

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

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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 23 February 2018.

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 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2017	2016
<i>Thailand operations and businesses related to operations in Thailand</i>				
<i>Livestock business</i>				
<i>Direct subsidiaries</i>				
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
<i>Indirect subsidiaries</i>				
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
3) CPF Denmark A/S	Importer and distributor of processed meat and ready meals	Denmark	52.00	52.00

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			2017	2016
4) CPF Europe S.A. (4.1 to 4.3 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
4.3) Paulsen Food GmbH	Distributor of processed meat and investment	Germany	95.00	-
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

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			2017	2016
6.17) Fusion Elmbridge Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
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

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			2017	2016
6.43) Fusion Ratcliffe Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
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 of ingredients and food products	United Kingdom	34.51	34.51
7) Westbridge Food Group Limited (7.1 to 7.6 is subsidiaries of Westbridge Food Group Limited)	Investment	United Kingdom	100.00	-
7.1) Westbridge Foods Limited (7.1.1 is subsidiary of Westbridge Foods Limited)	Importer and distributor of meat and ready meals	United Kingdom	100.00	-
7.1.1) Westbridge Foods (Thailand) Limited	Provision and development for Asian food product	Thailand	99.99	-
7.2) Westbridge (Qingdao) Trading Co., Ltd.	Provision and development for Asian food product	China	100.00	-
7.3) Wignall Holdings Limited ⁽³⁾ (7.3.1 is subsidiary of Wignall Holdings Limited)	Investment	United Kingdom	100.00	-
7.3.1) Westbridge Foods (Haydock) Limited	Distribution of meat products	United Kingdom	100.00	-

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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2017	2016
7.4) Westbridge Holding B.V.	Investment	Netherlands	100.00	-
7.5) Westbridge Foods (France) SARL	Distribution of meat products	France	100.00	-
7.6) Food Trac Limited (7.6.1 is subsidiary of Food Trac Limited)	Distribution of meat products	United Kingdom	100.00	-
7.6.1 Westbridge Group License Companies	Importer of poultry meat products	United Kingdom	100.00	-
<i>Aquaculture business</i>				
<i>Direct subsidiary</i>				
1) Seafoods Enterprise Co., Ltd. ⁽¹⁾	Shrimp processing plant	Thailand	-	99.99
<i>Indirect subsidiary</i>				
1) C.P. Food Products, Inc.	Importer and distributor of seafood products	United States of America	100.00	100.00
<i>Other businesses</i>				
<i>Direct subsidiaries</i>				
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
<i>Overseas operations</i>				
<i>Direct subsidiaries</i>				
1) Bellisio Investment, LLC. (1.1 is a subsidiary of Bellisio Investment, LLC.)	Investment	United States of America	100.00	100.00
1.1) Bellisio Parent, LLC. ⁽³⁾ (1.1.1 to 1.1.10 are subsidiaries of Bellisio Parent, LLC.)	Investment	United States of America	100.00	100.00
1.1.1) Arden International, LLC. ⁽⁴⁾	Production and distributor of ready meals	United States of America	-	100.00
1.1.2) Arden Kitchens, LLC. (Delaware) ⁽⁴⁾	Production and distributor of ready meals	United States of America	-	100.00
1.1.3) Arden Kitchens, LLC. (Minnesota) ⁽⁴⁾	Production and distributor of ready meals	United States of America	-	100.00
1.1.4) Bellisio Finance, LLC. ⁽⁴⁾	Investment	United States of America	-	100.00
1.1.5) Bellisio Foods, Inc.	Production and distributor of ready meals	United States of America	100.00	100.00
1.1.6) Bellisio Foods Canada Corp.	Production and distributor of ready meals	Canada	100.00	100.00
1.1.7) Bellisio Holdco, LLC. ⁽⁴⁾	Investment	United States of America	-	100.00
1.1.8) Michelina's, LLC. ⁽⁴⁾	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	100.00
1.1.10) The All American Gourmet Company ⁽³⁾	Production and distributor of ready meals	United States of America	100.00	100.00

