015 (Continued)

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
(b) Expenses and others				
Significant influence entity				
Purchase of raw materials and goods	4,571	4,306	1,264	973
Technical service fees	920	777	22	18
Trademark license fees	44	42	2	4
Subsidiaries				
Purchase of raw materials and goods	-	-	2,593	1,779
Software application fees	-	-	92	100
Rental and service fees	-	-	31	32
Training and seminar fees	-	-	14	13
Other expenses	-	-	27	23
Associates, joint ventures and related companies				
Purchase of raw materials and goods	22,845	27,758	279	230
Construction costs of buildings, structures and others	656	772	70	119
Rental and service fees	758	743	160	217
Insurance premium	106	134	38	57
Purchase of equipment and others	70	42	18	16
Trademark license fees	17	17	-	-
Software application fees	15	15	-	-
Interest expenses	3	4	-	-
Other expenses	487	562	38	26

4.2 Balances with related parties as at 30 June 2016 and 31 December 2015 were as follows:

4.2.1 Accounts receivable - trade and others

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	<u>30 June</u>	<u>31 December</u>	<u>30 June</u>	<u>31 December</u>
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Significant influence entity	1	1	-	-
Subsidiaries	-	-	1,375	1,713
Associates and joint ventures	2,770	2,719	17	32
Related companies	4,902	4,618	269	107
Total	<u>7,673</u>	<u>7,338</u>	<u>1,661</u>	<u>1,852</u>

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4.2.2 Short-term loans

(Unit: Million Baht)

	Separate financial statements		
	Outstanding balance		
	30 June 2016	31 December 2015	Average balance
Subsidiaries	46,593	33,936	50,063
Total	46,593	33,936	50,063

The Company computes the average balance from the outstanding balances of short-term loans at the end of each month excluding accrued interest income.

4.2.3 Accrued dividend income

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	Subsidiaries	-	-	-
Associates and joint ventures	268	189	-	-
Total	268	189	-	5,927

4.2.4 Accrued interest income

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	Subsidiaries	-	-	95
Total	-	-	95	97

4.2.5 Long-term loans

(Unit: Million Baht)

	Separate financial statements		
	Outstanding balance		
	30 June 2016	31 December 2015	Average Balance
Subsidiaries	6,795	23,367	9,407
Less current portion	(393)	(387)	
Net	6,402	22,980	

The Company computes the average balance from the outstanding balances of long-term loans at the end of each month excluding accrued interest income.

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4.2.6 Accounts payable - trade and others

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Significant influence entity	532	758	114	42
Subsidiaries	-	-	143	193
Associates and joint ventures	256	309	1	-
Related companies	2,423	2,470	97	87
Total	3,211	3,537	355	322

4.2.7 Short-term borrowings

(Unit: Million Baht)

	Consolidated financial statements		
	Outstanding balance		
	30 June 2016	31 December 2015	Average Balance
Joint ventures	330	378	303
Total	330	378	303

The Company computes the average balance from the outstanding balances of short-term borrowings at the end of each month excluding accrued interest expense.

4.3 Balances of loans/borrowings and interest rates

Balances of loans/borrowings and interest rates as at 30 June 2016 and 31 December 2015 were as follows:

	Consolidated financial statements					
	<i>(Unit: Million Baht)</i>					
	Balance with fixed interest rate		Balance with float interest rate		Average interest rate (%)	
30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	
Short-term borrowings from joint ventures	330	378	-	-	2.00	2.00

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	Separate financial statements					
	<i>(Unit: Million Baht)</i>					
	Balance with fixed interest rate		Balance with float interest rate		Average interest rate (%)	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Short-term loans to subsidiaries	18,872	3,669	27,721	30,267	7.39	7.39
Long-term loans to subsidiaries	6,795	23,367	-	-	5.20	5.40

4.4 Key management personnel compensations

Key management personnel compensations consist of:

	Consolidated financial statements		<i>(Unit: Million Baht)</i> Separate financial statements	
	2016	2015	2016	2015
<i>For the three-month period ended 30 June</i>				
Short-term employee benefits	118	114	58	57
Post-employment under defined benefit plans	3	2	1	1
Total	121	116	59	58
<i>For the six-month period ended 30 June</i>				
Short-term employee benefits	229	221	108	106
Post-employment under defined benefit plans	6	5	2	2
Total	235	226	110	108
<i>As at 30 June</i>				
Employee benefit obligations	254	236	84	80
Total	254	236	84	80

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4.5 Commitments

As at 30 June 2016 and 31 December 2015 the Group had commitments with related parties as follows:

4.5.1 Capital commitments

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
<i>Contracted but not provided for</i> Mainly represents contracts for construction of buildings and structures, purchase of machinery and others	399	431	121	144

4.5.2 Commitments under operating lease agreements

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Within one year	818	926	241	250
Over one year but within five years	1,374	1,539	243	197
Over five years	314	374	-	-
Total	2,506	2,839	484	447

The Company and certain subsidiaries had lease agreements with related parties covering office premises (including related facilities service agreements), land, farms and vehicles for periods of 1 to 9 years, expiring during 2016 to 2024.

4.6 Significant agreements

As at 30 June 2016 the Group had the following significant agreements with related parties:

4.6.1 Technical service agreements

The Company and certain subsidiaries have technical service agreements with a significant influence entity, Charoen Pokphand Group Company Limited (“CPG”). Under the terms of the agreements, CPG agrees to research and develop the raw material ingredients for the production of animal feeds for the Company and subsidiaries. In this regard, the Company and subsidiaries are committed to pay the technical service fee, which is calculated from the feed production quantity dependent upon the types of feed as stipulated in the agreements, to CPG. The minimum service fee ranges from Baht 0.1 million to Baht 1.3 million per month. These agreements are effective starting from 1 January 2016 to 31 December 2016.


