

**Charoen Pokphand Foods Public Company Limited
and its Subsidiaries**
Notes to the financial statements
For the year ended 31 December 2016

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These notes form an integral part of the financial statements.

The 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 and authorised for issue by the executive directors on 24 February 2017.

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 comprises 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 operating 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 31 December 2016 and 2015 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2016	2015
Thailand operations and businesses related to operations in Thailand				
Livestock business				
Direct subsidiaries				
1) Bangkok Produce Merchandising Public Company Limited	Animal feed raw materials distribution	Thailand	99.44	99.44
2) Chester’s Food Company Limited	Restaurant	Thailand	99.99	99.99
3) CPF (Thailand) Public Company Limited	Agro-industrial and integrated food	Thailand	99.98	99.98
4) C.P. Merchandising Co., Ltd.	Investment and international trading	Thailand	99.99	99.99
Indirect subsidiaries				
1) CPF Trading Co., Ltd.	Wholesale and retail food products	Thailand	99.97	99.97
2) CPF Premium Foods Co., Ltd. ⁽¹⁾	Food processing plant	Thailand	99.99	99.99
3) CPF Denmark A/S	Importer and distributor of processed meat and ready meals	Denmark	52.00	52.00

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			2016	2015
4) CPF Europe S.A. (4.1 to 4.2 are subsidiaries of CPF Europe S.A.)	Importer and distributor of processed meat and ready meals	Belgium	99.99	99.99
4.1) CP Chozen Limited (4.1.1 to 4.1.2 are subsidiaries of CP Chozen Limited)	Investment	United Kingdom	71.50	71.50
4.1.1) Chozen Holdings Limited	Restaurant	United Kingdom	71.50	71.50
4.1.2) Chozen Noodle Trading Limited	Property lease-out	United Kingdom	71.50	71.50
4.2) Tops Foods NV	Production and distributor of ready meals	Belgium	84.08	84.08
5) CPF Food Trading Co., Ltd.	Importer and distributor of processed meat and ready meals	China	100.00	100.00
6) CP Foods (UK) Limited (6.1 to 6.61 are subsidiaries of CP Foods (UK) Limited)	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.1) Fusion Abbey Park Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.2) Fusion Alfrick Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.3) Fusion Bracewell Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.4) Fusion Bransford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.5) Fusion Broadway Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.6) Fusion Brothwood Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.7) Fusion Calis Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.8) Fusion Carnoustie Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.9) Fusion Charlton Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.10) Fusion Crowle Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.11) Fusion Dalaman Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.12) Fusion Defford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.13) Fusion Dormington Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.14) Fusion Driscoll Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.15) Fusion Dumbleton Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.16) Fusion Eastoe Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.17) Fusion Elmbridge Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52

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			2016	2015
6.18) Fusion Everton Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.19) Fusion Exning Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.20) Fusion Fethiye Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.21) Fusion Gatley Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.22) Fusion Gocek Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.23) Fusion Gray Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.24) Fusion Harper Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.25) Fusion Hartford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.26) Fusion Hawstead Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.27) Fusion Head Street Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.28) Fusion Heath Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.29) Fusion Irvine Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.30) Fusion Kaitaia Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.31) Fusion Kroma Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.32) Fusion Krone Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.33) Fusion Lineker Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.34) Fusion Littleworth Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.35) Fusion Madeley Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.36) Fusion McMahon Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.37) Fusion Mountfield Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.38) Fusion Moyes Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.39) Fusion Newlands Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.40) Fusion Niamh Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.41) Fusion Pershore Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.42) Fusion Priest Lane Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.43) Fusion Ratcliffe Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52

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			2016	2015
6.44) Fusion Reid Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.45) Fusion Richardson Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.46) Fusion Samui Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.47) Fusion Sharp Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.48) Fusion Sheedy Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.49) Fusion Soham Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.50) Fusion Southall Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.51) Fusion Stevens Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.52) Fusion Thetford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.53) Fusion Turgay Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.54) Fusion Uzumlu Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.55) Fusion Van Den Hauwe Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.56) Fusion Wadborough Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.57) Fusion Wellington Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.58) Fusion Whistler Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.59) Fusion Wright Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.60) Fusion Yamac Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.61) The Foodfellas Limited ⁽²⁾	Importer and food production	United Kingdom	34.51	-
Aquaculture business				
Direct subsidiary				
1) Seafoods Enterprise Co., Ltd. ⁽¹⁾	Shrimp processing plant	Thailand	99.99	99.99
Indirect subsidiary				
1) C.P. Food Products, Inc.	Importer and distributor of seafood products	United States of America	100.00	100.00
Other businesses				
Direct subsidiaries				
1) CPF Training Center Co., Ltd.	Training center service provider	Thailand	99.99	99.99
2) CPF IT Center Co., Ltd.	Information technology service provider	Thailand	99.99	99.99
3) CPF Food Research and Development Center Co., Ltd.	Food research and development	Thailand	99.99	99.99

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				2016	2015
Overseas operations					
Direct subsidiaries					
1)	Bellisio Investment, LLC. (1.1 is a subsidiary of Bellisio Investment, LLC.)	Investment	United States of America	100.00	-
1.1)	Bellisio Parent, LLC. (1.1.1 to 1.1.10 are subsidiaries of Bellisio Parent, LLC.)	Investment	United States of America	100.00	-
1.1.1)	Arden International, LLC.	Production and distributor of ready meals	United States of America	100.00	-
1.1.2)	Arden Kitchens, LLC. (Delaware)	Production and distributor of ready meals	United States of America	100.00	-
1.1.3)	Arden Kitchens, LLC. (Minnesota)	Production and distributor of ready meals	United States of America	100.00	-
1.1.4)	Bellisio Finance, LLC.	Investment	United States of America	100.00	-
1.1.5)	Bellisio Foods, Inc.	Investment	United States of America	100.00	-
1.1.6)	Bellisio Foods Canada Corp.	Production and distributor of ready meals	Canada	100.00	-
1.1.7)	Bellisio Holdco, LLC.	Investment	United States of America	100.00	-
1.1.8)	Michelina’s, LLC.	Production and distributor of ready meals	United States of America	100.00	-
1.1.9)	Overhill Farms, Inc.	Production and distributor of ready meals	United States of America	100.00	-
1.1.10)	The All American Gourmet Company	Production and distributor of ready meals	United States of America	100.00	-
2)	Charoen Pokphand Foods Kenya Co., Ltd.	Animal feedmill and livestock farming	Kenya	99.99	99.99
3)	CPF Investment Limited	Investment	British Virgin Islands	100.00	100.00
4)	C.P. Aquaculture (Beihai) Co., Ltd.	Production and sale of animal feed	China	100.00	100.00
5)	C.P. Aquaculture (Dongfang) Co., Ltd.	Shrimp hatchery business	China	100.00	100.00
6)	C.P. Aquaculture (Hainan) Co., Ltd. ⁽³⁾	Aquaculture farming and hatchery business	China	100.00	100.00
7)	C.P. Foods Holdings Limited	Investment	British Virgin Islands	100.00	100.00
8)	C.P. Foods International Limited	Investment	British Virgin Islands	100.00	100.00
9)	CPF Netherlands B.V. (9.1 to 9.2 are subsidiaries of CPF Netherlands B.V.)	Investment	Netherlands	99.99	99.99
9.1)	Russia Baltic Pork Invest ASA (9.1.1 to 9.1.8 are subsidiaries of Russia Baltic Pork Invest ASA)	Investment	Norway	75.82	75.82
9.1.1)	Farm Construction Limited Liability Company	Swine farm construction	Russia	75.82	75.82

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			2016	2015
9.1.2) Finagro ASP	Financial service	Denmark	75.82	75.82
9.1.3) Kornevo Limited Liability Company	Livestock farming	Russia	75.82	75.82
9.1.4) Management Company RBPI Group Limited Liability Company	Property lease-out	Russia	75.82	75.82
9.1.5) NNPP Limited Liability Company	Livestock farming	Russia	75.82	75.82
9.1.6) NNPP-2 Limited Liability Company	Livestock farming	Russia	75.82	-
9.1.7) Pravdinsk Pig Production Closed Joint Stock Company	Livestock farming	Russia	75.82	75.82
9.1.8) Pravdinsk Pig Production-2 Limited Liability Company	Livestock farming	Russia	75.82	75.82
9.2) Stesha LLC. (9.2.1 to 9.2.2 are subsidiaries of Stesha LLC.)	Investment	Russia	99.99	99.99
9.2.1) CJSC Poultry Parent Stock Production Woyskovitsy	Livestock farming and breeding	Russia	79.99	79.99
9.2.2) CJSC Poultry Production Severnaya	Animal feedmill, livestock farming and food processing plant	Russia	79.99	79.99
Direct and indirect subsidiaries				
1) Charoen Pokphand Foods Philippines Corporation (1.1 is a subsidiary of Charoen Pokphand Foods Philippines Corporation)	Production and sale of animal feed, farming and shrimp hatchery business	Philippines	99.99	99.99
1.1) A.P.P. Enterprise, Inc. ⁽²⁾	Property lease-out	Philippines	39.60	39.60
2) Charoen Pokphand Foods (Overseas) LLC. (2.1 to 2.6 are subsidiaries of Charoen Pokphand Foods (Overseas) LLC.)	Animal feedmill and livestock farming	Russia	99.99	99.99
2.1) CPF Agro LLC.	Livestock farming	Russia	99.99	99.99
2.2) CPF Foods LLC.	Livestock farming	Russia	99.99	99.99
2.3) CPF Ryazan LLC.	Livestock farming	Russia	99.99	-
2.4) CPF Serebryanie Prudy LLC.	Livestock farming	Russia	99.99	99.99
2.5) CPF Trading LLC.	Importer and distributor of meat products	Russia	99.99	59.99
2.6) CPF Zaraysk LLC.	Livestock farming	Russia	99.99	99.99

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				2016	2015
3)	Chia Tai Enterprises International Limited (3.1 to 3.9 are subsidiaries of Chia Tai Enterprises International Limited)	Investment	Bermuda	50.43	50.43
3.1)	C.P. Enterprises Limited	Investment	Hong Kong	50.43	50.43
3.2)	Chia Tai Huazhong Biochemistry Limited	Investment	Hong Kong	50.43	50.43
3.3)	Chia Tai Pucheng Biochemistry Limited	Investment	Hong Kong	50.43	50.43
3.4)	ECI Machinery Co., Ltd.	Investment	British Virgin Islands	50.43	50.43
3.5)	Golden Industrial Investment Limited	Investment	Hong Kong	50.43	50.43
3.6)	Pucheng Chia Tai Biochemistry Limited ⁽²⁾	Production and sale of chlortetracycline	China	35.17	35.17
3.7)	Shanghai C.P. Industrial Trading Co., Ltd. ⁽³⁾	Sale of machine and spare part	China	50.43	50.43
3.8)	Zhumadian Huazheng Property Co., Ltd. ⁽²⁾	Real estate property	China	35.17	35.17
3.9)	Zhumadian Huazhong Chia Tai Co., Ltd. ⁽²⁾	Production and sale of chlortetracycline	China	35.17	35.17
4)	C.P. Standart Gida Sanayi ve Ticaret A.S.	Agro-industrial and integrated food	Turkey	100.00	100.00
5)	C.P. Pokphand Co., Ltd. (5.1 to 5.102 are subsidiaries of C.P. Pokphand Co., Ltd.)	Investment	Bermuda	50.43	50.43
5.1)	Beijing CP Consultation Services Co., Ltd.	Provision of consulting service on economic and trade	China	50.43	-
5.2)	CF Food Enterprise (Qinhuangdao) Co., Ltd. (Formerly known as Chia Tai Food Enterprise (Qinhuangdao) Co., Ltd.)	Food processing plant, production and distribution of processed meat and ready meal	China	50.43	50.43
5.3)	C.P. Aquaculture (Yangjiang) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.4)	C.P. Food Enterprises (Ningbo) Co., Ltd.	Food processing plant, production and distribution of processed meat and ready meal	China	50.43	50.43
5.5)	C.P. Food (Hengshui) Co., Ltd.	Production and sale of processed food	China	50.43	-
5.6)	C.P. Food (Nantong) Co., Ltd.	Food processing plant, production and distribution of processed meat and ready meal	China	50.43	50.43
5.7)	C.P. Food (Xiangyang) Co., Ltd.	Production and sale of processed food	China	50.43	50.43
5.8)	C.P. Food (Xuzhou) Co., Ltd.	Food processing plant, production and distribution of processed meat and ready meal	China	50.43	50.43
5.9)	C.P. Food (Zhanjiang) Co., Ltd.	Production and sale of processed food	China	50.43	50.43

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			2016	2015
5.10) C.P. Premix (Guanghan) Co., Ltd. (Formerly known as Guanghan Chia Tai Feed Tech Co., Ltd.) ⁽²⁾	Production and sale of animal feed	China	45.89	45.89
5.11) C.P. Premix (Liuzhou) Co., Ltd. (Formerly known as Liuzhou Advance Feed Tech Co., Ltd.)	Production and sale of animal feed	China	50.43	50.43
5.12) C.P. Premix (Nantong) Co., Ltd. (Formerly known as Nantong Chia Tai Tech Feed Co., Ltd.) ⁽²⁾	Production and sale of animal feed	China	30.26	30.26
5.13) C.P. Premix (Shenyang) Co., Ltd. (Formerly known as Shenyang Advance Feed Tech Co., Ltd.)	Production and sale of animal feed	China	50.43	50.43
5.14) C.P. Premix (Tianjin) Co., Ltd. (Formerly known as Tianjin Chia Tai Feed Tech Co., Ltd.)	Production and sale of animal feed	China	50.43	50.43
5.15) C.P. Standard Resources Limited	Investment	Hong Kong	50.43	50.43
5.16) C.P. Vietnam Corporation	Production and sale of animal feed, farming and food processing plant	Vietnam	64.89	64.89
5.17) C.T. Progressive (H.K.) Limited	Investment	Bermuda	50.43	50.43
5.18) Changsha Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.19) Charoen Pokphand (China) Investment Limited	Investment	British Virgin Islands	50.43	50.43
5.20) Chengdu Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	35.30	35.30
5.21) Chia Tai (Beijing) Investment Management Co., Ltd.	Rendering management and advisory service	China	50.43	50.43
5.22) Chia Tai (China) Investment Co., Ltd.	Investment and trading	China	50.43	50.43
5.23) Chia Tai Feed (Hengshui) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.24) Chia Tai Feed (Qianjiang) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.25) Chia Tai Feed (Yushu) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.26) Chia Tai Feed (Zhanjiang) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43

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			2016	2015
5.27) Chia Tai Food Enterprise (Qingdao) Co., Ltd.	Food processing plant, production and distribution of processed meat and ready meal	China	50.43	50.43
5.28) Chia Tai (Hainan) Agro-Industry Co., Ltd.	Production and sale of animal feed	China	50.43	-
5.29) Chia Tai Yongji Enterprise Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.30) Chia Tai Yueyang Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.31) Chongqing Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.26	30.26
5.32) Chongqing Shuangqiao Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	35.30	35.30
5.33) Chuzhou Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.34) CP China Investment Limited	Investment	Cayman Islands	50.43	50.43
5.35) CP Food Investment Limited	Investment	Hong Kong	50.43	50.43
5.36) CP Group (Inner Mongolia) Nutrition Technology Flocks and Herds Service Co., Ltd.	Production and sale of animal feed	China	50.43	-
5.37) Dali Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.38) Fujian Baojiashun Food Development Co., Ltd. ⁽²⁾	Production of processed poultry meat	China	35.30	-
5.39) Fujian Chia Tai Food Co., Ltd. ⁽²⁾	Sale of processed poultry meat	China	35.30	-
5.40) Fujian Hetai Agro-Industry Co., Ltd. ⁽²⁾	Farming and trading of poultry	China	35.30	-
5.41) Fujian Longzeji Feed Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	35.30	-
5.42) Fuzhou Da Fu Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.43) Gansu Chia Tai Agriculture Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.44) Ganzhou Chia Tai Industrial Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	40.34	40.34
5.45) Guang An Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.26	30.26
5.46) Guangdong Chia Tai Biotechnology Co., Ltd.	Production and sale of probiotics	China	50.43	50.43
5.47) Guangxi Chia Tai Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.48) Guilin Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	42.86	42.86
5.49) Guiyang Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.50) Hangzhou Advance Feed Tech Co., Ltd.	Production and sale of animal feed	China	50.43	50.43

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			2016	2015
5.51) Hannick Limited	Property investment	Hong Kong	50.43	50.43
5.52) Hebei Chia Tai Agriculture Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.53) Hefei Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.54) Henan Chia Tai Agro-Industrial Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.55) Huai Hua Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.56) Hubei Chia Tai Co., Ltd.	Production and sale of animal feed, breeding and processed meat	China	50.43	-
5.57) Huludao Chia Tai Husbandry Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.58) Inner Mongolia Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	45.58	45.58
5.59) Jiangsu Chia Tai Agro-Industrial Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.60) Jiangsu Huai Yin Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	44.38	44.38
5.61) Jiangxi Chia Tai Agriculture Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.62) Jilin Chia Tai Food Co., Ltd.	Food processing plant, production and distribution of processed meat and ready meal	China	50.43	50.43
5.63) Jinan Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	32.78	32.78
5.64) Jiujiang Chia Tai Feedstuff Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.26	30.26
5.65) Kaifeng Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.66) Kunming Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	46.59	46.59
5.67) Lanzhou Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	45.70	45.70
5.68) Longyan Baotai Agro-Industry Co., Ltd. ⁽²⁾	Farming and sale of poultry	China	35.30	-
5.69) Mianyang Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	40.34	40.34
5.70) Modern State Investments Limited	Investment	British Virgin Islands	50.43	50.43
5.71) Nanchang Chiatat Livestock Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.72) Nanning C.P. Food Co., Ltd	Production and sale of processed food	China	50.43	-
5.73) Nanning Chia Tai Animal Husbandry Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	46.21	46.21
5.74) Nantong Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.26	30.26

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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2016	2015
5.75) Nanyang Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	45.89	45.89
5.76) Neijiang Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	35.30	35.30
5.77) Ningbo Chia Tai Agriculture Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	35.30	35.30
5.78) Pingdingshan Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	35.30	35.30
5.79) Qingdao Chia Tai Agricultural Development Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.80) Shaanxi Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	48.41	48.41
5.81) Shanghai Han Tong International Trading Co., Ltd. ⁽²⁾	Sale of processed poultry meat	China	35.30	-
5.82) Shanxi Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.21	30.21
5.83) Shenyang Chia Tai Livestock Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.84) Shijiazhuang Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.85) Shuangliu Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	35.30	35.30
5.86) Tai Zhou Chia Tai Feed Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	48.41	48.41
5.87) Tianjin Chia Tai Agro-Industrial Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.88) Urumqi Chia Tai Animal Husbandry Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	47.11	47.11
5.89) Weinan Chia Tai Co., Ltd. ⁽³⁾	Production and sale of animal feed	China	50.43	50.43
5.90) Wuhan Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.91) Wuhan Chia Tai Aquaculture Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.92) Wuxuan Chia Tai Animal Husbandry Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	42.86	42.86
5.93) Xiamen Chia Tai Agriculture Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.26	30.26
5.94) Xiamen Sumpo Food Trading Co., Ltd. ⁽²⁾	Sale of processed poultry meat	China	35.30	-
5.95) Xiangyang Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.96) Xuzhou Chia Tai Feed Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	32.78	32.78
5.97) Yi Chang Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.98) Yinchuan Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	42.86	42.86
5.99) Yongan Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.100) Zhangjiakou Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.26	30.26
5.101) Zhoukou Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.102) Zhumadian Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.76	30.76
6) CPF Tanzania Limited ⁽³⁾	Animal feedmill and livestock farming	Tanzania	99.99	99.99
Indirect subsidiaries				
1) Bright Excel Investments Limited	Investment	British Virgin Islands	100.00	100.00