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				2017	2016
2)	Charoen Pokphand Foods Kenya Co., Ltd. ⁽³⁾	Animal feedmill and livestock farming	Kenya	99.99	99.99
3)	CPF Investment Limited	Investment	British Virgin Islands	100.00	100.00
4)	CPF Poland S.A. W Organizacji	Agro-industrial products and food	Poland	66.67	-
5)	C.P. Aquaculture (Beihai) Co., Ltd.	Production and sale of animal feed	China	100.00	100.00
6)	C.P. Aquaculture (Dongfang) Co., Ltd.	Shrimp hatchery business	China	100.00	100.00
7)	C.P. Aquaculture (Hainan) Co., Ltd. ⁽³⁾	Aquaculture farming and hatchery business	China	100.00	100.00
8)	C.P. Aquaculture (Zhanjiang) Co., Ltd.	Shrimp hatchery business	China	100.00	-
9)	C.P. Foods Holdings Limited	Investment	British Virgin Islands	100.00	100.00
10)	C.P. Foods International Limited	Investment	British Virgin Islands	100.00	100.00
11)	CPF Netherlands B.V. (11.1 to 11.2 are subsidiaries of CPF Netherlands B.V.)	Investment	Netherlands	99.99	99.99
	11.1) Russia Baltic Pork Invest ASA (11.1.1 to 11.1.9 are subsidiaries of Russia Baltic Pork Invest ASA)	Investment	Norway	75.82	75.82
	11.1.1) Farm Construction Limited Liability Company	Swine farm construction	Russia	75.82	75.82
	11.1.2) Finagro ASP	Financial service	Denmark	75.82	75.82
	11.1.3) Kornevo Limited Liability Company	Livestock farming	Russia	75.82	75.82
	11.1.4) Management Company RBPI Group Limited Liability Company	Property lease-out	Russia	75.82	75.82
	11.1.5) NNPP Limited Liability Company	Livestock farming	Russia	75.82	75.82
	11.1.6) NNPP-2 Limited Liability Company	Livestock farming	Russia	75.82	75.82
	11.1.7) Pravdinsk Pig Production Closed Joint Stock Company	Livestock farming	Russia	75.82	75.82
	11.1.8) Pravdinsk Pig Production -2 Limited Liability Company	Livestock farming	Russia	75.82	75.82
	11.1.9) Rechnoe Limited Liability Company	Biological waste management services provider	Russia	75.82	-

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			2017	2016
11.2) Stesha LLC. (11.2.1 to 11.2.2 are subsidiaries of Stesha LLC.)	Investment	Russia	99.99	99.99
11.2.1) CJSC Poultry Parent Stock Production Woyskovitsy	Livestock farming and breeding	Russia	79.99	79.99
11.2.2) 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	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	99.99
2.6) CPF Zaraysk LLC.	Livestock farming	Russia	99.99	99.99
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. ⁽⁴⁾	Real estate property	China	-	35.17
3.9) Zhumadian Huazhong Chia Tai Co., Ltd. ⁽²⁾	Production and sale of chlortetracycline	China	35.17	35.17

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				2017	2016
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 5.109 are subsidiaries of C.P. Pokphand Co., Ltd.)	Investment in agro-industrial and food	Bermuda	50.43	50.43
5.1)	Beijing CP Consultation Services Co., Ltd.	Provision of consulting service on economic and trade	China	50.43	50.43
5.2)	CP Food Enterprise (Qinhuangdao) Co., Ltd.	Production and sale of processed food 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.	Production and sale of processed food 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	50.43
5.6)	C.P. Food (Kaifeng) Co., Ltd.	Production and sale of processed food	China	50.43	-
5.7)	C.P. Food (Nantong) Co., Ltd.	Production and sale of processed food and ready meal	China	50.43	50.43
5.8)	C.P. Food (Xiangyang) Co., Ltd.	Production and sale of processed food	China	50.43	50.43
5.9)	C.P. Food (Xuzhou) Co., Ltd.	Production and sale of processed food and ready meal	China	50.43	50.43
5.10)	C.P. Food (Zhanjiang) Co., Ltd.	Production and sale of processed food	China	50.43	50.43
5.11)	C.P. Premix (Guanghan) Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	45.89	45.89
5.12)	C.P. Premix (Hangzhou) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.13)	C.P. Premix (Liuzhou) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.14)	C.P. Premix (Nantong) Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.26	30.26
5.15)	C.P. Premix (Shenyang) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.16)	C.P. Premix (Tianjin) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.17)	C.P. Standard Resources Limited	Investment	Hong Kong	50.43	50.43
5.18)	C.P. Vietnam Corporation	Production and sale of animal feed, farming and processed food	Vietnam	64.89	64.89
5.19)	C.T. Progressive (H.K.) Limited	Investment	Bermuda	50.43	50.43
5.20)	Changsha Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.21)	Charoen Pokphand (China) Investment Limited	Investment	British Virgin Islands	50.43	50.43
5.22)	Chengdu Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	35.30	35.30

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			2017	2016
5.23) Chia Tai (Beijing) Investment Management Co., Ltd.	Rendering management and advisory service	China	50.43	50.43
5.24) Chia Tai (China) Investment Co., Ltd.	Investment and trading	China	50.43	50.43
5.25) Chia Tai Feed (Harbin) Co., Ltd.	Production and sale of animal feed	China	50.43	-
5.26) Chia Tai Feed (Hefei) Co., Ltd.	Production and sale of animal feed	China	50.43	-
5.27) Chia Tai Feed (Helin) Co., Ltd.	Production and sale of animal feed	China	50.43	-
5.28) Chia Tai Feed (Hengshui) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.29) Chia Tai Feed (Qianjiang) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.30) Chia Tai Feed (Yiwu) Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	27.74	-
5.31) Chia Tai Feed (Yushu) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.32) Chia Tai Feed (Zhanjiang) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.33) Chia Tai Food Enterprise (Qingdao) Co., Ltd.	Production and sale of processed food and ready meal	China	50.43	50.43
5.34) Chia Tai Food (Suqian) Co., Ltd. (Formerly known as COFCO Meat (Suqian) Co., Ltd.)	Poultry farming, production and sale of chicken meat products	China	50.43	-
5.35) Chia Tai (Hainan) Agro-Industry Co., Ltd. ⁽³⁾	Production and sale of animal feed	China	50.43	50.43
5.36) Chia Tai Yongji Enterprise Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.37) Chia Tai Yueyang Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.38) Chongqing Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.26	30.26
5.39) Chongqing Shuangqiao Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	35.30	35.30
5.40) Chuzhou Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.41) CP China Investment Limited	Investment	Cayman Islands	50.43	50.43
5.42) CP Food Investment Limited	Investment	Hong Kong	50.43	50.43
5.43) CP Group (Inner Mongolia) Nutrition Technology Flocks and Herds Service Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.44) Dali Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.45) Fujian Baojiashun Food Development Co., Ltd. ⁽²⁾	Production of processed poultry meat	China	35.30	35.30