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In addition, certain foreign subsidiaries have agreements to obtain the technical service assistance from CPG. The foreign subsidiaries are committed to pay service fees to CPG in accordance with the terms and conditions stipulated in the agreements.

4.6.2 Trademark agreements

A subsidiary (CPF Trading Company Limited) has trademark agreement with CPG for the right to use  trademark. In this regard, the subsidiary is committed to pay the trademark license fees to CPG at the rates of 0.2% and 0.4% of the sale value of each product as stipulated in the agreement. This agreement is effective starting from 1 July 2014 to 30 June 2017.

The Company and certain subsidiaries have trademark agreements with CPG, for the right to use  trademark. In this regard, the Company and subsidiaries are committed to pay the trademark license fees to CPG at the rates of 0.2% and 0.4% of the sale value of each product as stipulated in the agreements. These agreements are effective starting from 1 January 2016 to 31 December 2016.

A subsidiary has a trademark agreement with a related company, Star Marketing Co., Ltd. (“STAR”), for the right to use STAR trademark. In this regard, the subsidiary is committed to pay the trademark license fee to STAR, which is calculated from the sale value under the trademark at the rates as stipulated in the agreement. This agreement is effective starting from 1 January 2014 to 31 December 2018.

4.6.3 Application system service agreement

A subsidiary has an application system service agreement with a related company, Freewill Solutions Co., Ltd. (“Freewill”). Under the terms of the agreement, Freewill agrees to provide the subsidiary the application system service. In this regard, the subsidiary is committed to pay the application system service fee to Freewill at the agreed rate stipulated in the agreement. This agreement is effective starting from 1 January 2015 to 31 December 2019.

4.6.4 Service agreements for import and export transactions

The Company and certain subsidiaries have service agreements with a related company, C.P. Intertrade Co., Ltd. (“CPI”). Under the terms of the agreements, CPI agrees to provide documentation services and others relating to import and export transactions of the Company and subsidiaries. In this regard, the Company and subsidiaries are committed to pay the service fees to CPI at the agreed rate stipulated in the agreements. These agreements are in effect since 1 July 2015 to 30 June 2017.

4.6.5 Software application agreements

A subsidiary, CPF IT Center Co., Ltd., has information technology service and software application agreements with local and foreign related companies. The term and the service fees are stipulated in the agreements. The agreements may be terminated upon either party agreeing to terminate the agreements or either party being in breach of the agreements.

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5 Accounts receivable - trade and others

		Consolidated		<i>(Unit: Million Baht)</i>	
		financial statements		Separate	
		30 June	31 December	30 June	31 December
<i>Note</i>		2016	2015	2016	2015
	Related parties	7,673	7,338	1,661	1,852
	Other parties	18,743	19,552	2,429	2,310
	Total	26,416	26,890	4,090	4,162
	Less allowance for doubtful accounts	(791)	(734)	(65)	(49)
	Net	25,625	26,156	4,025	4,113
	Bad and doubtful debts expense (reversal of allowance for doubtful accounts) for the				
	- three-month period ended 30 June	13	(6)	16	(2)
	- six-month period ended 30 June	101	19	15	(2)

The outstanding balances of the problem accounts receivable - trade and others that the Company has considered and already provided the allowance for doubtful accounts as at 30 June 2016 and 31 December 2015 classified by aging were as follows:

		Consolidated		<i>(Unit: Million Baht)</i>	
		financial statements		Separate	
		30 June	31 December	30 June	31 December
		2016	2015	2016	2015
	Periods over credit terms:				
	Over 3 months to 6 months	106	194	-	-
	Over 6 months to 12 months	158	20	-	-
	Over 12 months	527	520	65	49
	Total	791	734	65	49

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6 Available-for-sale investments

Movements during the six-month periods ended 30 June 2016 and 2015 were as follows:

(Unit: Million Baht)

	Consolidated financial statements	
	2016	2015
At 1 January	3,659	3,924
Acquisition/additional investment	1,334	4,923
Disposal	-	(673)
Reclassification of change in fair value to profit or loss from disposal	-	(1,450)
Changes in fair value	406	(670)
Currency translation differences	(67)	181
At 30 June	5,332	6,235
At 31 December		3,659

Details of available-for-sale investments

Available-for-sale investments as at 30 June 2016 and 31 December 2015 were as follows:

(Unit: Million Baht)

	Ownership interest (both direct and indirect)		Consolidated financial statements		Separate financial statements	
	(%)		30 June 2016	31 December 2015	30 June 2016	31 December 2015
Marketable securities						
- at fair value						
True Corporation Public Company Limited - at cost	2.21	2.21	8,085	6,818	-	-
Changes in fair value			(2,753)	(3,159)	-	-
Total			5,332	3,659	-	-

During the six-month period ended 30 June 2015, a subsidiary sold the available-for-sale investments with the original cost of Baht 673 million with a gain on sale of investments amounting to Baht 1,431 million, which was presented in the consolidated statement of income.