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	Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
				2016	2015
2)	C.P. Cambodia Co., Ltd. (2.1 is a subsidiary of C.P. Cambodia Co., Ltd.)	Production and sale of animal feed, livestock farming and food processing plant	Cambodia	100.00	100.00
	2.1) Cambodia Property and Trading Co., Ltd. ⁽²⁾	Property lease-out	Cambodia	49.00	49.00
3)	C.P. Laos Co., Ltd.	Animal feedmill and livestock farming	Laos	99.99	99.99
4)	Charoen Pokphand (Taiwan) Investment Limited	Investment	Bermuda	100.00	100.00
5)	Charoen Pokphand (USA), Inc. ⁽³⁾	Broiler chicken integration	United States of America	99.97	99.97
6)	Charoen Pokphand Enterprise (Taiwan) Co., Ltd. ⁽²⁾ (6.1 to 6.7 are subsidiaries of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.)	Chicken integration and livestock farming	Taiwan	32.68	32.68
	6.1) Arbor Acres (Taiwan) Co., Ltd. ⁽²⁾	Livestock farming	Taiwan	16.34	16.34
	6.2) Charoen Pokphand (Taiwan) Co., Ltd. ⁽²⁾	Importer and distributor of feedstuff additives and animal vaccines	Taiwan	29.41	29.41
	6.3) Chia Tai Lianyungang Co., Ltd. ⁽²⁾	Investment	Hong Kong	32.68	32.68
	6.4) Lianyungang Chia Tai Agro-industry Development Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	22.88	22.88
	6.5) Plenty Type Limited ⁽²⁾	Investment	Cayman Islands	32.68	32.68
	6.6) Rui Fu Foods Co., Ltd. ⁽²⁾	Layer chicken business	Taiwan	16.67	-
	6.7) Rui Mu Foods Co., Ltd. ⁽²⁾	Layer chicken business	Taiwan	16.99	-
7)	Charoen Pokphand Foods (Malaysia) Sdn. Bhd. (7.1 to 7.3 are subsidiaries of Charoen Pokphand Foods (Malaysia) Sdn. Bhd.)	Investment in aquaculture integration business and swine business	Malaysia	99.99	99.99
	7.1) Asia Aquaculture (M) Sdn. Bhd.	Shrimp farming and processing plant	Malaysia	99.99	99.99
	7.2) Makin Jernih Sdn. Bhd. (7.2.1 to 7.2.3 are subsidiaries Of Makin Jernih Sdn. Bhd.)	Investment	Malaysia	99.99	99.99
	7.2.1) AA Meat Shop Sdn. Bhd.	Livestock processing retailer	Malaysia	99.99	99.99
	7.2.2) Chau Yang Farming Sdn. Bhd.	Livestock farming	Malaysia	99.99	99.99
	7.2.3) Tip Top Meat Sdn. Bhd.	Livestock processing plant	Malaysia	99.99	99.99
	7.3) Star Feedmills (M) Sdn. Bhd.	Aquatic feed production and distribution	Malaysia	99.99	99.99
8)	Charoen Pokphand Foods Canada Inc.	Import and export food products	Canada	70.00	70.00

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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2016	2015
9) Coinaton Investments Limited (9.1 is a subsidiary of Coinaton Investments Limited)	Investment	British Virgin Islands	100.00	100.00
9.1) Chun Ta Investment Co., Ltd.	Investment	Taiwan	100.00	100.00
10) CPF (INDIA) Private Limited	Production and sale of animal feed, farming and food processing plant	India	99.99	99.99
11) CPF Japan Co., Ltd (Formerly known as CPF Tokyo Co., Ltd.)	Importer and distributor of processed meat and ready meals	Japan	99.99	99.99
12) CPVN Limited	Investment	British Virgin Islands	100.00	100.00
13) Forward Pass Limited (13.1 is a subsidiary of Forward Pass Limited)	Investment	British Virgin Islands	100.00	100.00
13.1) Ta Chung Investment Co., Ltd.	Investment	Taiwan	100.00	100.00
14) New Splendid Holdings Limited	Investment	British Virgin Islands	100.00	100.00
15) Norfolk Foods (Private) Limited	Production and sale of ready meal	Sri Lanka	80.00	-
(1)	In the process of liquidation			
(2)	The Company has the power to govern those companies.			
(3)	Operations wound up			

2 Basis of preparation of the financial statements

2.1 Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued several new and revised TFRS that are relevant to the Group’s operations and effective for annual accounting periods beginning on or after 1 January 2016. The adoption of these new and revised TFRS have no any material effect on the accounting policies, methods of computation, and financial performance or financial position of the Group.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2017 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 44 to the financial statements.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

- Available-for-sale investments are measured at fair value.
- Certain types of biological assets are measured at fair value less costs to sell.
- Land used for operations are measured at revalued amounts.

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2.3 Functional and presentation currency

The 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 financial statements to the nearest million Baht unless otherwise stated.

2.4 Use of judgments and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgments, 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 estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes to the financial statements:

Note 9	Measurement of biological assets
Notes 11, and 13 to 19	Assumptions used in discounted cash flow projections
Note 21	Utilisation of tax losses
Notes 21 and 35	Deferred and current taxation
Note 25	Measurement of defined benefit obligations
Note 39	Valuation of financial instruments

Measurement of fair values

TFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other TFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurements date. It also replaces and expands the disclosure requirements about fair value measurements in other TFRSs.

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.

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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 the following notes:

- Note 9 Biological assets
- Note 16 Investment properties
- Note 17 Property, plant and equipment
- Note 39 Financial instruments

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and joint ventures.

Business combinations

The Group applies the acquisition method for all business combinations other than those with entities under common control.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The acquisition date is the date on which control is transferred to the acquirer. All relevant facts and circumstances are considered in determining the acquisition date and determining whether control is transferred from one party to another. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Any consideration/contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. In the event that contingent consideration is classified as asset or liability, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Transaction costs that are incurred in connection with a business combination are recorded as expenses as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

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Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. If subsidiaries of the Group use accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to their financial statements in preparing the consolidated financial statements.

Losses applicable to non-controlling interests in a subsidiary which related to non-controlling interests are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree or the fair value.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. Subsequently it is accounted for new types of investment depending on the level of influence retained.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any income and expenses, are eliminated in full in preparing the consolidated financial statements. Unrealised gains or losses arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency using the foreign exchange rates ruling at the dates of the transactions.

Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to the functional currency at the foreign exchange rates ruling at the dates that fair value was determined.

Foreign operations

The assets and liabilities of foreign operations are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

Goodwill and fair value adjustment entries arising on the acquisition of foreign operations are translated to Thai Baht at the foreign exchange rate ruling at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the currency translation differences in equity until disposal of the investment.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the Group shall reclassify to profit or loss only the proportionate share of the cumulative amount of the exchange differences recognised in other comprehensive income.

A monetary item receivable from or payable to a foreign operation for which settlement is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item and related hedging transactions are considered to form part of a net investment in a foreign operation and are presented in the same way as foreign exchange differences arising from translation.

(c) Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks, arising from operating, financing and investment activities. Derivative financial instruments are not used for trading purposes.

Derivative financial instruments are recognised initially at fair value. The gain or loss on remeasurement is recognised depending on the nature of the item being hedged.

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(d) Hedging

Hedge of future foreign currency transactions

The Group has a policy to mitigate the foreign exchange risk by entering into forward exchange contracts covering foreign currency monetary transactions. In this regard, all monetary transactions are translated to the functional currency of the Company and subsidiaries at the rates prevailing at the reporting date, adjusted by net receivables/ payables arising from the related forward exchange contracts and the remaining deferred forward premium/ discount. The related forward premium/ discount is recorded as income/expense over the forward contract term. The amortised forward premium/discount and gains or losses on the forward exchange contracts covering foreign currency monetary transactions are offset against the related exchange gains or losses on the foreign currency monetary transactions being hedged.

For hedges of anticipated future transactions, the Group recognises gains and losses on forward exchange contracts and the related forward premium/discount as deferred transaction until the transactions are completed then recognises gains or losses in profit or loss.

Hedge of interest rates

Interest differentials under swap arrangements are accrued in proportion to the interval of time and relevant underlying notional principal and recorded as adjustments to the interest expense relating to the hedged loans.

(e) Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash balances, call deposits, highly liquid short-term investments and overdrafts that are repayable on demand.

Deposits that have a restriction on use are presented separately in the account "Restricted deposits at financial institutions" in the statement of financial position.

(f) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off after performing the appropriate procedures prescribed in the Revenue Code.

(g) Inventories

Raw materials, work in progress and finished goods

Finished goods and raw materials are measured principally at the lower of average cost and net realisable value.

Work in progress is measured principally at the lower of cost and net realisable value.

Chemicals, medical and supplies are measured principally at the lower of average cost and net realisable value.

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Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(h) *Biological assets*

Biological assets are measured at fair value less costs to sell (the incremental cost directly attributable to the disposal of a biological asset), except for the case where the fair value cannot be measured reliably, they are measured at cost less accumulated depreciation and impairment losses. Gains or losses on changes in fair value less costs to sell are recognised in profit or loss.

Non-current biological assets, mainly consisting of swine breeders, are separately presented under the caption "Non-current assets". Other biological assets are presented under the caption "Current assets" in the statement of financial position.

(i) *Non-current assets held for sale*

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the non-current assets (or a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal groups) are measured at the lower of their carrying value and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rate basis, except for inventories, financial assets, deferred tax assets and investment properties, which continue to be measured under different rules in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(j) *Investments*

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries and associates in the separate financial statements of the Company are accounted for using the cost method. Investments in associates and joint ventures in the consolidated financial statements are accounted for using the equity method.

Available-for-sale investments

Available-for-sale investments are investments in marketable equity securities that are non-subsidaries and/or non-associates, other than those securities held for trading or intended to be held to maturity. Available-for-sale investments are stated at fair value which is determined using quoted bid price at the reporting date. The changes, therein, other than impairment losses, are recognised directly in equity. When there is objective evidence that the value of the asset is impaired, impairment losses are recognised in profit or loss.

General investments

General investments are investments in equity securities of related and other companies that are non-subsidaries and/ or non-associates, which are not marketable and are stated at cost less impairment losses.

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Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(k) *Investment properties*

Investment properties are properties which are held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, capitalised borrowing costs, and other costs directly attributable to bringing the investment property to a working condition for its intended use.

Transfers to property and plant

The carrying amount of investment properties is transferred to property and plant at the date of change in use and measured in accordance with accounting policy of property and plant.

(l) *Property, plant and equipment*

Recognition and measurement

Owned assets of the Group

Land used for operations is stated at revalued amounts. Land acquired after the latest revaluation was made is stated at cost less accumulated impairment losses.

Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, capitalised borrowing costs, and other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation differences on assets are transferred to retained earnings.

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Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Revalued assets

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets approximated to that which would be determined using fair values at the reporting date.

Any increase in value net of deferred tax liability is recognised in other comprehensive income and presented in “Revaluation differences on assets” in other components of equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. Any value is being subsequently increased will credit to other comprehensive income only for the amount higher than the previously decreased in value.

A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset.

Transfers to investment properties

Transfers from owner-occupied property to investment property is stated at carrying amount of the property transferred at the date of the change in use.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Utilities system	3 - 40	years
Buildings and constructions	2 - 60	years
Building improvements and leasehold improvements	2 - 40	years
Water and electricity systems	3 - 30	years
Machinery and equipment	2 - 30	years
Furniture, fixtures and office equipment	3 - 20	years
Vehicles	2 - 25	years

No depreciation is provided on assets under construction and installation.

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Depreciation methods, estimated useful lives and residual values are reviewed at each financial year-end.

(m) Intangible assets

Goodwill

The measurement of goodwill that arises upon the acquisition of subsidiaries at initial recognition is described in note 3 (a) to the financial statements. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. The carrying amount of goodwill related to associates and joint ventures is included in the carrying amount of the investment in associates and joint ventures.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, borrowing cost and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are stated at cost less accumulated amortisation and impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated over the cost of the asset less its residual value.

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets, other than goodwill and intangible assets with an indefinite useful life.

The estimated useful lives are as follows:

Development cost of software applications	4 - 20	years
Software licenses	3 - 20	years
Trademarks	8 - 20 years and indefinite useful life	
Customer relationship	10 - 15	years
Recipes	15	years
Trademark licenses	15	years

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Amortisation methods, estimated useful lives and residual values are reviewed at each financial year-end.

(n) Leasehold rights

Payments made by the Group for leasehold rights are measured at cost method and amortisation is recognised in the profit or loss on a straight line basis over the periods of the leasehold.

(o) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to other comprehensive income, in which case it is charged to other comprehensive income.

When there is objective evidence that the value of the available-for-sale investments is impaired, the cumulative loss that had been recognised directly in other comprehensive income is recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. The reversal of a financial asset is recognised as follows:

- (1) For financial assets carried at amortised cost and available-for-sale investments that are debt securities, the reversal is recognised in profit or loss.
- (2) For equity securities, the reversal is recognised directly in profit or loss.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss of the assets is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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(p) *Interest-bearing liabilities*

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(q) *Trade and other accounts payable*

Trade and other accounts payable are stated at cost.

(r) *Employee benefits*

Post-employment benefit - defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised in profit or loss in the periods during which services are rendered by employees.

Post-employment benefit - defined benefit plans

Obligations for defined benefit plans are calculated by using actuarial techniques and separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted by using the projected unit credit method to determine the present value of the defined benefit obligation and the current service cost.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

Termination benefits

Termination benefits are expensed at the earlier of:

- (1) When the Group can no longer withdraw the offer of those benefits or
- (2) When the Group recognises costs for a restructuring.

If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefits

Short-term employee benefit obligations are recognised in profit or loss in the periods during which services are rendered by employees.

A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

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(s) Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(t) Treasury shares

Share repurchase program for financial management

Treasury shares are recognised initially at cost and presented as a deduction from equity. An equal amount is appropriated from retained earnings and taken to a reserve for treasury shares within equity. When treasury shares are sold, the amount received is recognised as an increase in equity by crediting the cost of the treasury shares sold, calculated using the weighted average method, to the treasury shares account and transferring the equivalent amount to the cost of shares sold back from reserve for treasury shares to retained earnings. Surpluses on the sale of treasury shares are taken directly to a separate category within equity ("Surplus on treasury shares"). Net deficits on sale or cancellation of treasury shares are debited to retained earnings after setting off against any remaining balance of surplus on treasury shares and the reserve for treasury shares are credited at the equivalent amount to the cost of shares sold back to retained earnings.

Ordinary shares of the Company held by subsidiaries

The Company's ordinary shares held by subsidiaries, which are acquired on the acquisition date, are recognised at fair value and treated similar to treasury shares as a deduction in the equity in the consolidated financial statements. When the ordinary shares held by the subsidiaries are disposed, the Company will recognise the gain net of tax from the disposal as surplus and net losses of tax are debited to retained earnings after setting off against any remaining balance of surplus.

(u) Revenue

Revenue excluding value added taxes or other sales taxes and is arrived at after deduction of trade discounts.

Sale of goods

Revenue from sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Rental income

Rental income from operating lease contracts is recognised in profit or loss on a straight line basis over the term of the lease.

Other income

Other operating income and interest income are recognised in profit or loss on the accrual basis. Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

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(v) Finance costs

Interest and expenses incurred from financing are charged to profit or loss for the period on the accrual basis, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

The interest component of finance lease payments is recognised as finance costs in profit or loss using the effective interest rate method.

(w) Expenses

Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is, or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset and an arrangement conveys the right to use the asset.

(x) Income tax

Income tax expense for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the income tax of business combination or the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax

Current tax is calculated from the taxable income for the year, using tax rates enacted at the reporting date and applicable to the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised, using the balance sheet liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not recognised for goodwill which is not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and the temporary differences associated with investment in subsidiaries and associates that is probable that it will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(y) Basic earnings per share

The Group presents basic earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group and the weighted average number of ordinary shares held by third parties outstanding during year.

(z) Segment reporting

Segment results that are reported to the Group’s management (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4 Business combination by acquisition of shares

4.1 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, an indirect subsidiary of Charoen Pokphand Group Company Limited.

The main business of Hubei is production and sale of animal feed, breeding and processed meat. In this regard, 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 of the Group.

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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

	(Unit: Million Baht)
	Fair value
Cash	560

Identifiable assets acquired and liabilities assumed

	(Unit: Million Baht)
	Fair value
Cash and cash equivalents	478
Accounts receivable - trade and others	636
Inventories	310
Current biological assets	129
Other current assets	86
Property, plant and equipment	2,909
Leasehold rights	759
Short-term borrowings from financial institutions	(1,292)
Accounts payable - trade and others	(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

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

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The consolidated statement of income for the year ended 31 December 2016 includes operating results of Hubei for the period from 14 June 2016 to 31 December 2016. Significant details are as follows:

	<i>(Unit: Million Baht)</i> For the year ended 31 December 2016
Revenue from sale of goods	3,478
Profit for the period attributable to equity holders of the Company	73

4.2 Share acquisition of Norfolk Foods (Private) Limited (“Norfolk”)

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 issued and 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 which is incorporated in Sri Lanka.

The main business of Norfolk is production and sale of ready-to-eat food products. In this regard, 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 Baht 139 million.

- **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.

The Group obtained control of Norfolk on 15 July 2016 (“Acquisition date”) through the acquisition of 2,752,800 ordinary shares (equal to 80% of total issued and paid-up share capital).

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	139

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Identifiable assets acquired and liabilities assumed

	(Unit: Million Baht)
	Fair value
Cash and cash equivalents	13
Accounts receivable - trade and others	57
Inventories	21
Other current assets	2
Plant and equipment	68
Leasehold rights	4
Other intangible assets - trademark	7
Other non-current assets	1
Accounts payable - trade and others	(22)
Income tax payable	(3)
Other current liabilities	(4)
Deferred tax liabilities	(10)
Provisions	(4)
Employee benefit obligations	(10)
Net assets	120
Non-controlling interests (based on their proportionate interest in the recognised amount of the net identifiable assets of the acquiree)	(24)
Goodwill	43
Consideration transferred	139
Cash received from acquisition of subsidiary	(13)
Net consideration paid for acquisition of subsidiary	126

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

The factors contributing to the goodwill are the growth potential of Sri Lanka's food business and the access to the production base for exporting to nearby countries. Goodwill arising from the business combination is recognised in the consolidated statement of financial position and is not amortised as expenses.