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2016 (Unaudited)

Carrying amounts and fair values of financial instruments carried at fair value

The fair values of financial assets together with the carrying amounts in the consolidated statement of financial position are as follows:

(Unit: Million Baht)

	Carrying amount	Consolidated financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
30 June 2016					
<i>Non-current</i>					
Equity securities available for sale	5,332	5,332	-	-	5,332

7 Investments in subsidiaries

Movements during the six-month periods ended 30 June 2016 and 2015 were as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
At 1 January	-	-	86,938	68,443
Acquisitions/additional investments	-	-	13,061	3,678
At 30 June	-	-	99,999	72,121
At 31 December		-		86,938

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2016 (Unaudited)

Details of investments in subsidiaries and dividend income

Investments in subsidiaries as at 30 June 2016 and 31 December 2015, and dividend income for the six-month periods ended 30 June 2016 and 2015 were as follows:

(Unit: Million Baht)

	Separate financial statements											
	Ownership interest (%)		Paid-up capital		Cost method		Accumulated impairment		At cost - net		Dividend income for six months ended	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	30 June 2015
Marketable security												
C.P. Pokphand Co., Ltd.	4.98	4.98	7,973	7,973	4,691	4,691	-	-	4,691	4,691	119	119
Chia Tai Enterprises International Limited	4.98	4.98	840	840	500	500	-	-	500	500	-	-
Total					5,191	5,191	-	-	5,191	5,191	119	119
Non-marketable securities												
Bangkok Produce Merchandising Public Company Limited	99.44	99.44	600	600	1,230	1,230	-	-	1,230	1,230	626	1,193
CPF (Thailand) Public Company Limited	99.98	99.98	9,110	7,008	22,393	11,883	-	-	22,393	11,883	-	-
CPF Training Center Co., Ltd.	99.99	99.99	20	20	20	20	-	-	20	20	-	-
CPF IT Center Co., Ltd.	99.99	99.99	250	250	250	250	-	-	250	250	-	-
C.P. Merchandising Co., Ltd.	99.99	99.99	9,000	9,000	9,000	9,000	-	-	9,000	9,000	5,355	4,275
Chester Food Co., Ltd.	99.99	99.99	80	80	450	450	-	-	450	450	-	-
CPF Food Research & Development Center Co., Ltd.	99.99	99.99	125	125	125	125	-	-	125	125	-	-
C.P. Aquaculture (Beihai) Co., Ltd.	100.00	100.00	602	602	602	602	-	-	602	602	-	-

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2016 (Unaudited)

Details of investments in subsidiaries and dividend income (continued)

(Unit: Million Baht)

	Separate financial statements											
	Ownership interest (%)		Paid-up capital		Cost method		Accumulated impairment		At cost - net		Dividend income for six months ended	
	30	31	30	31	30	31	30	31	30	31	30	30
	June	December	June	December	June	December	June	December	June	December	June	June
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
C.P. Aquaculture (Dongfang) Co., Ltd.	100.00	100.00	755	755	755	755	-	-	755	755	-	-
C.P. Aquaculture (Hainan) Co., Ltd.	100.00	100.00	126	126	126	126	-	-	126	126	-	-
C.P. Standart Gida Sanayi ve Ticaret A.S.	5.63	8.57	3,409	6,452	618	618	-	-	618	618	-	-
Charoen Pokphand Foods Kenya Co., Ltd.	99.99	99.99	8	8	8	8	-	-	8	8	-	-
Charoen Pokphand Foods (Overseas) LLC.	10.21	10.21	3,409	2,819	1,394	1,394	(938)	(938)	456	456	-	-
Charoen Pokphand Foods Philippines Corporation	27.78	34.09	3,954	3,196	1,055	1,055	-	-	1,055	1,055	-	-
CPF Investment Limited	100.00	100.00	44,663	42,123	44,663	42,123	-	-	44,663	42,123	-	-
CPF Tanzania Limited	58.25	58.25	224	224	129	129	-	-	129	129	-	-
C.P. Foods Holdings Limited	100.00	100.00	1	1	1	1	-	-	1	1	-	-
C.P. Foods International Limited	100.00	100.00	1	1	1	1	-	-	1	1	-	-
CPF Netherlands B.V.	99.99	99.99	12,541	12,541	12,926	12,915	-	-	12,926	12,915	-	-
Total					95,746	82,685	(938)	(938)	94,808	81,747	5,981	5,468
Grand Total					100,937	87,876	(938)	(938)	99,999	86,938	6,100	5,587

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2016 (Unaudited)

8 Investments in associates

Movements of investments in associates during the six-month periods ended 30 June 2016 and 2015 were as follows:

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2016	2015	financial statements	2016
	2016	2015	2016	2015
At 1 January	65,312	52,055	335	335
Share of profit of associates	3,027	2,373	-	-
Dividend income from associates	(3,199)	(2,457)	-	-
Previously held interest in associate before status change to subsidiary	-	(820)	-	-
Acquisitions/additional investments	3,576	1,190	-	-
Disposals	(1,207)	(2,080)	-	-
Currency translation differences	(161)	7	-	-
Others	-	(6)	-	-
At 30 June	67,348	50,262	335	335
At 31 December		65,312		335

The Group accounts for the investment in ordinary shares of an associate (CP ALL Public Company Limited), which is a listed company in the Stock Exchange of Thailand, in the consolidated financial statements by the equity method. As at 30 June 2016 the fair value of this investment was Baht 156,237 million (31 December 2015: Baht 121,652 million).

During the six-month period ended 30 June 2016, a subsidiary sold the investments in an associate with the carrying amount of Baht 1,207 million with a gain on sale of investments amounting to Baht 1,472 million, which was presented in the consolidated statement of income (2015: Baht 2,080 million and Baht 3,323 million respectively).

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Details of investments in associates and dividend income

Investments in associates as at 30 June 2016 and 31 December 2015, and dividend income for the six-month periods ended 30 June 2016 and 2015 were as follows:

(Unit: Million Baht)

	Consolidated financial statements													
	Ownership interest (both direct and indirect) (%)		Paid-up capital		Cost method		Equity method		Accumulated impairment		At equity - net		Dividend income for six months ended	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	30 June 2015
Marketable security														
CP ALL Public Company Limited	34.78	34.50	8,983	8,983	55,855	53,334	63,166	60,863	-	-	63,166	60,863	2,816	2,341
Total					55,855	53,334	63,166	60,863	-	-	63,166	60,863	2,816	2,341
Non-marketable securities														
Nava 84 Co., Ltd.	25.00	25.00	1,203	1,203	159	159	163	162	-	-	163	162	-	-
Ross Breeders Siam Co., Ltd.	49.99	49.99	70	70	35	35	79	86	-	-	79	86	8	17
Arbor Acres Thailand Co., Ltd.	49.98	49.98	4	4	2	2	158	183	-	-	158	183	44	42
BHJ Kalino Food AB (“BHJ”)*	15.08	15.08	5	5	24	24	24	29	-	-	24	29	4	3
C.P. Aquaculture (India) Private Limited	31.70	31.70	192	192	176	176	707	743	-	-	707	743	-	-
Charoen Pokphand Holdings (Malaysia) Sdn. Bhd.	49.75	49.75	353	353	176	176	1,454	1,389	-	-	1,454	1,389	-	-
Conti Chia Tai International Limited	25.21	25.21	767	767	1,052	1,052	1,187	1,462	-	-	1,187	1,462	327	-

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Details of investments in associates and dividend income (Continued)

(Unit: Million Baht)

	Consolidated financial statements													
	Ownership interest (both direct and indirect)		Paid-up capital		Cost method		Equity method		Accumulated impairment		At equity - net		Dividend income for six months ended	
	(<i>%</i>)													
	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	30 June 2015
Zhan Jiang Deni Carburetor Co., Ltd. **	14.12	14.12	581	581	424	424	410	395	-	-	410	395	-	54
Total					2,048	2,048	4,182	4,449	-	-	4,182	4,449	383	116
Grand total					57,903	55,382	67,348	65,312	-	-	67,348	65,312	3,199	2,457

* BHJ is an associate in which 29.00% of the total issued and paid-up shares were held by CPF Denmark A/S (“CPF DM”), a 52.00% indirectly owned subsidiary. In this regard, the Group accounted for its investment in BHJ using the equity method based on 15.08% shareholding in the consolidated financial statements.

** Zhan Jiang Deni Carburetor Co., Ltd. is an associate in which 28.00% of the total issued and paid-up shares were held by Chia Tai Enterprises International Limited (“CTEI”), a 50.43% directly and indirectly owned subsidiary. In this regard, the Group accounted for its investment in Zhan Jiang Deni Carburetor Co., Ltd. using the equity method based on 14.12% shareholding in the consolidated financial statements.

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For the three-month and six-month periods ended 30 June 2016 (Unaudited)

Details of investments in associates and dividend income (continued)

(Unit: Million Baht)

	Separate financial statements											
	Ownership interest (%)		Paid-up capital		Cost method		Accumulated impairment		At cost - net		Dividend income for six-months ended	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	30 June 2016
<i>Non-marketable securities</i>												
Nava 84 Co., Ltd.	25.00	25.00	1,203	1,203	159	159	-	-	159	159	-	-
C.P. Aquaculture (India) Private Limited	31.70	31.70	192	192	176	176	-	-	176	176	-	-
Total					335	335	-	-	335	335	-	-

**Charoen Pokphand Foods Public Company Limited
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Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2016 (Unaudited)

9 Investments in joint ventures

Movements of investments in joint ventures during the six-month periods ended 30 June 2016 and 2015 were as follows:

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
At 1 January	4,419	4,194	-	-
Share of profit of joint ventures	191	124	-	-
Dividend income from joint ventures	(202)	(81)	-	-
Currency translation differences	(77)	25	-	-
At 30 June	<u>4,331</u>	<u>4,262</u>	<u>-</u>	<u>-</u>
At 31 December		<u>4,419</u>		<u>-</u>

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Details of investments in joint ventures

Investments in joint ventures as at 30 June 2016 and 31 December 2015 and dividend income for the six-month periods ended 30 June 2016 and 2015 were as follows:

(Unit: Million Baht)

	Consolidated financial statements													
	Ownership interest (both direct and indirect)		Paid-up capital		Cost method		Equity method		Accumulated impairment		At equity - net		Dividend income for six-months ended	
	(<i>%</i>)													
	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	30 June 2015
<i>Non-marketable securities</i>														
CP-Meiji Co., Ltd. ("CP-Meiji")*	59.99	59.99	500	500	1,200	1,200	1,524	1,402	-	-	1,524	1,402	-	-
Beijing Chia Tai Feedmill Co., Ltd.	25.21	25.21	157	157	128	128	169	158	-	-	169	158	-	-
Handan Chia Tai Feed Co., Ltd.	25.21	25.21	56	56	-	-	16	20	-	-	16	20	4	2
Jilin Chia Tai Enterprise Co., Ltd.	25.21	25.21	261	261	211	211	198	233	-	-	198	233	33	-
Henan East Chia Tai Co., Ltd.	25.21	25.21	170	170	225	225	149	209	-	-	149	209	77	79
ECI Metro Investment Co., Ltd.	25.21	25.21	378	378	1,296	1,296	2,275	2,397	-	-	2,275	2,397	88	-
Total					3,060	3,060	4,331	4,419	-	-	4,331	4,419	202	81

* CP-Meiji is a joint venture because the articles of association of the joint venture specifies that each investor has joint control over significant financial and operating decisions and has right to the net assets.

The Group accounts for investments in joint ventures using the equity method in the consolidated financial statements.