The consolidated statement of income for the year ended 31 December 2016 includes operating results of Norfolk for the period from 15 July 2016 to 31 December 2016. Significant details are as follows:

	(Unit: Million Baht)
	For the year ended 31 December 2016
Revenue from sale of goods	154
Profit for the period attributable to equity holders of the Company	7

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4.3 Share acquisition of The Foodfellas Limited (“Foodfellas”)

On 15 October 2016, CP Foods UK Limited (“CPF UK”), a subsidiary which 57.52% of its issued and paid-up share capital being indirectly owned by the Company, acquired 9,340 ordinary shares which equal to 60% of total issued and paid-up share capital of Foodfellas which is incorporated in England from Mr. Marc Werter, Mr. Anthony John Levy, Mr. Jasby Ghosh and Mr. Simon Anthony Bernstein.

The main business of Foodfellas is food service business by importing of raw material and food products from around the world. In this regard, the total value of the transaction is Pound Sterling 12.89 million or Baht 567 million.

CPF UK obtained control of Foodfellas on 15 October 2016 (“Acquisition date”) through the acquisition of 9,340 ordinary shares (representing to 60% of total issued and paid-up share capital) and equaled to 34.51% interests of 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

	(Unit: Million Baht)
	Fair value
Cash	567

Identifiable assets acquired and liabilities assumed

	(Unit: Million Baht)
	Fair value
Cash and cash equivalents	99
Accounts receivable - trade and others	279
Inventories	175
Other current assets	9
Property, plant and equipment	1
Other intangible assets - customer relationship	786
Overdrafts	(27)
Accounts payable - trade and others	(237)
Income tax payable	(14)
Other current liabilities	(114)
Deferred tax liabilities	(157)
Net assets	800
Non-controlling interests (based on their proportionate interest in the recognised amount of the net identifiable assets of the acquiree)	(320)
Goodwill	87
Consideration transferred	567
Cash received from acquisition of subsidiary	(72)
Net consideration paid for acquisition of subsidiary	495

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As at 31 December 2016 the Group is still assessing the final fair value of the net assets acquired in accordance with TFRS No. 3 (revised 2015). In this regard, the Group has provisionally estimated the fair value of the identifiable assets acquired and liabilities assumed from the business combination for accounting record, if new information is obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date, the Group will adjust the above provisional fair values, or recognise any additional assets or liabilities that existed at the acquisition date, then the acquisition accounting will be revised.

The factors contributing to the goodwill are the competence and extensive experience of the management team in food service business in England which will allow CPF Group to promptly and effectively expand food service business to other European countries. Goodwill arising from the business combination is recognised in the consolidated statement of financial position and is not amortised as expenses.

The consolidated statement of income for the year ended 31 December 2016 includes operating results of Foodfellas for the period from 15 October 2016 to 31 December 2016. Significant details are as follows:

	<i>(Unit: Million Baht)</i>
	For the year ended 31 December 2016
Revenue from sale of goods	653
Profit for the period attributable to equity holders of the Company	12

4.4 Share acquisition of Fujian Sumpo Foods Holdings Co., Ltd. (“Fujian Sumpo”)

On 21 October 2016, Chia Tai (China) Investment Co., Ltd. (“CTI”), a 50.43% indirectly owned subsidiary, entered into Share Purchase Agreement with Sumpo International Holdings Limited and Longyan Huiren Investment Co., Ltd. (“the Sellers”) in order to acquire 70% of total issued and paid-up share capital of Fujian Sumpo which is incorporated in China.

The main business of Fujian Sumpo is production and sale of animal feed, farming and sale of poultry as well as processing and sale of chicken meat products. In this regard, the total value of the transaction is Renminbi 323 million or Baht 1,672 million.

CTI obtained control of Fujian Sumpo on 22 November 2016 (“Acquisition date”) through the acquisition of 70% of Fujian Sumpo’s total issued and paid-up share capital which equaled to 35.30% interests of the Group.

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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

	(Unit: Million Baht)
	Fair value
Cash	1,672

Identifiable assets acquired and liabilities assumed

	(Unit: Million Baht)
	Fair value
Cash and cash equivalents	21
Accounts receivable - trade and others	260
Inventories	367
Current biological assets	114
Other current assets	1,579
Property, plant and equipment	1,736
Leasehold rights	291
Other intangible assets	55
Other non-current assets	150
Accounts payable - trade and others	(422)
Short-term borrowings from financial institutions	(1,304)
Income tax payable	(5)
Other current liabilities	(379)
Deferred tax liabilities	(11)
Other non-current liabilities	(64)
Net assets	2,388
Non-controlling interests (based on their proportionate interest in the recognised amount of the net identifiable assets of the acquiree)	(716)
Consideration transferred	1,672
Cash received from acquisition of subsidiary	(21)
Net consideration paid for acquisition of subsidiary	1,651

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

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The consolidated statement of income for the year ended 31 December 2016 includes operating results of Fujian Sumpo for the period from 22 November 2016 to 31 December 2016. Significant details are as follows:

	<i>(Unit: Million Baht)</i>
	For the year ended 31 December 2016
Revenue from sale of goods	576
Profit for the period attributable to equity holders of the Company	10

4.5 Share acquisition of Bellisio Parent, LLC (“Bellisio Parent”)

On 21 November 2016, the Company incorporated Bellisio Investment, LLC (“Bellisio Invest”) in the United States of America with registered share capital of U.S. Dollar 585 million and on 20 December 2016, Bellisio Invest acquired the entire interests in Bellisio Parent, which is incorporated in the United States of America from Bellisio Consolidated Equity, LLC. In this regard, the total value of the transaction is U.S. Dollar 1,104 million or Baht 39,103 million.

The main business of Bellisio Parent is investment holding and there are subsidiaries whose main business are production and distribution of ready-to-eat single serve frozen food under well-known brands.

The Company obtained control of Bellisio Parent on 20 December 2016 (“Acquisition date”) through the acquisition of 100.00% of Bellisio Parent’s total issued and paid-up share capital.

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	39,103

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Identifiable assets acquired and liabilities assumed

(Unit: Million Baht)

	Fair value
Cash and cash equivalents	768
Accounts receivable - trade and others	1,802
Inventories	2,271
Other current assets	702
Property, plant and equipment	5,448
Other intangible assets - customer relationship	5,128
Other intangible assets - trademarks	3,474
Other intangible assets - trademark licenses	2,986
Other intangible assets - recipes	2,100
Accounts payable - trade and others	(1,368)
Other current liabilities	(784)
Deferred tax liabilities	(6,480)
Other non-current liabilities	(44)
Net assets	16,003
Goodwill	23,100
Consideration transferred	39,103
Cash received from acquisition of subsidiary	(768)
Net consideration paid for acquisition of subsidiary	38,335

As at 31 December 2016 the Group is still assessing the final fair value of the net assets acquired in accordance with TFRS No. 3 (revised 2015). In this regard, the Group has provisionally estimated the fair value of the identifiable assets acquired and liabilities assumed from the business combination for accounting record by considering the draft valuation report from an independent valuer, if new information is obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date, the Group will adjust the above provisional fair values, or recognise any additional assets or liabilities that existed at the acquisition date, then the acquisition accounting will be revised.

The factors contributing to the goodwill are the large food market in the United States of America which has strong growth potential and channel for the Company to export product to North America as well as multiple synergy benefits such as expansion of retail distribution channel and penetration of food services in the Asian food segment. Goodwill arising from the business combination is recognised in the consolidated statement of financial position and is not amortised as expenses.

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If the acquisition of Hubei, Norfolk, Foodfellas, Fujian Sumpo and Bellisio Group 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 year ended 31 December 2016 would have been as follows:

	<i>(Unit: Million Baht)</i>
	For the year ended 31 December 2016
Revenue from sale of goods	496,572
Profit for the period attributable to equity holders of the Company	15,351

5 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 26 August 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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5.1 Significant transactions with related parties for the years ended 31 December 2016 and 2015

		<i>(Unit: Million Baht)</i>			
		Consolidated		Separate	
		financial statements		financial statements	
		2016	2015	2016	2015
(a)	Income				
	Significant influence entity				
	Software application income	1	1	-	-
	Sale of goods	-	1	-	-
	Training and seminar income	1	1	-	-
	Rental, service and other income	1	-	-	-
	Subsidiaries				
	Dividend income	-	-	12,503	13,413
	Interest income	-	-	4,000	3,600
	Sale of goods	-	-	2,896	3,113
	Rental, service and other income	-	-	11	7
	Gain on sale of equipment and others	-	-	57	16
	Associates, joint ventures and related companies				
	Sale of goods	42,538	34,349	592	428
	Rental, service and other income	209	213	29	5
	Dividend income	70	64	39	37
	Software application income	27	32	-	-
	Training and seminar income	24	25	-	-
	Interest income	4	5	-	-
	Gain on sale of land	-	766	-	-
	Gain on sale of equipment and others	-	33	-	1
(b)	Expenses and others				
	Significant influence entity				
	Purchase of raw materials and goods	9,632	8,493	2,675	1,850
	Technical service fees	1,867	1,624	45	38
	Trademark license fees	89	85	5	6
	Subsidiaries				
	Purchase of raw materials and goods	-	-	4,972	3,764
	Software application fees	-	-	185	190
	Rental and service fees	-	-	62	64
	Training and seminar fees	-	-	34	30
	Other expenses	-	-	49	56

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		(Unit: Million Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
(b)	<i>Expenses and others (continued)</i>				
	Associates, joint ventures and related companies				
	Purchase of raw materials and goods	48,345	51,102	592	478
	Construction costs of buildings, structures and others	2,507	1,806	172	205
	Rental and service fees	1,541	1,582	312	435
	Purchase of equipment and others	204	142	84	24
	Insurance premium	203	243	81	97
	Trademark license fees	32	34	-	-
	Software application fees	30	30	-	-
	Interest expenses	7	6	-	-
	Other expenses	1,272	1,202	129	61

5.2 Balances with related parties as at 31 December 2016 and 2015 were as follows:

5.2.1 Accounts receivable - trade and others

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Significant influence entity	1	1	-	-
Subsidiaries	-	-	1,354	1,713
Associates and joint ventures	3,271	2,719	38	32
Related companies	6,048	4,618	133	107
Total	9,320	7,338	1,525	1,852

5.2.2 Short-term loans

		(Unit: Million Baht)	
		Separate financial statements	
		Average balance	
		Outstanding balance	
		2016	2015
		2016	2015
Subsidiaries		34,583	33,936
Total		46,535	35,444
		34,583	33,936
		46,535	35,444

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

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The currency denomination of short-term loans as at 31 December 2016 and 2015 was as follows:

	Consolidated financial statements		<i>(Unit: million Baht)</i> Separate financial statements	
	2016	2015	2016	2015
Functional currencies of each company in the Group	-	-	25,068	30,015
Foreign currencies				
- United States Dollar	-	-	9,254	3,669
- Ruble	-	-	261	252
Total	-	-	34,583	33,936

5.2.3 Accrued dividend income

	Consolidated financial statements		<i>(Unit: Million Baht)</i> Separate financial statements	
	2016	2015	2016	2015
Associates	177	189	-	-
Subsidiaries	-	-	-	5,927
Total	177	189	-	5,927

5.2.4 Accrued interest income

	Consolidated financial statements		<i>(Unit: Million Baht)</i> Separate financial statements	
	2016	2015	2016	2015
Subsidiaries	-	-	97	97
Total	-	-	97	97

5.2.5 Long-term loans

	<i>(Unit: Million Baht)</i> Separate financial statements			
	Outstanding balance		Average balance	
	2016	2015	2016	2015
Subsidiaries	6,880	23,367	8,112	18,008
<i>Less current portion</i>	<i>(867)</i>	<i>(387)</i>		
Net	6,013	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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The currency denomination of long-term loans as at 31 December 2016 and 2015 was as follows:

		<i>(Unit : Million Baht)</i>	
		Separate financial statements	
		2016	2015
Thai Baht		-	10,000
Foreign currencies			
- United States Dollar		6,013	12,606
- Ruble		867	761
Total		6,880	23,367

5.2.6 Accounts payable - trade and others

		<i>(Unit: Million Baht)</i>	
		Consolidated financial statements	
		2016	2015
Significant influence entity		366	758
Subsidiaries		-	-
Associates and joint ventures		282	309
Related companies		4,033	2,470
Total		4,681	3,537

5.2.7 Short-term borrowings

		<i>(Unit: Million Baht)</i>	
		Consolidated financial statements	
		Outstanding balance	Average balance
		2016	2015
Joint ventures		291	378
Related company		-	-
Total		291	378

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

5.3 Balances of loans/borrowings and interest rates

Balances of loans/borrowings and interest rates as at 31 December 2016 and 2015 are summarised as follows:

		Consolidated financial statements			
		<i>(Unit: Million Baht)</i>			
		Balance with fixed interest rate		Balance with float interest rate	
		2016	2015	2016	2015
Short-term borrowings from joint ventures		291	378	-	-

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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 (%)	
	2016	2015	2016	2015	2016	2015
Short-term loans to subsidiaries	9,254	3,669	25,329	30,267	7.38	7.39
Long-term loans to subsidiaries	6,880	23,367	-	-	5.26	5.40

5.4 Key management personnel compensation

Key management personnel compensation consist of:

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<i>For the year ended 31 December</i>				
Short-term employee benefits	474	450	235	214
Post-employment under defined benefit plans	12	11	5	4
Total	486	461	240	218
<i>As at 31 December</i>				
Employee benefit obligations	284	258	111	82
Total	284	258	111	82

5.5 Commitments

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

5.5.1 Capital commitments

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<i>Contracted but not provided for</i>				
Mainly represents contracts for construction of buildings and structures, and purchase of machinery and others	389	431	80	144

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5.5.2 Commitments under operating lease agreements

	Consolidated financial statements		<i>(Unit: Million Baht)</i> Separate financial statements	
	2016	2015	2016	2015
Within one year	940	926	291	250
Over one year but within five years	1,790	1,539	379	197
Over five years	373	374	-	-
Total	3,103	2,839	670	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 2017 to 2025.

5.6 Significant agreements


As at 31 December 2016, the Group had the following significant agreements with related parties:


5.6.1 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 in effect starting from 1 January 2016 to 31 December 2016. The Company and subsidiaries have extended the agreements for an additional period until 31 December 2017 with the same conditions and fee rates.

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.

5.6.2 Trademark agreements

A subsidiary (CPF Trading Company Limited) has trademark agreements 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 agreements. 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. The Company and subsidiaries have extended the agreements for an additional period until 31 December 2017 with the same conditions and fee rates.

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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.

5.6.3 Application system service agreement

A subsidiary had 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.

5.6.4 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.

5.6.5 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 terms 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.

6 Cash and cash equivalents

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2016	2015	2016	2015
Cash at financial institutions and on hand	28,626	33,471	9,067	17,400
Highly liquid short-term investments	5,474	2,990	-	-
Total	34,100	36,461	9,067	17,400

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The currency denomination of cash and cash equivalents as at 31 December 2016 and 2015 was as follows:

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2016	2015	2016	2015
Functional currencies of each company in the Group	28,857	32,171	5,058	16,347
Foreign currencies				
- United States Dollar	4,760	3,229	4,009	1,053
- Renminbi	94	52	-	-
- Taiwan Dollar	84	81	-	-
- Pound Sterling	73	18	-	-
- Euro	59	138	-	-
- Norway Krone	39	661	-	-
- Hongkong Dollar	20	16	-	-
- Other	114	95	-	-
Total	34,100	36,461	9,067	17,400

7 Accounts receivable - trade and others

	<i>Note</i>	Consolidated		<i>(Unit: Million Baht)</i>	
		financial statements		Separate	
		2016	2015	2016	2015
Related parties	5	9,320	7,338	1,525	1,852
Other parties		22,141	19,552	2,033	2,310
Total		31,461	26,890	3,558	4,162
Less allowance for doubtful accounts		(782)	(734)	(7)	(49)
Net		30,679	26,156	3,551	4,113
Bad and doubtful debts expense (reversal of allowance for doubtful accounts) for the year ended 31 December		205	256	14	(2)

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The outstanding balances of the doubtful accounts receivable - trade and others as at 31 December 2016 and 2015 classified by aging were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Periods over credit terms:				
Over 3 months to 6 months	130	194	1	-
Over 6 months to 12 months	103	20	-	-
Over 12 months	549	520	6	49
Total	782	734	7	49

The currency denomination of accounts receivable - trade and others as at 31 December 2016 and 2015 was as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Functional currencies of each company in the Group	28,347	23,787	2,278	2,146
Foreign currencies				
- United States Dollar	1,286	1,082	310	514
- Won	424	591	-	205
- Singapore Dollar	306	389	-	-
- Euro	165	158	237	304
- Swedish Krona	62	67	-	-
- Yen	51	66	-	1
- Pound Sterling	15	1	28	10
- Australian Dollar	7	-	194	254
- Renminbi	-	-	460	641
- Ruble	-	-	36	31
- Other	16	15	8	7
Total	30,679	26,156	3,551	4,113

8 Inventories

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Raw materials	32,415	28,621	1,618	1,379
Chemicals and supplies	2,462	2,129	153	142
Work in progress	1,350	1,388	131	148
Finished goods	13,923	14,482	1,219	2,762
Inventories in transit	5,293	6,126	6	29
Total	55,443	52,746	3,127	4,460
Less allowance for decline in value of inventories	(452)	(634)	(101)	(250)
Net	54,991	52,112	3,026	4,210

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The cost of inventories which is recognised as an expense and included in cost of sale of goods for the year ended 31 December 2016 amounted to Baht 294,415 million (2015: Baht 269,188 million) in the consolidated statement of income and Baht 16,289 million (2015: Baht 12,875 million) in the separate statement of income.

In 2016 the Group and the Company recognised an allowance for decline in value of inventories adjusted to net realisable value of Baht 452 million and Baht 101 million respectively (2015: Baht 634 million and Baht 250 million respectively) and recognised a recovery of allowance for decline in value of inventories of Baht 634 million and Baht 250 million respectively (2015: Baht 324 million and Baht 148 million respectively).