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For the three-month and six-month periods ended 30 June 2016 (Unaudited)

10 Investments in related companies

Movements during the six-month periods ended 30 June 2016 and 2015 were as follows:

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
At 1 January	1,608	1,549	678	678
Currency translation differences	(17)	17	-	-
At 30 June	<u>1,591</u>	<u>1,566</u>	<u>678</u>	<u>678</u>
At 31 December		<u>1,608</u>		<u>678</u>

Details of investments in related companies

Investments in related companies as at 30 June 2016 and 31 December 2015 were as follows:

	Ownership interest (both direct and indirect)		Consolidated		<i>(Unit: Million Baht)</i> Separate	
	<i>(%)</i>		financial statements		financial statements	
	<u>30</u> <u>June</u> <u>2016</u>	<u>31</u> <u>December</u> <u>2015</u>	<u>30</u> <u>June</u> <u>2016</u>	<u>31</u> <u>December</u> <u>2015</u>	<u>30</u> <u>June</u> <u>2016</u>	<u>31</u> <u>December</u> <u>2015</u>
<i>Non-marketable securities</i>						
General investments - at cost						
CPPC Public Company Limited	6.58	6.58	110	110	55	55
C.P. Land Public Company Limited	6.49	6.49	276	276	95	95
Chia Tai (Jilin) Co., Ltd.	10.00	10.00	5	5	-	-
Kinghill Limited	13.96	13.96	1,200	1,217	528	528
Total			<u>1,591</u>	<u>1,608</u>	<u>678</u>	<u>678</u>

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For the three-month and six-month periods ended 30 June 2016 (Unaudited)

11 Property, plant and equipment

Acquisitions, disposals and transfers of property, plant and equipment during the six-month periods ended 30 June 2016 and 2015 were as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	2016		2015	
	Acquisitions and transfers in - at cost/ net book value	Disposals and transfers out - net book value	Acquisitions and transfers in - at cost/ net book value	Disposals And transfers out - net book value
Land	64	-	247	500
Buildings and building improvements and utilities system	6,572	145	6,921	69
Machinery and equipment	5,453	102	5,068	21
Other	564	29	927	11
Assets under construction and installation	8,246	8,597	10,143	9,598
Total	20,899	8,873	23,306	10,199

(Unit: Million Baht)

	Separate financial statements			
	2016		2015	
	Acquisitions and transfers in - at cost/ net book value	Disposals and transfers out - net book value	Acquisitions and transfers in - at cost/ net book value	Disposals and transfers out - net book value
Buildings and building improvements and utilities system	413	44	516	11
Machinery and equipment	191	15	462	1
Other	11	-	34	-
Assets under construction and installation	388	546	550	895
Total	1,003	605	1,562	907

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12 Accounts payable - trade and others

	Note	Consolidated		(Unit: Million Baht)	
		financial statements		Separate	
		30 June 2016	31 December 2015	30 June 2016	31 December 2015
Related parties	4	3,211	3,537	355	322
Other parties		23,714	24,485	992	1,199
Total		26,925	28,022	1,347	1,521

13 Interest-bearing liabilities

As at 30 June 2016 the increase in long-term debts was principally from the issue and offer of debentures and short-term bills of exchange by the Company and CPF (Thailand) Public Company Limited (“CPFTH”), a 99.98% owned subsidiary. Details are as follows:

13.1 On 20 January 2016 CPFTH issued unsubordinated and unsecured debentures No. 1/2016 in the registered name and without debenture holder representative. With this the aggregate value of Baht 16,000 million. The debentures are divided into:

- The first series of Baht 7,450 million with a term of 5 years, bearing interest at the fixed rate of 3.10% per annum.
- The second series of Baht 2,150 million with a term of 7 years, bearing interest at the fixed rate of 3.47% per annum.
- The third series of Baht 3,350 million with a term of 10 years, bearing interest at the fixed rate of 3.87% per annum.
- The fourth series of Baht 3,050 million with a term of 12 years, bearing interest at the fixed rate of 4.15% per annum.

The debentures have a credit rating of “A+” rated by TRIS Rating Co., Ltd. on 14 December 2015 and CPFTH registered the debentures with the Thai Bond Market Association on 20 January 2016.

The debentures have been reviewed with a credit rating of “A+” rated by TRIS Rating Co., Ltd. on 4 July 2016.

13.2 On 17 March 2016, CPFTH issued short-term bills of exchange in registered name that have maturities of less than 270 days with total face value of Baht 3,800 million.

13.3 On 12 April 2016 the Company issued unsubordinated and unsecured debentures No. 1/2016 in registered name and without debenture holder representative. With this the aggregate value of Baht 9,060 million. The debentures are divided into:

- The first series of Baht 3,060 million with a term of 4 years, bearing interest at the fixed rate of 2.28% per annum.
- The second series of Baht 3,500 million with a term of 8 years, bearing interest at the fixed rate of 3.11% per annum.
- The third series of Baht 2,500 million with a term of 15 years, bearing interest at the fixed rate of 3.73% per annum.

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The debentures have a credit rating of “A+” rated by TRIS Rating Co., Ltd. on 31 March 2016 and the Company registered the debentures with the Thai Bond Market Association on 12 April 2016.

In addition, on 15 January 2016, C.P. Foods Holdings Limited (“CPFH”) a 100.00% owned subsidiary of the Company redeemed the Exchangeable Bonds (“EBs”) with an aggregate principal amount of USD 274.8 million or approximately Baht 9,991.7 million as the EB holders exercised their put options pursuant to the terms and conditions of the EBs (“terms and conditions”). For the remaining principal amount of USD 15.6 million or approximately Baht 567.2 million of the EBs, CPFH requested to exercise the right to redeem the remaining EBs pursuant to the terms and conditions on 18 January 2016 and finally exercised the right to redeem and canceled all EBs on 3 March 2016. Therefore, the EBs were ceased from listing in Singapore Exchange Securities Trading Limited.