9 Biological assets

Movements for the years ended 31 December 2016 and 2015 were as follows:

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2016	2015	2016	2015
At 1 January	34,978	29,973	1,054	1,372
Increase due to business combination	243	2,339	-	-
Increase due to purchase/raise	146,964	136,266	9,782	9,246
Decrease due to sales/harvest	(138,613)	(129,689)	(9,390)	(9,249)
Depreciation	(5,259)	(4,339)	(151)	(140)
(Losses) gains on change in fair value less costs to sell	(889)	404	-	-
Currency translation differences	(138)	451	-	-
Other	(583)	(427)	(141)	(175)
Balance at 31 December	36,703	34,978	1,154	1,054
Current				
Livestock	27,516	26,013	-	-
Aquatic	1,662	1,744	1,154	1,054
Total current	29,178	27,757	1,154	1,054
Non-current				
Livestock	7,525	7,221	-	-
Total non-current	7,525	7,221	-	-
Total	36,703	34,978	1,154	1,054

Biological assets comprise livestock biological assets such as swine, chicken, duck etc. and aquatic biological assets such as shrimp and fish. Biological assets, other than fattening swine which are measured at fair value using quoted prices at the end of reporting period as references, are measured at cost less accumulated depreciation and impairment losses due to the short production cycle. In particular, the market prices or fair values at present condition of the biological assets which are breeders are unavailable; and valuation based on a discounted cash flow method is considered unreliable given the uncertainty with respect to external factors such as climate, weather, disease etc.

Cost includes all costs incurred from the acquisition of biological assets and throughout the growth cycle such as cost of new-born animals, feed costs, and other costs.

Bearer biological assets, for example breeders, are depreciated using the straight line method over the productive period or the units of production method which ranges approximately from 4 months to 36 months depending on the type of biological assets.

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An analysis of the estimates of physical quantities of the Group's biological assets as at 31 December 2016 and 2015 is as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Livestock	693,792	658,867	-	-
Aquatic	14,823	20,842	5,359	5,060

(Unit: Tons)

The estimates of physical quantities of the Group's biological assets were based on experience and historical data. The Group estimates the physical quantities of aquatic biological assets using a sampling method to project the overall weight.

Fair value measurement

The fair value of the Group's biological assets including carrying amount in the consolidated financial statements are as follows:

		Consolidated financial statements			
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2016					
Biological assets at fair value					
less costs to sell	13,505	-	2,991	10,514	13,505
31 December 2015					
Biological assets at fair value					
less costs to sell	11,537	-	1,851	9,686	11,537

(Unit: Million Baht)

The valuation technique and the inputs used in measuring the fair value of those biological assets categorised in Level 2 is market comparison approach which use quoted prices based on market prices at the reporting date.

The following table shows the valuation technique used in measuring the fair value of biological assets, as well as the significant unobservable inputs used for those categorised in Level 3.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Market comparison approach	<p>Reference market price on the reporting date</p> <ul style="list-style-type: none"> Suckling swine Baht 2,047 to Baht 2,362 per head Weanling swine Baht 2,739 per head Fattening swine Baht 56 to Baht 58 per kilogram 	<p>On the reporting date, if market price increases/decreases by 10%, the estimated fair value of biological assets would have increased/decreased by Baht 966 million.</p>

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The fair value of biological assets is performed by the Group's relevant finance department and operations team using a series of systematic procedures. The fair value measurements are categorised into each hierarchy based on inputs of swine market in each country as reference. The fair value of swine are determined based on market price per head or weight of swine.

10 Available-for-sale investments

Movements for the years ended 31 December 2016 and 2015 were as follows:

	<i>(Unit: Million Baht)</i>	
	Consolidated	
	financial statements	
	<u>2016</u>	<u>2015</u>
At 1 January	3,659	3,924
Acquisitions/additional investments	1,334	4,923
Disposals	-	(673)
Reclassification of change in fair value to profit or loss from disposal	-	(1,450)
Changes in fair value	271	(3,485)
Currency translation differences	1	420
At 31 December	<u>5,265</u>	<u>3,659</u>

Details of available-for-sale investments

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

	<i>(Unit: Million Baht)</i>					
	Ownership interest (both direct and indirect)		Consolidated		Separate	
	<i>(%)</i>		financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<i>Marketable securities</i>						
- at fair value						
True Corporation Public						
Company Limited - at cost	2.21	2.21	8,153	6,818	-	-
Changes in fair value			(2,888)	(3,159)	-	-
Total			<u>5,265</u>	<u>3,659</u>	<u>-</u>	<u>-</u>

During the year ended 31 December 2015, a subsidiary sold the available-for-sale investments with the original cost of Baht 673 million with gain on sale of investments amounting to Baht 1,431 million.

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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:

		<i>(Unit: Million Baht)</i>			
	Carrying amount	Consolidated financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2016					
<i>Non-current</i>					
Equity securities available for sale	5,265	5,265	-	-	5,265
31 December 2015					
<i>Non-current</i>					
Equity securities available for sale	3,659	3,659	-	-	3,659

11 Investments in subsidiaries

Movements during the years ended 31 December 2016 and 2015 were as follows:

	<i>(Unit: Million Baht)</i>			
	Consolidated financial statements	Separate financial statements		
	2016	2015	2016	2015
At 1 January	-	-	86,938	68,443
Acquisitions/additional investments	-	-	33,986	18,495
Impairment losses	-	-	(129)	-
At 31 December	-	-	120,795	86,938

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Details of investments in subsidiaries and dividend income

Investments in subsidiaries as at 31 December 2016 and 2015, and dividend income for the years then ended were as follows:

(Unit: Million Baht)

	Separate financial statements											
	Ownership interest (%)		Paid-up capital		Cost method		Accumulated impairment		At cost - net		Dividend income	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Marketable securities												
C.P. Pokphand Co., Ltd.	4.98	4.98	7,973	7,973	4,691	4,691	-	-	4,691	4,691	255	218
Chia Tai Enterprises International Limited	4.98	4.98	840	840	500	500	-	-	500	500	-	-
Total					5,191	5,191	-	-	5,191	5,191	255	218
Non-marketable securities												
Bangkok Produce Merchandising Public Company Limited	99.44	99.44	600	600	1,230	1,230	-	-	1,230	1,230	973	1,193
CPF (Thailand) Public Company Limited	99.98	99.98	9,110	7,008	22,393	11,883	-	-	22,393	11,883	5,921	2,102
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	9,900
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	-	-
Bellisio Investment, LLC	100.00	-	20,925	-	20,925	-	-	-	20,925	-	-	-

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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	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
C.P. Aquaculture (Beihai)												
Co., Ltd.	100.00	100.00	602	602	602	602	-	-	602	602	-	-
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	(4)	-	4	8	-	-
Charoen Pokphand Foods (Overseas) LLC.	10.21	10.21	2,819	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	58.26	58.25	224	224	129	129	(125)	-	4	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					116,671	82,685	(1,067)	(938)	115,604	81,747	12,249	13,195
Grand Total					121,862	87,876	(1,067)	(938)	120,795	86,938	12,504	13,413

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12 Non-controlling interests

Summarises of the information relating to each of the Group's subsidiaries that has material non-controlling interests, before any intra-group eliminations as at 31 December 2016 were as follows:

(Unit: Million Baht)

	C.P. Pokphand Co., Ltd. and its subsidiaries	Chia Tai Enterprises International Limited and its subsidiaries	Charoen Pokphand Enterprise (Taiwan) Co., Ltd. and its subsidiaries	CJSC Poultry Parent Stock Production Woyskovitsy	CJSC Poultry Production Severnaya
Non-controlling interests percentage*	49.57	49.57	67.32	20.01	20.01
Current assets	61,141	2,541	5,142	449	6,486
Non-current assets	75,262	6,096	8,650	898	6,205
Current liabilities	(38,789)	(731)	(4,506)	(20)	(3,142)
Non-current liabilities	(42,120)	(757)	(532)	-	(902)
Net assets	55,494	7,149	8,754	1,327	8,647
Goodwill of non-controlling interests	16,778	1,306	-	97	3,133
Carrying amount of non-controlling interests**	43,975	4,242	4,883	361	4,863

* The non-controlling interests percentage of sub-group represents only direct holding on the respective intermediate subsidiary, whereas, many indirect subsidiaries are not wholly-owned by the intermediate subsidiary with various percentages of ownership interests.

** The carrying amount of non-controlling interests of sub-group are derived from the above various percentages of ownership interests of indirect subsidiaries.

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Summaries of financial information relating to each of the Group's subsidiaries that has material non-controlling interests, before any intra-group eliminations for the year ended 31 December 2016 were as follows:

(Unit: Million Baht)

	C.P. Pokphand Co., Ltd. and its subsidiaries	Chia Tai Enterprises International Limited and its subsidiaries	Charoen Pokphand Enterprise (Taiwan) Co., Ltd. and its subsidiaries	CJSC Poultry Parent Stock Production Woyskovitsy	CJSC Poultry Production Severnaya
Revenue	187,483	3,163	19,986	737	10,883
Profit for the year	10,831	418	1,424	47	891
Other comprehensive income	(3,177)	(370)	720	105	905
Total comprehensive income	7,654	48	2,144	152	1,796
Profit attributable to non-controlling interests	4,541	47	968	9	178
Other comprehensive income attributable to non-controlling interests	(1,332)	(173)	489	21	181
Cash flows from operating activities	11,804	685	1,845	(42)	1,817
Cash flows from investing activities	(14,928)	189	(1,191)	(3)	(656)
Cash flows from financing activities	3,033	(262)	(568)	-	(161)
Effect of exchange rate changes on balances held in foreign currencies	(602)	(32)	(12)	1	316
Net increase (decrease) in cash and cash equivalents	(693)	580	74	(44)	1,316
Dividend paid to non-controlling interests	640	25	21	-	-

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Summarises the information relating to each of the Group's subsidiaries that has material non-controlling interests, before any intra-group eliminations as at 31 December 2015 were as follows:

(Unit: Million Baht)

	C.P. Pokphand Co., Ltd. and its subsidiaries	Chia Tai Enterprises International Limited and its subsidiaries	Charoen Pokphand Enterprise (Taiwan) Co., Ltd. and its subsidiaries	CJSC Poultry Parent Stock Production Woyskovitsy	CJSC Poultry Production Severnaya
Non-controlling interests percentage*	49.57	49.57	67.32	20.01	20.01
Current assets	57,755	2,072	4,932	2	5
Non-current assets	62,963	6,637	7,075	8	50
Current liabilities	(40,047)	(896)	(4,192)	(5)	(213)
Non-current liabilities	(27,110)	(603)	(690)		(104)
Net assets	53,561	7,210	7,125	17	41
Goodwill of non-controlling interests	16,863	1,313	-	8	3
Carrying amount of non-controlling interests**	43,381	4,127	4,243	1	46

* The non-controlling interests percentage of sub-group represents only direct holding on the respective intermediate subsidiary, whereas, many indirect subsidiaries are not wholly-owned by the intermediate subsidiary with various percentages of ownership interests.

** The carrying amount of non-controlling interests of sub-group are derived from the above various percentages of ownership interests of indirect subsidiaries.

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Summaries of financial information relating to each of the Group's subsidiaries that has material non-controlling interests, before any intra-group eliminations for the year ended 31 December 2015 were as follows:

(Unit: Million Baht)

	C.P. Pokphand Co., Ltd. and its subsidiaries	Chia Tai Enterprises International Limited and its subsidiaries	Charoen Pokphand Enterprise (Taiwan) Co., Ltd. and its subsidiaries	CJSC Poultry Parent Stock Production Woyskovitsy	CJSC Poultry Production Severnaya
Revenue	178,671	2,008	17,919	61	948
Profit for the year/period	10,046	172	798	7	72
Other comprehensive income	605	275	(382)	(49)	(446)
Total comprehensive income	10,651	447	416	(42)	(374)
Profit attributable to non-controlling interests	4,423	108	548	1	14
Other comprehensive income attributable to non-controlling interests	266	173	(262)	(10)	(89)
Cash flows from operating activities	17,774	372	748	8	350
Cash flows from investing activities	(10,596)	(103)	(1,002)	42	1,322
Cash flows from financing activities	(6,785)	(204)	135	-	(92)
Effect of exchange rate changes on balances held in foreign currencies	(353)	(27)	(1)	(4)	(75)
Net increase (decrease) in cash and cash equivalents	40	38	(120)	46	1,505
Dividend paid to non-controlling interests	486	115	19	-	-

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13 Investments in associates

Movements during the years ended 31 December 2016 and 2015 were as follows:

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2016	2015	2016	2015
At 1 January	65,312	52,055	335	335
Share of profit	6,134	4,965	-	-
Dividend income	(3,083)	(2,609)	-	-
Previously held interest in associate before status change to subsidiary	-	(820)	-	-
Acquisition/additional investments	9,178	15,455	-	-
Disposals	(1,529)	(3,661)	-	-
Currency translation differences	(177)	(23)	-	-
Other	(49)	(50)	-	-
At 31 December	75,786	65,312	335	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 31 December 2016, the fair value of this investment was Baht 197,935 million (2015: Baht 121,652 million).

During the year 2016, a subsidiary sold a portion of the investments in an associate with the carrying amount of Baht 1,529 million with gain on sale of investments amounting to Baht 2,126 million, which is presented in the consolidated statement of income (2015: Baht 3,661 million and Baht 5,697 million respectively).

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Details of investments in associates and dividend income

Investments in associates as at 31 December 2016 and 2015, and dividend income for the years then ended 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	
	(<i>%)</i>													
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<i>Marketable security</i>														
CP ALL Public Company Limited	35.24	34.50	8,983	8,983	59,061	53,334	69,144	60,863	-	-	69,144	60,863	2,817	2,341
Total					59,061	53,334	69,144	60,863	-	-	69,144	60,863	2,817	2,341
<i>Non-marketable securities</i>														
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	102	86	-	-	102	86	7	17
Siam Rivea Co., Ltd.	29.99	-	5	-	2	-	2	-	-	-	2	-	-	-
Arbor Acres Thailand Co., Ltd.	49.98	49.98	4	4	2	2	134	183	-	-	134	183	94	95
BHJ Kalino Food AB (“BHJ”) *	15.08	15.08	5	5	24	24	29	29	-	-	29	29	2	3
C.P. Aquaculture (India) Private Limited	31.70	31.70	192	192	176	176	712	743	-	-	712	743	-	-
Charoen Pokphand Holdings (Malaysia) Sdn. Bhd.	49.75	49.75	353	353	176	176	1,352	1,389	-	-	1,352	1,389	-	-

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Details of investments in associates and dividend income (Continued)

(Unit: Million Baht)

	Consolidated financial statements													
	Ownership (both direct and indirect (%))		Paid-up capital		Cost method		Equity method		Accumulated impairment		At equity – net		Dividend income	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Chai Tai Conti (Cixi) Investment Management Co., Ltd.	25.21	-	5	-	3	-	2	-	-	-	2	-	-	-
Conti Chia Tai International Limited	25.21	25.21	767	767	1,052	1,052	1,481	1,462	-	-	1,481	1,462	163	-
Ningxia Xiao Ming Animal Husbandry Co., Ltd. **	8.34	-	293	-	749	-	748	-	-	-	748	-	-	-
Qingdao Yi Bang Bio Engineering Co., Ltd. **	6.05	-	147	-	1,358	-	1,378	-	-	-	1,378	-	-	-
Zhan Jiang Deni Carburetor Co., Ltd. ***	14.12	14.12	581	581	424	424	539	395	-	-	539	395	-	153
Total					4,160	2,048	6,642	4,449	-	-	6,642	4,449	266	268
Grand total					63,221	55,382	75,786	65,312	-	-	75,786	65,312	3,083	2,609

* 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.

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** Ningxia Xiao Ming Animal Husbandry Co., Ltd. and Qingdao Yi Bang Bio Engineering Co., Ltd. are associates in which 16.54% and 12.00% respectively of the total issued and paid-up shares were held by Chia Tai (China) Investment Co., Ltd. (“CTI”), a 50.43% indirectly owned subsidiary. Therefore, the Group accounted for its investments in Ningxia Xiao Ming Animal Husbandry Co., Ltd. and Qingdao Yi Bang Bio Engineering Co., Ltd. using the equity method based on 8.34% and 6.05% shareholding in the consolidated financial statements respectively. In this regard, CTI exercises significant influence in these entities by having representatives in the board of directors of the invested companies and involving in setting the policy and making the significant decisions therefore the Group classified the aforementioned investments as investments in associates.

*** 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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Details of investments in associates and dividend income (Continued)

(Unit: Million Baht)

	Separate financial statements											
	Ownership interest						Accumulated impairment		At cost – net		Dividend income	
	(%)		Paid-up capital		Cost method							
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<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	-	-

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Significant associates

The following table summarises the financial information of an associate that the Group considered as material by reconciling financial information with the carrying amount of the interests in the associate as summarised below:

	<i>(Unit: Million Baht)</i>	
	CP ALL Public Company Limited and its subsidiaries	
	2016	2015
<i>Financial information of the associate</i>		
Revenue	451,939	405,893
Profit from continuing operations	16,772	13,818
Other comprehensive income	(698)	70
Total comprehensive income	16,074	13,888
Attributable to non-controlling interests	143	134
Attributable to the equity holder of the associate	15,931	13,754
Current assets	69,899	56,973
Non-current assets	282,369	272,110
Current liabilities	(113,818)	(101,131)
Non-current liabilities	(178,847)	(186,276)
Net assets	59,603	41,676
Attributable to non-controlling interests	14,407	4,326
Attributable to the equity holder of the associate	45,196	37,350
<i>Reconciliation of the carrying amount of the interests in the associate</i>		
Group's interest in net assets of the associate at 1 January	12,886	10,241
Total comprehensive income attributable to the Group	5,560	4,563
Dividends received during year	(2,817)	(2,341)
Difference from change in ownership	298	423
Group's interests in net assets of the associate at end of year	15,927	12,886
Goodwill	53,217	47,977
Carrying amount of the interests in the associate at 31 December	69,144	60,863

Immaterial associates

The following is summarised financial information for the Group's interest in immaterial associates:

	<i>(Unit: Million Baht)</i>	
	Consolidated financial statements	
	2016	2015
Carrying amount of interests in immaterial associates	6,642	4,449
Group's share of:		
- Profit from continuing operations	331	421
- Other comprehensive income	16	(86)
- Total comprehensive income	347	335

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Contingent liabilities relating to the investments in associates as at 31 December 2016 and 2015 were as follows:

	<i>(Unit: Million Baht)</i>	
	Consolidated	
	financial statements	
	<u>2016</u>	<u>2015</u>
Group's share of contingent liabilities	449	417

14 Investments in joint ventures

Movements during the years ended 31 December 2016 and 2015 were as follows:

	<i>(Unit: Million Baht)</i>	
	Consolidated	
	financial statements	
	<u>2016</u>	<u>2015</u>
At 1 January	4,419	4,194
Share of profit	378	255
Dividend income	(184)	(81)
Currency translation differences	(31)	51
At 31 December	<u>4,582</u>	<u>4,419</u>

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Details of investments in joint ventures

Investments in joint ventures as at 31 December 2016 and 2015, and dividend income for the years then ended 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	
	(%)													
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<i>Non-marketable securities</i>														
CP-Meiji Co., Ltd. ("CP-Meiji") *	59.99	59.99	500	500	1,200	1,200	1,656	1,402	-	-	1,656	1,402	-	-
Beijing Chia Tai Feedmill Co., Ltd.	25.21	25.21	157	157	128	128	192	158	-	-	192	158	-	-
Handan Chia Tai Feed Co., Ltd.	25.21	25.21	56	56	-	-	20	20	-	-	20	20	2	2
Jilin Chia Tai Enterprise Co., Ltd.	25.21	25.21	261	261	211	211	216	233	-	-	216	233	16	-
Henan East Chia Tai Co., Ltd.	25.21	25.21	170	170	225	225	262	209	-	-	262	209	39	79
ECI Metro Investment Co., Ltd.	25.21	25.21	378	378	1,296	1,296	2,236	2,397	-	-	2,236	2,397	127	-
Total					3,060	3,060	4,582	4,419	-	-	4,582	4,419	184	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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The Group has considered that none of the joint ventures is regarded as individually material to the Group.