14 Income tax payable

During the second quarter of 2016, the Company and two local subsidiaries adjusted their corporate income tax calculation for the period 2010 to 2015 relating to the computation of annual net profits or net losses of the entities being granted multiple promotional privileges by the Board of Investment. Originally during those accounting periods, the Company and the subsidiaries calculated annual net profits or losses for the businesses being granted promotional privileges according to the guideline provided by the Board of Investment by calculating each project separately (“Separate Project Calculation Method”) which is in accordance with the ruling by the Council of State and the Administrative Office of the Central Tax Court at that time. However, the aforementioned calculation method is different from the decision of the Board of Taxation and Notification of the Revenue Department that any business being granted promotional privileges must combine revenues and expenses of all projects in the same accounting period in order to arrive at the net profit or losses of the business being granted promotional privileges (“Combine All Projects Method”). Later on during the second quarter of 2016, there was a resolution that the income tax calculation of a business being granted promotional privileges must be under Revenue Code in accordance with the calculation made by a tax assessment officer. Hence, any legal entity that did not file corporate income tax return by using the Combine All Projects Calculation Method within the determined period are subjected to fine and penalties. However, on 16 June 2016 the Ministry of Finance made an announcement of the Prolongation of Corporate Income Tax Return under Revenue Code outlining the case whereby any company or any juristic partnership being granted promotional privileges under the provisions of the Industrial Investment Promotion Act of B.E. 2520 that did not calculate annual net profits or losses using the Combine All Projects Method, they will not be subjected to fine and penalties should they file corporate income tax return under the Combine All Project Method within 1 August 2016. In addition, on 29 July 2016 the Chief of National Council for Peace and Order issued order No. 45/2559 prolonging income tax return filing period until 15 August 2016, hence, the Company and the subsidiaries changed income tax calculations of the businesses being granted promotional privileges to the Combine All Projects Method and recognised the effect in the current period. The change required the Group and the Company to recognise additional income tax amounted to Baht 1,245 million and Baht 1,087 million respectively. The Group and the Company therefore recorded additional income tax expenses in the consolidated statement of income and separate statement of income amounted to Baht 1,245 million and Baht 1,087 million respectively for the three-month and six-month period ended 30 June 2016 and recorded income tax payables in the consolidated statement of financial position and separate statement of financial position as at 30 June 2016 in the same amount.

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2016 (Unaudited)

15 Treasury shares

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
Ordinary shares of the Company held by subsidiaries	1,135	1,135	-	-
	1,135	1,135	-	-

For the treasury shares of the Company, the Board of Directors' meeting of the Company held on 25 August 2015, resolved to approve the share repurchase program for financial management purpose in accordance with the Section 66/1(2) of the Public Company Limited Act in the amount not exceeding Baht 10,000 million. The number of ordinary shares to be repurchased is not exceeding 400 million shares (par value of Baht 1 per share); equal to 5.17% of the total number of paid-up share capital of the Company. The Company shall repurchase its ordinary shares through the main board of the Stock Exchange of Thailand during the period from 10 September 2015 to 9 March 2016. However, during such period, the Company did not buy back any share and the Program had ended on 9 March 2016.

16 Segment information

Segment information is based on the Group's management and internal financial reporting structure which is regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to those segments.

Information about reportable segments

The Group comprises the following main segments:

Segment 1 : Livestock business

Segment 2 : Aquaculture business

Revenue and results, based on reportable segments financial information of the Group for the three-month and six-month periods ended 30 June 2016 and 2015 were as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	Three-month period		Six-month period	
	ended 30 June		ended 30 June	
	2016	2015	2016	2015
Segment revenue				
Livestock business	96,982	86,980	189,304	171,041
Aquaculture business	19,794	16,698	32,985	28,861
Total	116,776	103,678	222,289	199,902

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For the three-month and six-month periods ended 30 June 2016 (Unaudited)

(Unit: Million Baht)

	Consolidated financial statements			
	Three-month period ended 30 June		Six-month period ended 30 June	
	2016	2015	2016	2015
Segment results				
Livestock business	9,185	3,368	16,545	7,552
Aquaculture business	985	(30)	1,039	(600)
Total allocated segment results	10,170	3,338	17,584	6,952
Unallocated segment results	(3,981)	788	(6,240)	1,150
Profit for the period	6,189	4,126	11,344	8,102

Information about geographical areas

In presenting information on the basis of information about geographical areas, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

The Group comprises the following main information about geographical areas:

- Area 1 : Thailand
- Area 2 : Asia
- Area 3 : Europe
- Area 4 : America
- Area 5 : Other

Details of financial information of the geographical area of the Group as at 30 June 2016 and 2015 and for the three-month and six-month periods then ended were as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	Three-month period ended 30 June		Six-month period ended 30 June	
	2016	2015	2016	2015
Revenue from external customers				
Thailand	37,638	34,108	73,603	67,991
Asia	66,596	60,429	124,819	113,426
Europe	11,331	7,778	21,541	15,662
America	937	1,092	1,836	2,343
Other	274	271	490	480
Total	116,776	103,678	222,289	199,902

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For the three-month and six-month periods ended 30 June 2016 (Unaudited)

	<i>(Unit: Million Baht)</i>	
	Consolidated financial statements	
	2016	2015
<i>Property, plant and equipment and other intangible assets (excluded goodwill) and central assets as at 30 June</i>		
Thailand	57,762	55,945
Asia	83,705	73,391
Europe	17,016	8,605
America	36	35
Other	38	48
Total	158,557	138,024

17 Basic earnings per share

The calculations of basic earnings per share for the three-month and six-month periods ended 30 June 2016 and 2015 were based on the profit for the periods attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares held by third parties outstanding during the three-month and six-month periods then ended as follows:

For the three-month periods ended 30 June 2016 and 2015

	<i>(Unit: Million Baht/Million shares)</i>			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Profit for the period attributable to ordinary shareholders of the Company	4,016	2,983	2,642	2,075
Weighted average number of ordinary shares held by third parties outstanding				
Number of ordinary shares outstanding at beginning of period	7,743	7,743	7,743	7,743
Treasury shares held by subsidiaries	(355)	(355)	-	-
Net	7,388	7,388	7,743	7,743
Basic earnings per share (in Baht)	0.54	0.40	0.34	0.27

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For the six-month periods ended 30 June 2016 and 2015

(Unit: Million Baht/Million shares)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Profit for the period attributable to ordinary shareholders of the Company	7,780	5,939	4,613	3,703
Weighted average number of ordinary shares held by third parties outstanding				
Number of ordinary shares outstanding at beginning of period	7,743	7,743	7,743	7,743
Treasury shares held by subsidiaries	(355)	(355)	-	-
Net	7,388	7,388	7,743	7,743
Basic earnings per share (in Baht)	1.05	0.80	0.60	0.48

18 Dividends

Details of dividends for the six-month periods ended 30 June 2016 and 2015 were as follows:

Approval date to pay dividends	Rate per share (Baht)	Number of entitled shares (Shares)	Total (in million Baht)	Source
2016				
29 April 2016	0.45	7,742,941,932	3,484	Dividends received from subsidiaries appropriated from taxable profits which were subject to 20% corporate income tax
Total			3,484	
2015				
22 April 2015	0.10	7,742,941,932	774	Dividends received from subsidiaries appropriated from taxable profits which were subject to 23% corporate income tax
22 April 2015	0.35	7,742,941,932	2,710	Dividends received from subsidiaries appropriated from taxable profits which were subject to 20% corporate income tax
Total			3,484	

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19 Commitments with non-related parties

The Group had commitments with non-related parties as at 30 June 2016 and 31 December 2015 as follows:

19.1 Capital commitments

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
<i>Contracted but not provided for</i>				
Land, buildings and constructions	2,687	4,704	6	19
Machinery, equipment and others	1,825	3,054	25	53
Total	4,512	7,758	31	72

19.2 Commitments under operating lease agreements

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
<i>Future minimum lease payments</i>				
<i>under non-cancellable</i>				
<i>operating leases</i>				
Within one year	3,149	3,166	122	115
Over one year but within five years	7,828	8,201	148	103
Over five years	10,644	10,706	7	8
Total	21,621	22,073	277	226

The Group has lease agreements with non-related parties covering office premises including facilities, land, farms, vehicles and others for periods of 1 to 50 years expiring in 2016 to 2058.

19.3 Other commitments

The Company had a Cooperative Technical agreement with Maejo University (the “university”) whereby the university allowed the Company to use its land and constructions thereon in developing shrimp ponds and as the research and training center. The agreement will expire on 31 December 2018. Under the terms of the agreements, the Company is committed to pay total annual compensation of Baht 2.2 million and to transfer the ownership of the project property to the university at the expiration of the agreements. The net book value of the Company’s assets in respect to the agreement as at 30 June 2016 totaled Baht 32 million (31 December 2015: Baht 33 million).

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19.4 Letters of credit

The Company and certain subsidiaries had commitments under the issued letters of credit totaling Baht 45 million and Baht 1,887 million respectively (*31 December 2015: Baht 1 million and Baht 1,966 million respectively*).

19.5 Letters of guarantee

- (a) The Company and certain subsidiaries had commitments to financial institutions for letters of guarantee issued by the financial institutions in favor of government agencies and others totaling Baht 27 million and Baht 7,741 million respectively (*31 December 2015: Baht 753 million and Baht 6,029 million respectively*). The letters of guarantee are principally covering the guarantee of taxes, duties and sell of products.
- (b) Certain foreign subsidiaries have commitments to foreign financial institutions for letters of financial guarantees issued for the customers in feed business of those subsidiaries totaling Baht 1,438 million (*31 December 2015: Baht 1,808 million*).

20 Guarantees

As at 30 June 2016 certain foreign subsidiaries pledged their assets as collateral for their borrowings from financial institutions as follows:

20.1 Ordinary shares of the following foreign subsidiaries:

- (a) C.P. Pokphand Co., Ltd. totaling 6,894 million shares with the fair value of Baht 25,276 million (*31 December 2015: 6,779 million ordinary shares with the fair value of Baht 25,843 million*).
- (b) Pravdinsk Pig Production Closed Joint Stock Company totaling 51,000 shares with the carrying value of Baht 171 million (*31 December 2015: 51,000 ordinary shares with the carrying value of Baht 154 million*).
- (c) NNPP Limited Liability Company with an authorised share capital of Ruble 483 million or equivalent to Baht 265 million (*31 December 2015: Ruble 483 million or equivalent to Baht 238 million*).

20.2 Property, plant and equipment with net book value of Baht 7,047 million (*31 December 2015: Baht 9,788 million*).

20.3 Current assets and non-current assets mainly consist of inventories and net accounts receivable and payable, with the carrying value of Baht 5,258 million (*31 December 2015: Baht 4,722 million*).

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21 Others

21.1 During second quarter of 2016, Chia Tai (Beijing) Investment Management Co., Ltd. (“CTBIM”), a 100% indirectly owned subsidiary of C.P. Pokphand Co., Ltd. (“CPP”) entered into agreements to subscribe for the newly issued ordinary shares of Banner Infant Dairy Products Co., Ltd. (“Banner”) for 30% of the paid-up share capital of Banner after the issue of new ordinary shares with total consideration of Renminbi 570 million or approximately Baht 3,080 million. In this regard, CTBIM partially paid Renminbi 80 million or approximately Baht 423 million in advance as specified in the agreement and recorded as other non-current assets as at 30 June 2016. Upon the completion of the transaction, Banner will become an associate company of CPP and the Group.

Banner is incorporated in China and principally engaged in the manufacture and sale of formulated infant milk powder. In this regard, the acquisition of the newly issued ordinary shares has not completed as at the date of the interim financial statements were authorised for issue.

21.2 During second quarter of 2016, Chia Tai (China) Investment Co., Ltd. (“CTI”), a 100% indirectly owned subsidiary of C.P. Pokphand Co., Ltd. (“CPP”) entered into agreements to subscribe for the newly issued ordinary shares of Qingdao Yi Bang Bio-Engineering Co., Ltd. (“Qingdao Yi Bang”) for 12% of the paid-up share capital of Qingdao Yi Bang after the issue of new ordinary shares with total consideration of Renminbi 260 million or approximately Baht 1,405 million. In this regard, CTI already paid for the newly issued ordinary shares on 12 July 2016.

Qingdao Yi Bang is incorporated in China and principally engaged in manufacture and sale of animal vaccines

22 Events after the reporting period

22.1 C.P. Pokphand Co., Ltd. (“CPP”), a 50.43% owned subsidiary has entered into a long term loan agreement with various financial institutions on 17 June 2016 amounting to U.S. Dollar 600 million or approximately Baht 21,072 million. The loan will be used for loan repayment and financing the working capital and/or general corporate requirements of CPP. In this regard, CPP has to render all outstanding liabilities if CPP cease to meet the terms specified in the agreement. As of the date of the interim financial statements were authorised for issue, CPP has already withdrawn the loan under the agreement at the total amount of U.S Dollar 450 million or approximately Baht 15,804 million.

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22.2 At the Board of Directors' meeting of the Company held on 13 July 2016, the Board of Directors of the Company passed a resolution to approve CPF Investment Limited ("CPFI"), a subsidiary which 100% of its paid-up share capital being owned by the Company, entered into Share Purchase Agreement ("Share Purchase Agreement") with Expolanka Holdings PLC., Mr. Habeeb Mohamed Ziauddin and Mrs. Hamzathul Zareeha Ziauddin ("the Sellers") to acquire the issued and paid-up share capital of Norfolk Foods (Private) Limited ("Norfolk") which is incorporated in Sri Lanka and engages in manufacturing and distribution of ready-to-eat foods products. The transaction will allow the Company to enter the food business in Sri Lanka and will be used as production base for exporting to the nearby countries. The acquisition will be carried out in two steps as follows:

- **The First Acquisition**

CPFI will acquire 2,752,800 ordinary shares of Norfolk (representing 80% of the total issued and paid-up share capital of Norfolk) at total amount of U.S. Dollar 4 million or approximately Baht 141 million. In this regard, the first acquisition was completed on 15 July 2016 and the Group is in the assessment process for the final fair value of the net assets acquired.

- **The Second Acquisition**

CPFI has the right to acquire (Call options) and the Sellers has the right to sell (Put options) the remaining 20% of the issued and paid-up share capital of Norfolk on each second, third and fourth anniversary after the First Acquisition date as the price specified in the Share Purchase Agreement.

22.3 On 15 July 2016 CPF (Thailand) Public Company Limited ("CPFTH"), a 99.98% owned subsidiary issued unsubordinated and unsecured debentures No. 2/2016 in registered name and without debenture holder representative. With this the aggregate value of Baht 13,000 million. The debentures are divided into:

- The first series of Baht 5,000 million with a term of 4 years, bearing interest at the fixed rate of 2.51% per annum.
- The second series of Baht 3,300 million with a term of 7 years, bearing interest at the fixed rate of 3.09% per annum.
- The third series of Baht 1,400 million with a term of 10 years, bearing interest at the fixed rate of 3.46% per annum.
- The forth series of Baht 1,100 million with a term of 12 years, bearing interest at the fixed rate of 3.65% per annum.
- The fifth series of Baht 2,200 million with a term of 15 years, bearing interest at the fixed rate of 3.95% per annum.

The debentures have a credit rating of "A+" rated by TRIS Rating Co., Ltd. on 4 July 2016 and were registered with the Thai Bond Market Association on 15 July 2016.

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23 Thai Financial Reporting Standards not yet adopted

FAP Announcement No. 5/2559 *Accounting Guidance for derecognition of financial assets and financial liabilities* has been issued but are not yet effective and has not been applied in preparing these interim financial information. This FAP Announcement may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January 2017. The Group does not plan to early adopt these FAP Announcement and expects that there will be no material impact on the financial statements in the period of initial application.

24 Reclassification of accounts

Certain accounts in the interim financial statements for the three-month and six-month period ended 30 June 2015 have been reclassified to conform to the presentation in the interim financial statements for the three-month and six-month period ended 30 June 2016 as follows:

(Unit: Million Baht)

	2015					
	Consolidated financial statement			Separate financial statement		
	Before reclassi- fication	Reclassi- fication	After reclassi- fication	Before reclassi- fication	Reclassi- fication	After reclassi- fication
Statements of income						
<i>Three-month period ended</i>						
<i>30 June</i>						
Selling expenses	4,856	444	5,300	240	40	280
Administrative expenses	6,941	(444)	6,497	1,148	(40)	1,108
		-			-	
Statements of income						
<i>Six-month period ended</i>						
<i>30 June</i>						
Selling expenses	9,164	723	9,887	461	60	521
Administrative expenses	12,826	(723)	12,103	1,950	(60)	1,890
		-			-	