Immaterial joint ventures

The following is summarised financial information for the Group's interest in immaterial joint ventures based on the amounts reported in the Group's consolidated financial statements:

	<i>(Unit: Million Baht)</i>	
	Consolidated	
	financial statements	
	2016	2015
Carrying amount of interests in immaterial joint ventures	4,582	4,419
Group's share of:		
- Profit from continuing operations	378	255
- Other comprehensive income	(31)	51
- Total comprehensive income	347	306

Contingent liabilities and commitments relating to the investments in joint ventures as at 31 December 2016 and 2015 were as follows:

	<i>(Unit: Million Baht)</i>	
	Consolidated	
	financial statements	
	2016	2015
Group's share of the commitments	71	79
Group's share of the contingent liabilities	145	2

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15 Investments in related companies

Movements during the years ended 31 December 2016 and 2015 were as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
At 1 January	1,608	1,549	678	678
Currency translation differences	(3)	59	-	-
At 31 December	1,605	1,608	678	678

Details of investments in related companies

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

(Unit: Million Baht)

	Ownership interest (both direct and indirect) (%)		Consolidated		Separate	
	2016	2015	2016	2015	2016	2015
<i>Non-marketable securities</i>						
General investments in equity securities - 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	1,214	1,217	528	528
Total			1,605	1,608	678	678

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16 Investment properties

Movements for the years ended 31 December 2016 and 2015 were as follows:

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<i>At cost</i>				
At 1 January	1,379	1,169	201	200
Additions	9	20	-	3
Transfers from property, plant and equipment	83	273	-	-
Transfer to property, plant and equipment	(41)	-	-	-
Disposals	-	(2)	-	(2)
Depreciation	(42)	(50)	-	-
Impairment losses	(8)	-	(1)	-
Currency translation differences	(8)	(31)	-	-
At 31 December	1,372	1,379	200	201

Appraisal prices of the Group and the Company's investment properties were valued by the independent professional valuers using Market Comparison Approach, at fair market values totaling Baht 3,557 million and Baht 1,055 million respectively (2015: Baht 2,598 million and Baht 609 million respectively).

The fair value measurement for the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Market comparison approach	Quotation and actual sales prices of comparable investment properties adjusted by other factors.	The estimated fair value increases (decreases) if the price per area increases (decreases).

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17 Property, plant and equipment

(Unit: Million Baht)

	Consolidated financial statements					
	Land	Buildings, building improve- ments and utilities system	Machinery and equipment	Other	Assets under construction and installation	Total
Cost/revaluation						
As at 1 January 2015	22,864	64,704	57,760	10,164	28,265	183,757
Additions	571	651	1,593	865	22,504	26,184
Acquired through business acquisitions	409	6,456	1,731	238	460	9,294
Transfers	196	11,202	12,629	1,221	(25,898)	(650)
Transfers to investment properties	(222)	(51)	-	-	-	(273)
Disposals	(563)	(1,244)	(1,244)	(320)	-	(3,371)
Currency translation differences	(43)	364	561	208	726	1,816
At 31 December 2015 and 1 January 2016	23,212	82,082	73,030	12,376	26,057	216,757
Additions	184	810	2,018	947	19,400	23,359
Acquired through business acquisitions	18	3,795	5,385	180	784	10,162
Surplus on revaluation	7,981	-	-	-	-	7,981
Reversal of surplus on revaluation	(3)	-	-	-	-	(3)
Transfers	110	9,763	10,419	443	(20,785)	(50)
Transfers from investment properties	5	43	-	-	-	48
Transfers to investment properties	(83)	-	-	-	-	(83)
Disposals	(49)	(977)	(1,130)	(491)	(2)	(2,649)
Currency translation differences	40	(285)	(1,825)	(325)	(875)	(3,270)
At 31 December 2016	31,415	95,231	87,897	13,130	24,579	252,252

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(Unit: Million Baht)

Consolidated financial statements						
	<u>Land</u>	<u>Buildings, building improve- ments and utilities system</u>	<u>Machinery and equipment</u>	<u>Other</u>	<u>Assets under construction and installation</u>	<u>Total</u>
<i>Accumulated depreciation and impairment losses</i>						
At 1 January 2015	-	(23,893)	(29,277)	(6,126)	-	(59,296)
Depreciation charge for the year	-	(3,372)	(5,183)	(1,426)	-	(9,981)
Reversal of (impairment losses)	-	3	(26)	-	-	(23)
Transfers	-	28	292	(27)	-	293
Disposals	-	866	1,024	281	-	2,171
Currency translation differences	-	(22)	(317)	17	-	(322)
At 31 December 2015 and 1 January 2016	-	(26,390)	(33,487)	(7,281)	-	(67,158)
Depreciation charge for the year	-	(4,698)	(6,132)	(1,413)	-	(12,243)
Impairment losses	-	(25)	-	-	-	(25)
Transfers	-	(16)	20	2	-	6
Disposals	-	687	966	424	-	2,077
Currency translation differences	-	106	943	219	-	1,268
At 31 December 2016	-	(30,336)	(37,690)	(8,049)	-	(76,075)
<i>Net book value</i>						
Owned assets	22,864	40,811	28,481	4,031	28,265	124,452
Assets under finance leases	-	-	2	7	-	9
At 1 January 2015	22,864	40,811	28,483	4,038	28,265	124,461
Owned assets	23,212	55,692	39,542	5,083	26,057	149,586
Assets under finance leases	-	-	1	12	-	13
At 31 December 2015 and 1 January 2016	23,212	55,692	39,543	5,095	26,057	149,599
Owned assets	31,415	64,895	50,176	5,065	24,579	176,130
Assets under finance leases	-	-	31	16	-	47
At 31 December 2016	31,415	64,895	50,207	5,081	24,579	176,177

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	Separate financial statements					
	Land	Buildings, building improve- ments and utilities system	Machinery and equipment	Other	Assets under construction and installation	Total
<i>Cost/valuation</i>						
At 1 January 2015	4,580	12,272	11,509	1,217	2,502	32,080
Additions	2	3	184	47	1,003	1,239
Transfers	2	923	556	9	(1,873)	(383)
Business transfers	-	(527)	(524)	(43)	-	(1,094)
Disposals	(1)	(766)	(703)	(69)	-	(1,539)
At 31 December 2015 and 1 January 2016	4,583	11,905	11,022	1,161	1,632	30,303
Additions	-	1	228	39	906	1,174
Surplus on revaluation	1,929	-	-	-	-	1,929
Reversal of surplus	1	-	-	-	-	1
Transfers	-	839	496	5	(1,340)	-
Disposals	(42)	(533)	(614)	(48)	(2)	(1,239)
At 31 December 2016	6,471	12,212	11,132	1,157	1,196	32,168
<i>Accumulated depreciation and impairment losses</i>						
At 1 January 2015	-	(6,408)	(6,863)	(947)	-	(14,218)
Depreciation charge for the year	-	(830)	(1,076)	(116)	-	(2,022)
Reversal of (impairment losses)	-	5	(26)	-	-	(21)
Business transfers	-	245	331	35	-	611
Transfers	-	-	288	6	-	294
Disposals	-	516	587	63	-	1,166
At 31 December 2015 and 1 January 2016	-	(6,472)	(6,759)	(959)	-	(14,190)
Depreciation charge for the year	-	(812)	(912)	(92)	-	(1,816)
Disposals	-	381	482	47	-	910
At 31 December 2016	-	(6,903)	(7,189)	(1,004)	-	(15,096)
<i>Net book value</i>						
Owned assets	4,580	5,864	4,646	270	2,502	17,862
At 1 January 2015	4,580	5,864	4,646	270	2,502	17,862
Owned assets	4,583	5,433	4,263	202	1,632	16,113
At 31 December 2015 and 1 January 2016	4,583	5,433	4,263	202	1,632	16,113
Owned assets	6,471	5,309	3,943	153	1,196	17,072
At 31 December 2016	6,471	5,309	3,943	153	1,196	17,072

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The gross amount of the Group's and the Company's fully depreciated plant and equipment that was still in use as at 31 December 2016 amounted to Baht 43,185 million (2015: Baht 39,028 million) in the consolidated statement of financial position, and Baht 7,947 million (2015: Baht 7,160 million) in the separate statement of financial position.

Capitalised borrowing cost in 2016 of the Group and the Company was Baht 1,091 million and Baht 34 million respectively (2015: Baht 1,003 million and Baht 57 million respectively).

Fair value measurement

Appraisal prices of the Group and the Company's land were valued by the independent professional valuers using Market Comparison Approach, at fair market values totaling Baht 31,415 million and Baht 6,471 million respectively (2015: Baht 23,212 million and Baht 4,583 million respectively).

The fair value measurement for the land has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

The following table shows the valuation technique used in measuring the fair value of land, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Market comparison approach	Quotation and actual sales prices of comparable land adjusted by other factors.	The estimated fair value increases (decreases) if the price per area increases (decreases).

18 Goodwill

		<i>(Unit: Million Baht)</i>	
		Consolidated financial statements	
		2016	2015
Cost			
At 1 January		81,298	60,699
Acquired through business acquisitions	4	23,230	16,413
Currency translation differences		2,964	4,186
At 31 December		107,492	81,298
Impairment loss			
At 1 January		-	-
Impairment loss		-	-
At 31 December		-	-
Net book value			
At 1 January		81,298	60,699
At 31 December		107,492	81,298

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Goodwill is allocated to cash-generating unit by segment and countries of operation. Goodwill was mainly arising from the acquisitions of shares of C.P. Pokphand Co., Ltd., CJSC Poultry Production Severnaya, and Bellisio Parent, LLC (see note 4).

Impairment testing

In evaluating and testing of impairment, the Group determined the recoverable amount on the higher of its value in use by estimating discounted future cash flows and the fair value less cost of disposal if sale the business.

In this regard, in the preparation of future cash flows that the Group expects to receive, the determination of financial assumptions were based on the management's assessment by considering the factors related to future trends in the relevant industries and historical financial data from external and internal sources of information. The key assumptions used in the estimation of the recoverable amount were as follows:

Discount rate

The discount rates were based on weighted average cost of capital comprised of key financial assumptions such as cost of debt and cost of equity.

Terminal value growth rate

Terminal value growth rates were determined based on average consumer price index in the country of operation, inflation rates and growth rates of historical earnings before income tax, depreciation and amortisation ("EBITDA").

Budgeted EBITDA

Budgeted EBITDA were based on projections of future benefits taking into account the past experience, adjusted for the anticipated revenue growth. Revenue growth was projected from past experience and estimated sale growth.

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19 Other intangible assets

(Unit: Million Baht)

	Consolidated financial statements				
	Development cost of software applications	Recipes	Customer relationships	Trademarks, rights and other	Total
Cost					
At 1 January 2015	478	-	1,324	5,577	7,379
Additions	103	-	-	72	175
Acquired through business acquisitions	2	-	56	340	398
Transfers	14	-	-	4	18
Disposals	-	-	-	(4)	(4)
Currency translation differences	3	-	62	67	132
At 31 December 2015 and 1 January 2016	600	-	1,442	6,056	8,098
Additions	46	-	-	158	204
Acquired through business acquisitions	-	2,100	5,914	6,522	14,536
Transfers	-	-	-	27	27
Disposals	(1)	-	-	(18)	(19)
Currency translation differences	(4)	26	(15)	63	70
At 31 December 2016	641	2,126	7,341	12,808	22,916
Accumulated amortisation					
At 1 January 2015	(271)	-	(56)	(2,337)	(2,664)
Amortisation charge for the year	(51)	-	(92)	(771)	(914)
Transfers	-	-	-	(8)	(8)
Disposals	-	-	-	3	3
At 31 December 2015 and 1 January 2016	(322)	-	(148)	(3,113)	(3,583)
Amortisation charge for the year	(55)	-	(108)	(498)	(661)
Disposals	-	-	-	16	16
At 31 December 2016	(377)	-	(256)	(3,595)	(4,228)
Net book value					
At 1 January 2015	207	-	1,268	3,240	4,715
At 31 December 2015 and 1 January 2016	278	-	1,294	2,943	4,515
At 31 December 2016	264	2,126	7,085	9,213	18,688

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(Unit: Million Baht)

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	Development cost of software applications	Other	Total
Cost			
At 1 January 2015	7	92	99
Additions	-	4	4
Decrease due to business transfer	-	(1)	(1)
Disposals	-	(3)	(3)
At 31 December 2015 and 1 January 2016	7	92	99
Additions	-	5	5
Disposals	-	(1)	(1)
At 31 December 2016	7	96	103
Accumulated amortisation			
At 1 January 2015	(5)	(44)	(49)
Amortisation charge for the year	(1)	(8)	(9)
Disposals	-	2	2
At 31 December 2015 and 1 January 2016	(6)	(50)	(56)
Amortisation charge for the year	-	(8)	(8)
Disposals	-	1	1
At 31 December 2016	(6)	(57)	(63)
Net book value			
At 1 January 2015	2	48	50
At 31 December 2015 and 1 January 2016	1	42	43
At 31 December 2016	1	39	40

The gross amount of the Group's and the Company's fully amortised intangible assets that was still in use as at 31 December 2016 amounted to Baht 528 million in the consolidated statement of financial position, and Baht 20 million in the separate statement of financial position (2015: Baht 458 million and Baht 12 million respectively).

20 Restricted deposits at financial institutions

As at 31 December 2016 certain subsidiaries had restricted deposits at financial institutions totaling Baht 1,473 million in order to comply with conditions for using credit facilities of foreign financial institutions (2015: Baht 1,948 million).

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21 Deferred income tax

Deferred tax assets and liabilities as at 31 December 2016 and 2015 were as follows:

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2016	2015	2016	2015
Deferred tax assets	3,303	4,434	2,331	3,061
Deferred tax liabilities	(13,681)	(5,531)	-	-
Net deferred tax assets (liabilities)	(10,378)	(1,097)	2,331	3,061

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Movements of deferred tax assets and liabilities during the year 2016 was as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	Charged/Credited to (Note 35)					
At 1 January 2016	Profit or loss	Other comprehensive income	Equity	Acquired in business combination	Currency translation differences	At 31 December 2016
<i>Deferred tax assets (liabilities)</i>						
Biological assets	(524)	165	-	-	9	(350)
Investments	(71)	8	(19)	-	(150)	(232)
Tax losses	4,308	(230)	-	-	(65)	4,013
Other intangible assets	(785)	103	-	-	(5,156)	(5,879)
Property, plant and equipment	(4,507)	(99)	(1,565)	2	242	(7,410)
Employee benefit obligations	1,081	(1)	(306)	-	(12)	765
Other	(599)	(657)	-	-	(5)	(1,285)
Net	(1,097)	(711)	(1,890)	2	(22)	(10,378)

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Movements of deferred tax assets and liabilities during the year 2015 was as follows:

(Unit: Million Baht)

	Consolidated financial statements					At 31 December 2015
	At 1 January 2015	Charged/Credited to (Note 35)			Acquired in business combination	Currency translation differences
		Profit or loss	Other comprehensive income	Equity		
<i>Deferred tax assets (liabilities)</i>						
Biological assets	(495)	(11)	-	-	(5)	(13)
Investments	(483)	2	400	-	-	10
Tax losses	3,819	586	-	-	-	(97)
Other intangible assets	(977)	214	-	-	(8)	(14)
Property, plant and equipment	(4,081)	(229)	-	95	(120)	(172)
Employee benefit obligations	972	87	23	-	-	(1)
Other	(617)	(7)	-	-	5	20
Net	(1,862)	642	423	95	(128)	(267)

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Movements of deferred tax assets and liabilities during the year 2016 and 2015 were as follows:

	<i>(Unit: Million Baht)</i>		
	Separate financial statements		
	Charged/Credited to (Note 35)		
	At 1 January 2016	Profit or loss	Other comprehensive income
	At 31 December 2016		
Deferred tax assets (liabilities)			
Investments	1	26	-
Land	(319)	-	(386)
Employee benefit obligations	358	27	(116)
Tax losses	2,915	(154)	-
Other	106	(127)	-
Net	3,061	(228)	(502)
			2,331
	<i>(Unit: Million Baht)</i>		
	Separate financial statements		
	Charged/Credited to (Note 35)		
	At 1 January 2015	Profit or loss	Other comprehensive income
	At 31 December 2015		
Deferred tax assets (liabilities)			
Investments	1	-	-
Land	(319)	-	-
Employee benefit obligations	345	17	(4)
Tax losses	2,598	327	(10)
Other	(21)	128	(1)
Net	2,604	472	(15)
			3,061

As at 31 December 2016 the Group had temporary differences arising from the unutilised tax losses which have not been recognised as deferred tax assets in the statement of financial position totaling Baht 14,598 million (2015: Baht 9,033 million) because it is not probable that it will be able to utilise the tax benefit in the foreseeable future.

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22 Leasehold rights

Movements for the years ended 31 December 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	6,946	5,039	-	-
Additions	513	2,111	-	-
Acquired through business acquisitions	1,054	-	-	-
Transfer to other current assets	(7)	(61)	-	-
Amortisation	(275)	(292)	-	-
Disposals	-	(102)	-	-
Currency translation differences	(503)	251	-	-
At 31 December	<u>7,728</u>	<u>6,946</u>	<u>-</u>	<u>-</u>

23 Interest-bearing liabilities

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<i>Current</i>				
Overdrafts	3,127	4,073	7	6
Bill of exchange	43,562	18,731	21,055	18,731
Promissory notes	9,833	13,076	-	-
Short-term borrowings from financial institutions	45,450	62,387	-	7,251
Packing credits	8,408	7,515	-	-
Liabilities under trust receipts	1,572	968	-	-
Total	<u>111,952</u>	<u>106,750</u>	<u>21,062</u>	<u>25,988</u>

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		(Unit: Million Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
<i>Note</i>		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	Short-term borrowings from joint ventures				
5		291	378	-	-
	Current portion of long-term debts				
	Long-term borrowings from financial institutions	16,180	13,865	1,850	616
	Debentures	7,000	6,060	7,000	6,060
	Exchangeable Bonds	-	10,794	-	-
	Liabilities under finance leases	10	5	-	-
	Total	23,190	30,724	8,850	6,676
	Total current	135,433	137,852	29,912	32,664
	Non-current				
	Long-term debts				
	Long-term borrowings from financial institutions	59,485	49,354	-	1,855
	Debentures	107,140	70,940	73,000	70,940
	Exchangeable Bonds	10,645	-	-	-
	Liabilities under finance leases	25	5	-	-
	Total	177,295	120,299	73,000	72,795
	Total non-current	177,295	120,299	73,000	72,795
	Grand total	312,728	258,151	102,912	105,459

The currency denomination of interest-bearing liabilities as at 31 December 2016 and 2015 was as follows:

		(Unit: Million Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	Functional currencies of each company in the Group	296,996	233,732	101,063	95,308
	Foreign currencies				
	- United States Dollar	13,229	22,320	1,849	10,151
	- Euro	2,503	2,099	-	-
	Total	312,728	258,151	102,912	105,459

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The periods to maturity of interest-bearing liabilities, excluding liabilities under finance leases, as at 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		<i>(Unit: Million Baht)</i> Separate financial statements	
	2016	2015	2016	2015
Within one year	135,423	137,847	29,912	32,664
After one year but within five years	122,548	74,113	35,560	32,855
After five years	54,722	46,181	37,440	39,940
Total	312,693	258,141	102,912	105,459

The Group has secured interest-bearing liabilities as at 31 December 2016 totaling Baht 30,692 million (2015: Baht 35,729 million). Value of assets used for secured interest-bearing liabilities totaled Baht 37,875 million (2015: Baht 40,745 million).

Long-term borrowings from financial institutions

As at 31 December 2016 the Group had significant secured borrowing agreements as follows:

The first agreement

On 1 March 2012 a foreign subsidiary, CPF Investment Limited (“CPFI”) entered into a secured long-term borrowing agreement with certain financial institutions (“the agreement”). Details were as follows:

Borrowing agreement	Approved credit facilities	Carrying amount as at 31 December 2016	Interest rate (% per annum)	Term of payment
Facility 1	U.S. Dollar 277.50 million	U.S. Dollar 48.60 million (Approximately equivalent to Baht 1,742 million)	Floating interest rate at LIBOR plus specified rate	Every 6 months, mature in 2017
Facility 2	U.S. Dollar 462.50 million	U.S. Dollar 345.88 million (Approximately equivalent to Baht 12,400 million)	Floating interest rate at LIBOR plus specified rate	Every 6 months, mature in 2019

CPFI drewdown the above long-term borrowing facilities to pay for the shares of C.P. Pokphand Company Limited (“CPP”) whose shares are listed in the Stock Exchange of Hong Kong.

CPFI must pledge CPP shares as collateral for the above borrowings and must comply with the covenants as specified in the agreement.

As at 31 December 2016 CPFI pledged 3,920 million shares of CPP with a fair value of Baht 17,398 million.

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The second agreement

On 2 July 2012 CPFI entered into secured long-term borrowing agreement with a financial institution (“the agreement”). Details were as follows:

Approved credit facility	Carrying amount as at 31 December 2016	Interest rate (% per annum)	Term of payment
U.S. Dollar 100 million	U.S. Dollar 69.75 million (Approximately equivalent to Baht 2,501 million)	Floating interest rate at LIBOR plus specified rate	Every 6 months, mature in 2017

CPFI fully drew down the above long-term borrowing facility to finance investing activity and for general corporate operations.

CPFI must pledge CPP shares as collateral for the above borrowing and must comply with the covenants as specified in the agreement.

As at 31 December 2016 CPFI pledged 1,234 million shares of CPP with a fair value of Baht 5,478 million.

On 17 June 2016 C.P. Pokphand Co., Ltd. (“CPP”), a 50.43% owned subsidiary of the Group has entered into a long term loan agreement with various financial institutions (“the agreement”) amounting to U.S. Dollar 600 million.

Details of the long-term borrowing agreement are as follows:

Approved credit facility	Carrying amount as at 31 December 2016	Interest rate (% per annum)	Term of payment
U.S. Dollar 600 million	U.S. Dollar 593.2 million (Approximately equivalent to Baht 21,267 million)	Floating interest rate LIBOR plus specified rate	Every 6 months, mature in 2021

CPP fully drew down the above long-term borrowing for loan repayment and investing activity and/or general corporate operations of CPP.

CPP must comply with the covenants as specified in the agreement.

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Debentures

As at 31 December 2016, the Company and certain subsidiaries had debentures 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>
Charoen Pokphand Foods Public Company Limited (the “Company”)				
Debentures #2/2010	5,000	5,000	5,000	5,000
Debentures #1/2011	10,000	10,000	10,000	10,000
Debentures #2/2011	6,000	6,000	6,000	6,000
Debentures #1/2012	-	6,060	-	6,060
Debentures #2/2012	15,000	15,000	15,000	15,000
Debentures #1/2013	6,000	6,000	6,000	6,000
Debentures #2/2013	10,000	10,000	10,000	10,000
Debentures #1/2015	12,000	12,000	12,000	12,000
Debentures #2/2015	6,940	6,940	6,940	6,940
Debentures #1/2016	9,060	-	9,060	-
Total	80,000	77,000	80,000	77,000
CPF (Thailand) Public Company Limited (“CPFTH”)				
Debentures #1/2016	16,000	-	-	-
Debentures #2/2016	13,000	-	-	-
Total	29,000	-	-	-
C.P. Foods Holdings Limited (“CPFH”)				
Exchangeable Bonds	10,645	10,794	-	-
Total	10,645	10,794	-	-
Chia Tai (China) Investment Co., Ltd. (“CTI”)				
Debenture	5,140	-	-	-
Total	5,140	-	-	-
Grand Total	124,785	87,794	80,000	77,000
<i>Less current portion</i>	<i>(7,000)</i>	<i>(16,854)</i>	<i>(7,000)</i>	<i>(6,060)</i>
Net	117,785	70,940	73,000	70,940

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Details of debentures of the Company are as follows:

Debenture # 2/2010

On 3 November 2010 the Company issued Baht 8 billion unsubordinated and unsecured debentures in registered name form divided into:

- The first series of Baht 3 billion with a term of 4 years, fully repayable on 3 November 2014 and bearing interest at the fixed rate of 3.00% per annum in the first to third year and 4.00% per annum in the fourth year.
- The second series of Baht 5 billion with a term of 7 years, fully repayable on 3 November 2017 and bearing interest at the fixed rate of 3.00% per annum in the first to third year, 4.00% per annum in the fourth to fifth year and 5.00% per annum in the sixth to seventh year.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 27 January 2017 and were registered with the Thai Bond Market Association on 3 November 2010.

Debenture # 1/2011

On 19 August 2011 the Company issued Baht 10 billion unsubordinated and unsecured debentures in registered name form divided into:

- The first series of Baht 3 billion with a term of 7 years, and bearing interest at the fixed rate of 4.65% per annum.
- The second series of Baht 3 billion with a term of 10 years, and bearing interest at the fixed rate of 4.87% per annum.
- The third series of Baht 4 billion with a term of 30 years, and bearing interest at the fixed rate of 5.42% per annum. The debenture holders have the redemption right at the end of year 15.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 27 January 2017 and were registered with the Thai Bond Market Association on 19 August 2011.

Debenture # 2/2011

On 21 December 2011 the Company issued Baht 6 billion unsubordinated and unsecured debenture in registered name form with a term of 30 years, and bearing interest at the fixed rate of 5.42% per annum. The debenture holders have the redemption right at the end of year 15.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 27 January 2017 and were registered with the Thai Bond Market Association on 21 December 2011.

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Debenture # 2/2012

On 3 August 2012 the Company issued Baht 15 billion unsubordinated and unsecured debentures in registered name form. The debentures are divided into:

- The first series of Baht 6 billion with a term of 7 years, fully repayable on 3 August 2019 and bearing interest at the fixed rate of 4.35% per annum in the first year to the fourth year and 5.00% per annum in the fifth year to the seventh year.
- The second series of Baht 4 billion with a term of 10 years, fully repayable on 3 August 2022 and bearing interest at the fixed rate of 4.40% per annum in the first year to the fourth year and 5.00% per annum in the fifth year to the ninth year and 6.00% per annum in the tenth year.
- The third series of Baht 5 billion with a term of 20 years, fully repayable on 3 August 2032 and bearing interest at the fixed rate of 5.30% per annum.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 27 January 2017 and were registered with the Thai Bond Market Association on 3 August 2012.

Debenture # 1/2013

On 9 May 2013 the Company issued Baht 6 billion unsubordinated and unsecured debentures in registered name form with a term of 5 years, fully repayable on 9 May 2018 and bearing interest at the fixed rate of 3.93% per annum.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 27 January 2017 and were registered with the Thai Bond Market Association on 9 May 2013.

Debenture # 2/2013

On 2 August 2013 the Company issued Baht 10 billion unsubordinated and unsecured debentures in registered name form. The debentures are divided into:

- The first series of Baht 2 billion with a term of 4 years and bearing interest at the fixed rate of 4.04% per annum.
- The second series of Baht 2.5 billion with a term of 6 years and bearing interest at the fixed rate of 4.54% per annum.
- The third series of Baht 5.5 billion with a term of 8 years and bearing interest at the fixed rate of 4.90% per annum.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 27 January 2017 and were registered with the Thai Bond Market Association on 2 August 2013.

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Debenture # 1/2015

On 13 May 2015 the Company issued Baht 12 billion unsubordinated and unsecured debentures in registered name and with debenture holder representative. The debentures are divided into:

- The first series of Baht 6.5 billion with the term of 5 years, bearing interest at the fixed rate of 3.21% per annum.
- The second series of Baht 5.5 billion with the term of 8 years, bearing interest at the fixed rate of 3.98% per annum.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 27 January 2017 and were registered with the Thai Bond Market Association on 13 May 2015.

Debenture # 2/2015

On 29 July 2015 the Company issued Baht 6.94 billion unsubordinated and unsecured debentures in registered name and without debenture holder representative. The debentures are divided into:

- The first series of Baht 1.94 billion with the term of 8 years, bearing interest at the fixed rate of 3.97% per annum.
- The second series of Baht 3 billion with the term of 10 years, bearing interest at the fixed rate of 4.28% per annum.
- The third series of Baht 2 billion with the term of 12 years, bearing interest at the fixed rate of 4.51% per annum.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 27 January 2017 and were registered with the Thai Bond Market Association on 29 July 2015.

Debenture # 1/2016

On 12 April 2016 the Company issued Baht 9.06 billion unsubordinated and unsecured debentures in registered name and without debenture holder representative. The debentures are divided into:

- The first series of Baht 3.06 billion with a term of 4 years, bearing interest at the fixed rate of 2.28% per annum.
- The second series of Baht 3.5 billion with a term of 8 years, bearing interest at the fixed rate of 3.11% per annum.
- The third series of Baht 2.5 billion with a term of 15 years, bearing interest at the fixed rate of 3.73% per annum.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 27 January 2017 and were registered with the Thai Bond Market Association on 12 April 2016.

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In this regard, the Company must comply with the specific covenants of the above debentures such as to maintain debt to equity ratio in the semi-annual and annual consolidated financial statements and separate financial statements through the terms of debentures, etc.

Details of debentures of CPFTH are as follows:

Debenture # 1/2016

On 20 January 2016 CPFTH issued Baht 16 billion unsubordinated and unsecured debentures in registered name and without debenture holder representative. The debentures are divided into:

- The first series of Baht 7.45 billion with the term of 5 years, bearing interest at the fixed rate of 3.10% per annum.
- The second series of Baht 2.15 billion with the term of 7 years, bearing interest at the fixed rate of 3.47% per annum.
- The third series of Baht 3.35 billion with the term of 10 years, bearing interest at the fixed rate of 3.87% per annum.
- The fourth series of Baht 3.05 billion with the term of 12 years, bearing interest at the fixed rate of 4.15% per annum.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 4 July 2016 and were registered with the Thai Bond Market Association on 20 January 2016.

Debenture # 2/2016

On 15 July 2016 the Company issued Baht 13 billion unsubordinated and unsecured debentures without debenture holder representative. The debentures are divided into:

- The first series of Baht 5 billion with the term of 4 years, bearing interest at the fixed rate of 2.51% per annum.
- The second series of Baht 3.3 billion with the term of 7 years, bearing interest at the fixed rate of 3.09% per annum.
- The third series of Baht 1.4 billion with the term of 10 years, bearing interest at the fixed rate of 3.46% per annum.
- The fourth series of Baht 1.1 billion with the term of 12 years, bearing interest at the fixed rate of 3.65% per annum.
- The fifth series of Baht 2.2 billion with the term of 15 years, bearing interest at the fixed rate of 3.95% per annum.

The debentures had 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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In this regard, CPFTH must comply with the specific covenants of the above debentures such as to maintain debt to equity ratio in the annual separate financial statements through the terms of debentures.

Details of Exchangeable Bonds of CPFH are as follows:

Exchangeable Bonds

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 U.S. Dollar 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 EBs (“terms and conditions”). For the remaining principal amount of U.S. Dollar 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.

On 12 September 2016, the Board of Directors of CPFH passed a resolution to approve CPFH to issue and offer U.S. Dollar 300 million 0.5% Exchangeable Bonds due 2021 (“EBs”). The EBs holders can exchange the EBs into a pro rata share of the Exchange Property with a sponsor undertaking from the Company. The Exchange Property, at the EBs issue date, initially comprised 135,285,000 shares in CP ALL Public Company Limited (“CPALL Shares”), which belong to CPFH and which were deposited with the Custody Account with UBS AG London Branch (the “Custodian” or “UBS”) pursuant to the details set out in the terms and conditions of the EBs. Under the terms and conditions of the EBs, the EB holders have the options to (1) exchange the EBs into CPALL Shares as held by CPFH, or (2) put the EBs to CPFH on the date falling 2 years from the issue date of the EBs, or (3) hold the EBs until maturity, whereby in the case of (2) and (3) CPFH will repay the EB holders in cash. In accordance with the terms and conditions of the EBs, where the EB holders exercise the exchange right, CPFH has to deliver CPALL Shares to the EBs holders or redeem the EBs using cash of equivalent market value of CPALL Shares. The initial exchange ratio of EBs is 90,190 CPALL Shares for each U.S. Dollar 200,000 principal amount of EBs (1 CPALL Share equivalent to Baht 77.35 (rounded up) at the exchange rate U.S. Dollar 1: Baht 34.881). In addition, CPFH, as the EBs issuer, has option to early redeem the whole amount of the EBs as specified in the terms and conditions of the EBs.

The issuance and offering of the EBs was completed on 22 September 2016 and the EBs were listed on Singapore Exchange Securities Trading Limited on 23 September 2016.

As at 31 December 2016 the carrying amount of the EBs were U.S. Dollar 297 million or equivalent to Baht 10,645 million.

In addition, CPFH has a securities lending agreement over the Exchange Property (“CPALL Shares”) with UBS (the “Borrower”). Under the terms of the agreement, CPFH agrees to lend to the Borrower up to 75 million CPALL Shares (equal to 0.83% of CPALL’s total issued and paid-up share capital) from the Custody Account with the terms and condition of service fees as stipulated in the agreement. In this regard, CPFH may recall CPALL Shares from the Borrower to deliver to EBs holders, if there are insufficient CPALL Shares in the Custody Account. As at 31 December 2016 CPFH lent to the borrower approximately 2.2 million CPALL Shares. The fair value of these shares was Baht 137.5 million.

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Details of debenture of CTI are as follows:

The First Tranche of Domestic Bonds (“Debenture”)

On 14 November 2016 Chia Tai (China) Investment Company Limited (“CTI”), a 50.43% indirectly owned subsidiary, issued a debenture with total aggregate value of Renminbi 1 billion with 3.69% interest rate per annum due in 2021. The debenture holders have the redemption right from CTI on the third years from the issuing date.

The debentures were listed on Shanghai Exchange Securities Trading Limited on 29 September 2016 with credit rating of “AA” rated by China Chengxin Securities Rating Co., Ltd.

As at 31 December 2016 the carrying amount of the debenture was Renminbi 996 million or equivalent to Baht 5,140 million.

24 Accounts payable - trade and others

		(Unit: Million Baht)			
		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Related parties	5	4,681	3,537	265	322
Other parties		26,881	24,485	1,093	1,199
Total		<u>31,562</u>	<u>28,022</u>	<u>1,358</u>	<u>1,521</u>

The currency denomination of accounts payable - trade and others as at 31 December 2016 and 2015 was as follows:

		(Unit: Million Baht)			
		Consolidated financial statements		Separate financial statements	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Functional currencies of each company in the Group		25,882	22,831	1,313	1,443
Foreign currencies					
- United States Dollar		5,154	4,548	45	78
- Euro		442	567	-	-
- Yen		56	37	-	-
- Other		28	39	-	-
Total		<u>31,562</u>	<u>28,022</u>	<u>1,358</u>	<u>1,521</u>

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25 Employee benefit obligations

The Group has defined benefit plans for employee's retirement based on the Labor law requirements of each country.

A foreign subsidiary established a retirement fund with a financial institution, and the retirement fund is managed by the financial institution.

Employee benefit obligations as at 31 December 2016 and 2015 were as follows:

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Present value of funded - defined benefit obligations	546	721	-	-
Fair value of plan assets	(346)	(28)	-	-
	200	693	-	-
Present value of unfunded - defined benefit obligations	5,284	6,551	1,531	1,969
Total	5,484	7,244	1,531	1,969

Movements in the present value of the defined benefit obligations and the fair value of plan assets for the year ended 31 December 2016 and 2015 were as follows:

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Defined benefit obligations at 1 January	7,272	6,706	1,969	1,894
Benefits paid by the plans	(602)	(246)	(56)	(48)
Current service costs and interest	719	719	198	191
Defined benefit plan actuarial (gains) losses	(1,522)	94	(580)	-
Business transfer	-	-	-	(68)
Acquired through business acquisitions	10	-	-	-
Other	(47)	(1)	-	-
Defined benefit obligations at 31 December	5,830	7,272	1,531	1,969
Fair value of plan assets at 1 January	28	21	-	-
Expected return on plan assets	1	1	-	-
Defined benefit plan actuarial gains	1	-	-	-
Contributions paid	335	21	-	-
Benefits paid by the plans	(27)	(16)	-	-
Currency translation differences	8	1	-	-
Fair value of plan assets at 31 December	346	28	-	-

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Expenses or income recognised in the statement of income for the years ended 31 December 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>
Current service costs	450	469	123	120
Interest costs	269	250	75	71
Expected return on plan assets	(1)	(1)	-	-
Total	<u>718</u>	<u>718</u>	<u>198</u>	<u>191</u>

Expenses classified by function were recognised in the statements of income for the years ended 31 December 2016 and 2015 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>
Cost of sales of goods	307	297	90	88
Selling expenses	104	89	23	22
Administrative expenses	307	332	85	81
Total	<u>718</u>	<u>718</u>	<u>198</u>	<u>191</u>
Actual return on plan assets	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>

Actuarial gains (losses) recognised in other comprehensive income for the years ended 31 December 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>
Included in retained earnings:				
At 1 January	(845)	(743)	(236)	(236)
Recognised during the year	1,173	(102)	464	-
At 31 December	<u>328</u>	<u>(845)</u>	<u>228</u>	<u>(236)</u>

Principal actuarial assumptions at 31 December 2016 and 2015 were as follows:

	Consolidated		<i>(Unit: %)</i> Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Discount rate	1.25 - 11.00	1.25 - 10.70	3.00	4.20
Future salary increases	2.00 - 9.00	2.00 - 8.00	3.00 - 6.50	4.00 - 8.00

Assumptions regarding future mortality are based on mortality tables of each country.

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Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Consolidated financial statements		<i>(Unit: Million Baht)</i> Separate financial statements	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
Defined benefit obligation as at 31 December 2016				
Discount rate (1% movement)	(551)	642	(153)	178
Future salary increases (1% movement)	617	(543)	171	(150)
Defined benefit obligation as at 31 December 2015				
Discount rate (1% movement)	(590)	685	(184)	213
Future salary increases (1% movement)	770	(670)	243	(211)

26 Share capital

		<i>(Unit: Million Shares/Million Baht)</i> Consolidated financial statements/ Separate financial statements			
		<u>2016</u>		<u>2015</u>	
	<i>Par value per share (in Baht)</i>	<u>Number of shares</u>	<u>Baht</u>	<u>Number of shares</u>	<u>Baht</u>
Authorised					
At 1 January					
- ordinary shares	<i>1</i>	<u>7,743</u>	<u>7,743</u>	<u>7,743</u>	<u>7,743</u>
At 31 December					
- ordinary shares	<i>1</i>	<u>7,743</u>	<u>7,743</u>	<u>7,743</u>	<u>7,743</u>
Issued and paid-up					
At 1 January					
- ordinary shares	<i>1</i>	<u>7,743</u>	<u>7,743</u>	<u>7,743</u>	<u>7,743</u>
At 31 December					
- ordinary shares	<i>1</i>	<u>7,743</u>	<u>7,743</u>	<u>7,743</u>	<u>7,743</u>

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27 Treasury shares

	Consolidated financial statements		<i>(Unit: Million Baht)</i> Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Ordinary shares of the Company held by subsidiaries	<u>1,135</u>	<u>1,135</u>	<u>-</u>	<u>-</u>

At the Board of Directors' meeting of the Company held on 25 August 2015, the Board of Directors of the Company 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. In this regard, 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, the Company had not repurchased shares during the period and the above program was ended on 9 March 2016.

28 Additional paid-in capital and reserves

Premium on ordinary shares

Section 51 of the Public Limited Company Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("Premium on ordinary shares"). Premium on ordinary shares is not available for dividend distribution.

Equity in subsidiaries and associates

Equity in subsidiaries and associates consist of:

- (a) The changes in a parent's ownership interest in subsidiaries that do not result in a loss of control.
- (b) The changes in interest in equity of associates.

Other components of equity

1) Revaluation differences on assets

Revaluation differences on assets recognised in the equity relate to cumulative surpluses arising from the revaluations of freehold land until such assets are disposed.

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2) *Currency translation differences*

The currency translation differences recognised in equity relate to:

- (a) Foreign exchange differences arise from translation of the financial statements of foreign operations to Thai Baht.
- (b) Foreign exchange differences arise from translation of monetary items, which are part of the Group's net investment in foreign operations when certain conditions are met.

3) *Fair value changes on investments*

The fair value changes account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the disposal of investments.

Revaluation differences on assets, currency translation differences and fair value changes on investments are presented net of deferred tax.

Surplus on common control transactions

Surplus on common control transactions recognised in equity relate to differences between the carrying amount of net assets and the consideration received from the transfer of the carrying amounts of assets and liabilities of certain parts of the Company's business to a subsidiary. In addition, surplus on common control transactions were eliminated in the consolidated financial statements.

Appropriate of profit and/or retained earnings

Legal reserve

Section 116 of the Public Limited Company Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. Legal reserve is not available for dividend distribution.

29 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

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Detail of the reportable segments financial information of the Group as at 31 December 2016 and 2015 and for the years then ended were as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	Livestock business		Aquaculture business		Total	
	2016	2015	2016	2015	2016	2015
<i>Statements of income</i>						
Revenue from sale of goods	<u>395,823</u>	<u>358,517</u>	<u>68,642</u>	<u>62,838</u>	<u>464,465</u>	<u>421,355</u>
Operating profit	<u>28,553</u>	<u>17,247</u>	<u>2,907</u>	<u>476</u>	<u>31,460</u>	<u>17,723</u>
Central income						
(expenses), net					139	5,350
Finance costs					(10,601)	(9,614)
Net foreign exchange						
gains					388	1,348
Share of profit of investments						
in associates and joint						
ventures					6,512	5,221
Income tax expense					<u>(7,212)</u>	<u>(3,654)</u>
Profit for the year					<u>20,686</u>	<u>16,374</u>
<i>Assets</i>						
Property, plant and						
equipment and intangible						
assets (excluded						
goodwill), net	<u>160,528</u>	<u>120,425</u>	<u>32,950</u>	<u>32,310</u>	193,478	152,735
Central assets, net					1,387	1,379
Other assets					<u>387,314</u>	<u>340,149</u>
Total					<u>582,179</u>	<u>494,263</u>

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

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Detail of the geographic segment financial information of the geographical area of the Group as at 31 December 2016 and 2015 and for the years then ended were as follows:

	(Unit: Million Baht)			
	Consolidated financial statements			
	Revenue from external customers		Property, plant and equipment and intangible assets (excluded goodwill) and central assets	
	2016	2015	2016	2015
Thailand	149,856	140,589	68,941	57,124
Asia	265,575	241,560	88,181	81,490
Europe	43,870	33,336	18,309	15,418
America	3,863	4,177	19,410	37
Other	1,301	1,693	24	45
Total	464,465	421,355	194,865	154,114

Information about major customer

In 2016 and 2015, there was no single external customer that contributed 10% or more of the Group's total revenue.

30 Selling expenses

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Employee benefit expenses	8,426	8,691	644	640
Vehicle and traveling expenses	2,307	2,808	70	77
Advertising and sale promotion expenses	2,236	3,056	113	175
Transportation expenses	1,952	1,901	-	-
Office expenses	1,335	1,460	58	74
Building and equipment rental fees	937	1,061	82	89
Depreciation and amortisation	926	1,179	5	6
Other	641	734	21	15
Total	18,760	20,890	993	1,076

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31 Administrative expenses

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2016	2015	financial statements	2015
	2016	2015	2016	2015
Employee benefit expenses	15,392	14,818	2,326	2,403
Office expenses	3,991	3,616	411	492
Depreciation and amortisation	1,677	1,514	109	150
Vehicle and traveling expenses	921	994	76	79
Taxes, government and bank fees and other	823	806	34	45
Building and equipment rental fees	700	665	85	90
Professional fees	515	859	162	89
Public relationship expenses	469	427	38	12
Donation	332	339	10	12
Insurance premium	216	205	14	16
Other	1,676	1,756	182	558
Total	26,712	25,999	3,447	3,946

32 Management and employee benefit expenses

Management and employee benefit expenses consisted of:

- Management benefit expenses consisted of salaries and other benefit expenses of management, directors' remuneration, and sub-committees' remuneration totaling Baht 486 million and Baht 240 million in the consolidated and separate statements of income for the year ended 31 December 2016 respectively (2015: Baht 461 million and Baht 218 million respectively).
- Employee benefit expenses consisted of salaries, wages and other benefit expenses of employees other than management totaling Baht 46,182 million and Baht 6,039 million in the consolidated and separate statements of income for the year ended 31 December 2016 respectively (2015: Baht 43,484 million and Baht 6,250 million respectively).

33 Expenses by nature

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2016	2015	financial statements	2015
	2016	2015	2016	2015
Changes in finished goods, work in progress and biological assets	(390)	(2,549)	1,461	(575)
Raw materials and consumables used	308,459	289,679	15,046	14,071
Employee benefit expenses	46,668	43,945	6,279	6,468
Factory and office expenses	34,128	31,806	4,571	4,604
Depreciation and amortisation	13,250	11,506	1,825	2,032
Transportation expenses	8,726	8,601	468	403
Building and equipment rental fees	5,257	4,937	429	581
Vehicle and traveling expenses	4,153	4,711	238	256
Advertising, public relationship and sale promotion expenses	2,836	3,611	164	203
Taxes, government and bank fees	1,357	1,261	51	62
Professional fees	629	964	163	89
Others	12,222	11,704	312	609
Total cost of sales of goods, selling expenses and administrative expenses	437,295	410,176	31,007	28,803

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34 Finance costs

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Finance cost paid to:				
Joint ventures	7	4	-	-
Related company	-	1	-	-
Other parties	10,594	9,609	3,738	3,590
Total	10,601	9,614	3,738	3,590

35 Income tax expense (income)

Income tax recognised in profit or loss

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<i>Current tax</i>				
Current year	5,318	4,542	23	25
Under (over) provided in prior years	1,183	(246)	1,096	-
	6,501	4,296	1,119	25
<i>Deferred tax</i>				
Movements in temporary differences	481	(56)	74	(145)
Benefit of tax losses recognised	230	(586)	154	(327)
	711	(642)	228	(472)
Income tax expense (income)	7,212	3,654	1,347	(447)
Income tax on gain from partial business transfer under common control	-	-	-	15

Income tax recognised in other comprehensive income

	<i>(Unit: Million Baht)</i> Consolidated financial statements					
	2016			2015		
	Before tax	Tax (expense) income	Net of tax	Before tax	Tax (expense) income	Net of Tax
Revaluation differences on assets	8,027	(1,565)	6,462	-	-	-
Fair value changes on investments	271	(19)	252	(4,935)	400	(4,535)
Currency translation differences	987	-	987	1,663	-	1,663
Defined benefit plan actuarial gains (losses)	1,474	(306)	1,168	(139)	23	(116)
Total	10,759	(1,890)	8,869	(3,411)	423	(2,988)

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(Unit: Million Baht)

	Separate financial statements					
	2016			2015		
	Before tax	Tax (expense) income	Net of tax	Before tax	Tax (expense) income	Net of Tax
Revaluation differences on assets	1,929	(386)	1,543	-	-	-
Defined benefit plan actuarial gains	580	(116)	464	-	-	-
Total	2,509	(502)	2,007	-	-	-

Income tax recognised in equity

(Unit: Million Baht)

	Consolidated financial statements					
	2016			2015		
	Before tax	Tax (expense) income	Net of tax	Before tax	Tax (expense) income	Net of Tax
Revaluation differences on assets transferred to retained earnings	8	(2)	6	477	(95)	382

(Unit: Million Baht)

	Separate financial statements					
	2016			2015		
	Before tax	Tax (expense) income	Net of tax	Before tax	Tax (expense) income	Net of Tax
Revaluation differences on assets transferred to retained earnings	1	-	1	-	-	-
Surplus on common control transaction	-	-	-	77	(15)	62
Total	1	-	1	77	(15)	62

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Reconciliation of effective tax rate

(Unit: Million Baht)

	Consolidated financial statements				
Applicable tax rates	0%	10%	20%	Other	Total
2016					
Accounting profit (loss) before income tax, net	(672)	1,944	15,600	11,026	27,898
Tax at the applicable tax rates	-	194	3,120	2,957	6,271
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	-	354	(967)	371	(242)
Under (over) provided in prior years	-	6	1,323	(146)	1,183
Net	-	554	3,476	3,182	7,212
2015					
Accounting profit before income tax, net	826	2,806	5,400	10,996	20,028
Tax at the applicable tax rates	-	281	1,080	1,934	3,295
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	-	308	(762)	1,059	605
Under (over) provided in prior years	-	-	14	(260)	(246)
Net	-	589	332	2,733	3,654

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Reconciliation of effective tax rate

(Unit: Million Baht)

Applicable tax rates	Separate financial statements		
	0%	20%	Total
2016			
Accounting profit (loss) before income tax, net	(8)	12,360	12,352
Tax at the applicable tax rates	-	2,472	2,472
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	-	(2,221)	(2,221)
Under provided in prior years	-	1,096	1,096
Net	-	1,347	1,347
2015			
Accounting profit (loss) before income tax, net	(96)	10,923	10,827
Tax at the applicable tax rates	-	2,185	2,185
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	-	(2,632)	(2,632)
Net	-	(447)	(447)

During the second quarter of 2016, the Company and two local subsidiaries adjusted their corporate income tax calculation for the period from 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 pay additional income tax amounted to Baht 1,320 million and Baht 1,096 million respectively. The Group and the Company paid the income tax on 15 August 2016 and have already recorded the additional income tax in the financial statements.

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Income tax reduction

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

36 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act B.E. 2520, the Company and certain local subsidiaries have been granted privileges by the Board of Investment relating to certain feedmill operations, farming, breeding animals, processed foods and ready meals productions. The privileges granted include:

- (a) an exemption from payment of import duty and tax on machinery as approved by the Board of Investment;
- (b) an exemption from payment of corporate income tax on net profit of the promoted business for certain periods and conditions as stipulated in the promotional certificates; and
- (c) a 50% reduction in the normal corporate income tax rate on the net profit derived from certain operations for a period of 5 years commencing from the expiry dates in (b) above.

As a promoted business, the Company and the subsidiaries must comply with certain conditions and restrictions provided for in the promotional certificates.

Revenue from promoted and non-promoted businesses of the Company for the years ended 31 December 2016 and 2015 were summarised as follows:

(Unit: Million Baht)

	Separate financial statements					
	Promoted businesses being granted exemption of corporate income tax		Non-promoted business being granted exemption of corporate income tax		Total	
	2016	2015	2016	2015	2016	2015
Local sales	3,508	4,747	23,523	17,049	27,031	21,796
Export sales	73	118	2,601	2,762	2,674	2,880
Total revenue from sale of goods	3,581	4,865	26,124	19,811	29,705	24,676

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37 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2016 and 2015 were based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares held by third parties outstanding during the years as follows:

	(Unit: million Baht/million shares)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Profit for the year attributable to ordinary shareholders of the Company	<u>14,703</u>	<u>11,059</u>	<u>11,004</u>	<u>11,274</u>
Weighted average number of ordinary shares held by third parties outstanding				
Number of ordinary shares outstanding at 1 January	7,743	7,743	7,743	7,743
Treasury shares held by subsidiaries	(355)	(355)	-	-
Net	<u>7,388</u>	<u>7,388</u>	<u>7,743</u>	<u>7,743</u>
Basic earnings per share (in Baht)	<u>1.99</u>	<u>1.50</u>	<u>1.42</u>	<u>1.46</u>

38 Dividends

Details of dividends for the years ended 31 December 2016 and 2015 were as follows:

<u>Approval date to pay dividends</u>	<u>Rate per share (Baht)</u>	<u>Number of entitled shares (Shares)</u>	<u>Total (in million Baht)</u>	<u>Source</u>
2016				
22 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
11 August 2016	0.50	7,742,941,932	3,872	Dividends received from subsidiaries appropriated from taxable profits which were subject to 20% corporate income tax
Total			<u>7,356</u>	
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

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Approval date to pay dividends	Rate per share (Baht)	Number of entitled shares (Shares)	Total (in million Baht)	Source
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
11 August 2015	0.03	7,742,941,932	232	Dividends received from subsidiaries appropriated from taxable profits which were subject to 23% corporate income tax
11 August 2015	0.27	7,742,941,932	2,091	Dividends received from subsidiaries appropriated from taxable profits which were subject to 20% corporate income tax
Total			5,807	

39 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns to the Group's shareholders and benefits to other stakeholders. The management sets strategies to support the Group's operations for more efficiency, and better performances and stronger financial status, including dividend and capital management policies to maintain the optimal capital structure and cost of capital.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group manages the interest rate risk of financial assets and financial liabilities by considering loan to or borrowing from including fixed and floating rate depend on the market situation. However, the interest rates of interest-bearing liabilities of the Group are mainly fixed rate. The Group had the interest rate swap agreements to manage exposure to fluctuations in interest rates on the said liabilities upon the appropriation.

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The interest rates of loans to subsidiaries as at 31 December 2016 and 2015 and the periods in which the loans mature were as follows:

<i>(Unit: Million Baht)</i>					
	Interest rates <i>(% per annum)</i>	Separate financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
2016					
Current					
Short-term loans to subsidiaries	7.38 - 7.50	34,583	-	-	34,583
Current portion of long-term loans to subsidiaries	10.00 - 12.00	867	-	-	867
Non Current					
Long-term loans to subsidiaries	4.43	-	6,013	-	6,013
Total		35,450	6,013	-	41,463
2015					
Current					
Short-term loans to subsidiaries	7.38 - 7.50	33,936	-	-	33,936
Current portion of long-term loans to subsidiaries	10.00	387	-	-	387
Non Current					
Long-term loans to subsidiaries	4.43 - 12.00	-	22,980	-	22,980
Total		34,323	22,980	-	57,303

The interest rates of interest-bearing liabilities as at 31 December 2016 and 2015 and the periods in which those liabilities mature were as follows:

<i>(Unit: Million Baht)</i>					
	Interest rates <i>(% per annum)</i>	Consolidated financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
2016					
Overdrafts	2.15 - 13.25	3,127	-	-	3,127
Short-term borrowings from financial institutions	1.11 - 13.80	108,825	-	-	108,825
Short-term borrowings from joint ventures	2.00	291	-	-	291
Long-term borrowings from financial institutions	1.52 - 15.00	16,180	58,752	733	75,665
Debentures	2.84 - 4.73	7,000	63,795	53,990	124,785
Finance lease liabilities	1.50 - 31.17	10	25	-	35
Total		135,433	122,572	54,723	312,728
2015					
Overdrafts	3.36 - 14.27	4,073	-	-	4,073
Short-term borrowings from financial institutions	1.05 - 16.68	102,677	-	-	102,677
Short-term borrowings from joint ventures	2.00	378	-	-	378
Long-term borrowings from financial institutions	1.56 - 15.42	13,865	43,113	6,241	63,219
Debentures	3.18 - 4.44	16,854	31,000	39,940	87,794
Finance lease liabilities	0.10 - 25.56	5	5	-	10
Total		137,852	74,118	46,181	258,151

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	Interest rates (% per annum)	Separate financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
2016					
Overdrafts	MOR	7	-	-	7
Short-term borrowings from financial institutions	1.70 - 1.88	21,055	-	-	21,055
Long-term borrowings from financial institutions	4.11	1,850	-	-	1,850
Debentures	2.28 - 5.42	7,000	35,560	37,440	80,000
Total		29,912	35,560	37,440	102,912
2015					
Overdrafts	MOR	6	-	-	6
Short-term borrowings from financial institutions	1.05 - 1.78	25,982	-	-	25,982
Long-term borrowings from financial institutions	4.11	616	1,855	-	2,471
Debentures	3.21 - 5.42	6,060	31,000	39,940	77,000
Total		32,664	32,855	39,940	105,459

The Group has several interest rate swap agreements with local financial institutions (“counterparties”). The Group has or the counterparties have commitments to make payments for the differences between the fixed interest rate and floating interest rate for each period.

As at 31 December 2016 the Group had long-term borrowings under interest rate swap agreements totaling Baht 16,782 million (2015: Baht 28,482 million). The above average interest rates are interest rates after adjusted with rates stipulated in the interest rate swap agreements.

As at 31 December 2016, the Group has cross currency and interest rate swap agreements with the financial institutions to manage exposure of fluctuations in foreign exchange rates and interest rates as follows:

- 1) The Company has entered into a cross currency and interest rate swap agreement with a financial institution for long-term borrowings totaling U.S. Dollar 60 million to be Baht 1,849 million. The Company has commitments to make payments for the fixed interest rate in Baht for the principal amount of Baht 1,849 million and the counterparty has commitments to make payments in U.S. Dollar for the interest rate refer to LIBOR for the principal amount of U.S. Dollar 60 million.
- 2) A foreign subsidiary has entered into interest rate swap agreements with certain financial institutions for long-term borrowings totaling U.S. Dollar 395 million (equivalent approximately to Baht 14,176 million). The subsidiary has commitments to make payments for the fixed interest rates under the terms and conditions of the agreements and the counterparty has commitments to make payments in U.S. Dollar for the interest rate refer to LIBOR.

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- 3) A foreign subsidiary has entered into a cross currency and interest rate swap agreement with a financial institution for long-term borrowing amounting to U.S. Dollar 10 million to be Peso 424 million. The subsidiary has commitments to make payments for the fixed interest rate in Peso and the counterparty has commitments to make payments in U.S. Dollar for the interest rates refer to LIBOR.
- 4) A subsidiary has entered into several cross currency and interest rate swap agreements with a financial institution for long-term borrowings totaling U.S. Dollar 13.4 million to be Baht 484 million. The subsidiary has commitments to make payments for the fixed interest rate in Baht for the principal amount of Baht 484 million and the counterparty has commitments to make payments in U.S. Dollar for the interest rate refer to LIBOR for the principal amount of U.S. Dollar 13.4 million.

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales of goods which are denominated in foreign currencies. The Group primarily enters into forward exchange contracts to hedge such financial assets and liabilities denominated in foreign currencies including anticipated future purchases and sales of goods denominated in foreign currencies. The forward exchange contracts have maturities of less than 1 year.

At 31 December 2016 and 2015 the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		<i>(Unit: Million)</i>			
		Consolidated		Separate	
		financial statements		financial statements	
		2016	2015	2016	2015
Foreign currency					
Accounts receivable - trade and others					
Foreign currencies	United States Dollar	36	30	9	14
	Won	14,311	19,262	-	6,665
	Singapore Dollar	13	15	-	-
	Euro	4	4	6	8
	Ruble	-	-	60	63
	Yen	167	222	-	5
	Swedish Krona	16	16	-	-
	Australian Dollar	-	-	8	10
	Rand	4	2	2	2
	Renminbi	-	-	91	118
	Pound Sterling	-	-	1	-
Currency forwards	United States Dollar	35	37	15	28
	Won	14,311	19,262	-	6,665
	Singapore Dollar	13	15	-	-
	Euro	-	1	6	8
	Ruble	-	-	60	63
	Yen	167	222	-	5
	Australian Dollar	-	-	8	10

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		(Unit: Million)			
		Consolidated financial statements		Separate financial statements	
	Foreign currency	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Accounts receivable - trade and others (continued)					
Currency forwards	Rand	4	2	2	2
	Renminbi	-	-	91	118
	Pound Sterling	-	-	1	-
	Swedish Krona	6	-	-	-
Short-term loans to subsidiaries					
Foreign currencies	United States Dollar	-	-	260	102
	Ruble	-	-	500	500
Currency forwards	Ruble	-	-	500	500
Long-term loans to subsidiaries					
Foreign currencies	United States Dollar	-	-	200	385
	Ruble	-	-	1,503	1,503
Currency forwards	United States Dollar	-	-	200	200
	Ruble	-	-	953	953
Interest-bearing liabilities					
Foreign currencies	United States Dollar	379	618	60	280
	Euro	66	53	-	-
Currency forwards	United States Dollar	282	203	60	80
	Euro	3	-	-	-
Accounts payable - trade and others					
Foreign currencies	United States Dollar	143	126	1	2
	Euro	12	14	-	-
	Yen	179	122	-	-
Currency forwards	United States Dollar	56	160	1	1
	Euro	4	2	-	-
	Yen	179	122	-	-
Forecast sales					
Currency forwards	United States Dollar	116	22	7	5
	Pound Sterling	31	11	-	-
	Euro	8	6	-	-
	Yen	1,818	1,557	97	39
	Singapore Dollar	13	5	-	-
	Won	2,429	1,424	-	79
	Hongkong Dollar	34	12	-	-
	Danish Krone	17	13	-	-
	Australian Dollar	2	2	1	-
	Renminbi	11	3	7	-
	Canada Dollar	6	-	-	-
Forecast purchases					
Currency forwards	United States Dollar	63	495	17	248
	Euro	16	5	-	-
	Yen	293	56	-	-
	Danish Krone	-	1	-	-

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Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit facilities. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset at the reporting date. However, due to the large number of parties comprising the Group's customer base, management does not anticipate material losses from its debt collection.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. Fair values have been determined for measurement and/or disclosure purposes based on the following methods (when applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability).

The fair value of cash and cash equivalents, trade and other accounts receivable, short-term loans, other current assets, overdrafts, short-term borrowings, trade and other accounts payable and other current liabilities is taken to approximate the carrying value.

The fair value of investments in equity securities - available-for-sales, are determined by reference to their quoted bid prices at the reporting date.

The fair value of long-term borrowings is taken to approximate the carrying value because most of these financial instruments bear interest at market rates.

Fair values and the carrying values of financial assets and liabilities other than the aforementioned were as follows:

<i>(Unit: Million Baht)</i>					
	Carrying amount	Consolidated financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
31 December 2016					
Financial assets					
Forward contracts	492	-	365	-	365
Financial liabilities					
Forward contracts	58	-	55	-	55
Cross currency and interest rate swaps	297	-	362	-	362
Debentures	114,140	-	117,857	-	117,857
Exchangeable Bonds	10,645	-	10,699	-	10,699

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(Unit: Million Baht)

	Carrying amount	Consolidated financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2015					
Financial assets					
Forward contracts	996	-	851	-	851
Financial liabilities					
Forward contracts	18	-	17	-	17
Cross currency and interest rate swaps	762	-	548	-	548
Debentures	77,000	-	82,677	-	82,677
Exchangeable Bonds	10,794	-	10,873	-	10,873

(Unit: Million Baht)

	Carrying amount	Separate financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2016					
Financial assets					
Forward contracts	45	-	25	-	25
Financial liabilities					
Forward contracts	55	-	51	-	51
Cross currency and interest rate swaps	305	-	300	-	300
Debentures	80,000	-	83,606	-	83,606
31 December 2015					
Financial assets					
Forward contracts	728	-	654	-	654
Financial liabilities					
Cross currency and interest rate swaps	764	-	665	-	665
Debentures	77,000	-	82,677	-	82,677

Level 2 fair values for over-the-counter derivative financial instruments are based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group and counterparty when appropriate. The fair values of forward contracts and cross currency and interest rate swaps were remeasurement of the rates initially quoted by the Group's bankers with the rates based on market conditions existing at the end of the reporting period.

Level 2 fair values for debentures of the Company and CPF (Thailand) Public Company Limited have been determined based on quoted prices in the debenture market from the Thai Bond Market Association by using the closing price at the end of the reporting period.

Level 2 fair values for debentures of Chia Tai (China) Investment Co., Ltd. have been determined based on quoted prices in the bond market from the Shanghai Stock Exchange by using the closing price at the end of the reporting period.

Level 2 fair values for the Exchangeable Bonds ("EBs") have been determined based on quoted prices in the EBs market traded in overseas market by using the closing price at the end of the reporting period.

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40 Commitments with non-related parties

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

40.1 Capital commitments

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<i>Contracted but not provided for</i>				
Land, buildings and constructions	2,461	4,704	1	19
Machinery, equipment and others	1,753	3,054	37	53
Total	<u>4,214</u>	<u>7,758</u>	<u>38</u>	<u>72</u>

40.2 Commitments under operating lease agreements

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Within one year	3,586	3,166	131	115
Over one year but within five years	9,555	8,201	127	103
Over five years	14,455	10,706	7	-
Total	<u>27,596</u>	<u>22,073</u>	<u>265</u>	<u>218</u>

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 2017 to 2058.

40.3 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 which will be terminated as at 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 31 December 2016 totaled Baht 31 million (2015: Baht 33 million).

40.4 Letters of credit

The Company and certain subsidiaries had commitments under the issued letters of credit totaling Baht 1 million and Baht 1,177 million respectively (2015: Baht 1 million and Baht 1,966 million respectively).

40.5 Letters of guarantee

- (a) The Company and certain subsidiaries had commitments with financial institutions for letters of guarantee issued by the financial institutions in favor of government agencies and others totaling Baht 17 million and Baht 3,133 million respectively (2015: Baht 753 million and Baht 6,029 million respectively). The letters of guarantee are principally covering the guarantee of taxes, duties and sale of goods.

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- (b) Certain foreign subsidiaries have commitments with foreign financial institutions for letters of financial guarantees issued for the customers in feed business of those subsidiaries totaling Baht 1,108 million (*2015: Baht 1,808 million*).

41 Guarantees

As at 31 December 2016 certain foreign subsidiaries pledged their assets as collateral for their borrowings from financial institutions as follows:

41.1 Ordinary shares of the following foreign subsidiaries:

- (a) C.P. Pokphand Co., Ltd. Totaling 5,154 million shares with fair value of Baht 22,876 million (*31 December 2015: 6,779 million ordinary shares with fair value of Baht 25,843 million*).
- (b) Pravdinsk Pig Production Closed Joint Stock Company totaling 51,000 shares with carrying value of Baht 182 million (*31 December 2015: 51,000 ordinary shares with carrying value of Baht 154 million*).
- (c) NNPP Limited Liability Company with an authorised share capital of Baht 283 million (*31 December 2015: Baht 238 million*).

41.2 Property, plant and equipment with net book value of Baht 8,708 million (*31 December 2015: Baht 9,788 million*).

41.3 Current assets and non-current assets mainly comprising of inventories and net accounts receivable and payable, with carrying value of Baht 5,825 million (*31 December 2015: Baht 4,722 million*).

42. Others

- 42.1 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 150 million or approximately Baht 778 million in advance as specified in the agreement and recorded as other non-current assets as at 31 December 2016. Upon the completion of the transaction, Banner will become an associate 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 financial statements were authorised for issue.

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42.2 On 30 December 2016, the Company signed agreements to subscribe for the newly issued ordinary shares (“Preliminary Share Subscription Agreement”) with SuperDrob Zakłady Drobiarsko - Mięsne S.A. (“SuperDrob”) and share purchase agreement (“Preliminary Share Purchase Agreement”) with Mr. Henri Lipka and Mr. Zygmunt Lipka in order to acquire the item no. 1 and 2 which expected to be completed within 3 months following the signing date. In this regard, the transaction will be completed if the Company complies with the required condition under the Preliminary Share Subscription Agreement and the Preliminary Share Purchase Agreement. The transaction have total consideration of Euro 49.5 million or approximately Baht 1,872 million, which is divided into 2 transactions as follows:

- 1) The subscription of SuperDrob's newly issued ordinary shares totaling 98,572 shares, representing 30% of the total issued shares of SuperDrob after the capital increase, with the total value of Euro 45 million or approximately Baht 1,702 million (“Value of Newly Issued Shares”).
- 2) The purchase of 9,858 ordinary shares of SuperDrob from Mr. Henri Lipka and Mr. Zygmunt Lipka (together referred to as the “Existing Shareholders”), representing 3% of the total issued shares of SuperDrob after the capital increase, at the price of Euro 4.5 million or approximately Baht 170 million (“Value of Purchased Shares”).

However, the Value of Newly Issued Shares and the Value of Purchased Shares shall be adjusted as per guideline and method stated in the Preliminary Share Subscription Agreement and Preliminary Share Purchase Agreement, respectively.

In this regard, after the completion of the 2 transactions above, the Company will hold 33% of the total issued shares of SuperDrob after the capital increase and SuperDrob will become an associate of the Company. In this regard, the Company paid for the 2 transactions above on 17 February 2017.

SuperDrob is incorporated in Poland and principally engaged in agro-industry and food, with main products such as fresh poultry, processed pre-seasoned and flavored poultry, as well as sausages and ham. Distribution channels include wholesalers, retailers, hotels, and restaurants both domestic and international. In addition, SuperDrob has investments in other 6 companies which are registered in Poland for the purposes of distribution of products and providing supporting services to SuperDrob.

42.3 On 30 December 2016, the Company signed the joint venture agreement with SuperDrop (“Joint Venture Agreement”) in order to jointly invest in a newly-established subsidiary in Poland (“JV Co.”) for 66.67% of registered share capital (Registered share capital of Polish Zloty 3 million or approximately Baht 25 million). In this regard, the Joint Venture Agreement is expected to be effective within 3 months following the signing date after the completion of the subscription of newly issued ordinary shares under the Preliminary Share Subscription Agreement and the purchase of existing ordinary shares of SuperDrob under the Preliminary Share Purchase Agreement have taken place.

JV Co. principally engaged in investing in agro-industry and food business in Poland.

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43. Events after the reporting period

43.1 On 2 December 2016 Chia Tai (China) Investment Co., Ltd. (“CTI”), a subsidiary which 50.43% of its ordinary shares being indirectly owned by the Company, entered into Equity Transaction Agreement (“the Agreement”) with COFCO Poultry Industry Co., Ltd. (“the Seller”) to complete the following transactions:

- 1) acquire entire interests in COFCO Meat (Suqian) Co., Ltd. (“COFCO Suqian”) at a consideration of Renminbi 187 million or approximately Baht 976 million and;
- 2) take over the loan receivables from the Seller who loan to COFCO Suqian by settlement the amount of Renminbi 384 million or approximately Baht 2,005 million to the Seller.

As at 31 December 2016, CTI paid Renminbi 571 million or approximately Baht 2,981 million in advance as specified in the agreements for the 2 transactions above and recorded as other non-current assets. In this regard, the transaction completed on 20 January 2017. However, the final fair value of the net assets acquired is the assessment process as at the date of the financial statements were authorised for issue.

COFCO Suqian is incorporated in China and principally engaged in poultry farming and processing and sale of chicken meat products, primary market is in China.

43.2 On 23 January 2017, the Company filed an offering circulars to the Securities and Exchange Commission to offer a Subordinated Perpetual Debentures which is similar to equity with one-time payment upon dissolution of the Company or upon the exercise of the Company’s early redemption right (“Debentures”). Under the terms of the Debentures, the Company has the right to unconditionally defer interest and cumulative interest payments to Debentures holders without limitation on deferral period and times at the sole discretion of the Company. The Company offered the Debentures to institutional investors and/or general investors at offer price of Baht 1,000 per unit for 15 million units amounting to Baht 15,000 million and offered additional reserved Debentures not exceeding 5 million units at the amount not exceeding Baht 5,000 million. The total offering Debentures are not exceeding 20 million units amounting to Baht 20,000 million. The Debentures’ interest rates during year 1-5 is 5%, after the fifth year, the interest rates are adjusted every 5 year based on (1) 5-year government bond yield, (2) Initial Credit Spread and (3) percentage as stipulated in the prospectus.

In this regard, the Company will offer the Debentures during 23-24 February 2017, 27-28 February 2017 and on 1 March 2017 with issuance date on 2 March 2017. The above Debentures have a credit rating of “A-” with stable trend rated by TRIS Rating Co., Ltd. on 27 January 2017.

43.3 On 17 February 2017 Chia Tai (China) Investment Co., Ltd. (“CTI”), a subsidiary which 50.43% of its ordinary shares being indirectly owned by the Company, entered into Share Transfer Agreement with Ningbo City Beilun Economic Construction Investment Co., Ltd. (“the Seller”) to acquire 15% interests in Ningbo Chia Tai Agriculture Co., Ltd. (“Ningbo CT”) at a consideration of Renminbi 22.9 million or approximately Baht 118 million.

As at 31 December 2016 CTI holds 70% equity interests in Ningbo CT. After the transaction, the equity interests in Ningbo CT will increase to 85%. The transaction has not completed as at the date of the financial statements were authorised for issue.

Ningbo CT is incorporated in China and principally engaged in the production and sale of animal feed.

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44 Thai Financial Reporting Standards not yet adopted

The consolidated and separate financial statements are not prepared to provide the following revised Thai Financial Reporting Standards (“TFRS”) that have been issued as of the reporting date but are not yet effective. These revised TFRS become effective for annual financial periods beginning on or after 1 January 2017. The Group does not plan to early adopt these TFRS.

TFRS	Topic
TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events after the Reporting Period
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 20 (revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures
TAS 33 (revised 2016)	Earnings per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible Assets
TAS 40 (revised 2016)	Investment Property
TAS 41 (revised 2016)	Agriculture
TAS 105 (revised 2016)	Accounting for Investment in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments : Disclosure and Presentation
TFRS 3 (revised 2016)	Business Combinations
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 11 (revised 2016)	Joint Arrangements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 10 (revised 2016)	Government Assistance – No Specific Relation to Operating Activities
TSIC 15 (revised 2016)	Operating Leases – Incentives
TSIC 25 (revised 2016)	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 31 (revised 2016)	Revenue – Barter Transactions Involving Advertising Services
TSIC 32 (revised 2016)	Intangible Assets – Web Site Costs
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities

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TFRS	Topic
TFRIC 4 (revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 13 (revised 2016)	Customer Loyalty Programmes
TFRIC 14 (revised 2016)	TAS 19 (revised 2016) Employee Benefits – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2016)	Transfers of Assets from Customers
TFRIC 21 (revised 2016)	Levies
FAP Announcement no. 5/2559	Accounting guidance for derecognition of financial assets and financial Assets and financial liabilities

The impact of the adoption of such revised TFRS and interpretations from 1 January 2017 on the Group's financial statements is still under consideration by management.