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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2017	2016
5.46) Fujian Chia Tai Food Co., Ltd. ⁽²⁾	Sale of processed poultry meat	China	35.30	35.30
5.47) Fujian Hetai Agro-Industry Co., Ltd. ⁽²⁾	Farming and sale of poultry	China	35.30	35.30
5.48) Fujian Longzeji Feed Co., Ltd. ⁽³⁾	Production and sale of animal feed	China	35.30	35.30
5.49) Fuzhou Da Fu Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.50) Gansu Chia Tai Agriculture Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.51) Ganzhou Chia Tai Industrial Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	40.34	40.34
5.52) Guang An Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.26	30.26
5.53) Guangdong Chia Tai Biotechnology Co., Ltd.	Production and sale of probiotics	China	50.43	50.43
5.54) Guangxi Chia Tai Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.55) Guilin Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	42.86	42.86
5.56) Guiyang Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.57) Hannick Limited	Property investment	Hong Kong	50.43	50.43
5.58) Hebei Chia Tai Agriculture Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.59) Hefei Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.60) Henan Chia Tai Agro-Industrial Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.61) Huai Hua Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.62) Hubei Chia Tai Co., Ltd.	Production and sale of animal feed, breeding and processed meat	China	50.43	50.43
5.63) Huludao Chia Tai Husbandry Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.64) Inner Mongolia Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	45.58	45.58
5.65) Jiangsu Chia Tai Agro-Industrial Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.66) Jiangsu Huai Yin Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	44.38	44.38
5.67) Jiangxi Chia Tai Agriculture Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.68) Jilin Chia Tai Food Co., Ltd.	Production and sale of processed food and ready meal	China	50.43	50.43
5.69) Jinan Chia Tai Co., Ltd. ⁽³⁾	Production and sale of animal feed	China	32.78	32.78
5.70) Jiujiang Chia Tai Feedstuffs Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.26	30.26

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			2017	2016
5.71) Kaifeng Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.72) Kunming Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	46.59	46.59
5.73) Lanzhou Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	45.70	45.70
5.74) Longyan Baotai Agro-Industry Co., Ltd. ⁽²⁾	Farming and sale of poultry	China	35.30	35.30
5.75) Mianyang Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	40.34	40.34
5.76) Modern State Investments Limited	Investment	British Virgin Islands	50.43	50.43
5.77) Nanchang Chia Tai Livestock Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.78) Nanning C.P. Food Co., Ltd	Production and sale of processed food	China	50.43	50.43
5.79) Nanning Chia Tai Animal Husbandry Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	46.21	46.21
5.80) Nantong Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.26	30.26
5.81) Nantong Chia Tai Feedmill Co., Ltd. ⁽²⁾ (Formerly known as Nantong Chia Tai Feed Co., Ltd.)	Production and sale of animal feed	China	30.26	-
5.82) Nanyang Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	45.89	45.89
5.83) Neijiang Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	35.30	35.30
5.84) Ningbo Chia Tai Agriculture Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	42.86	35.30
5.85) Pingdingshan Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	35.30	35.30
5.86) Qingdao Chia Tai Agricultural Development Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.87) Shaanxi Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	48.41	48.41
5.88) Shanghai Han Tong International Trading Co., Ltd. ⁽³⁾	Sale of processed poultry meat	China	35.30	35.30
5.89) Shanxi Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.21	30.21
5.90) Shenyang Chia Tai Livestock Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.91) Shijiazhuang Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.92) Shuangliu Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	35.30	35.30
5.93) Tai Zhou Chia Tai Feed Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	48.41	48.41
5.94) Tianjin Chia Tai Agro-Industrial Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.95) Urumqi Chia Tai Animal Husbandry Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	47.11	47.11
5.96) Weinan Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.97) Wuhan Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.98) Wuhan Chia Tai Aquaculture Co., Ltd.	Production and sale of animal feed	China	50.43	50.43

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			2017	2016
5.99) Wuxuan Chia Tai Animal Husbandry Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	42.86	42.86
5.100) Xiamen Chia Tai Agriculture Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.26	30.26
5.101) Xiamen Sumpo Food Trading Co., Ltd. ⁽²⁾	Sale of processed poultry meat	China	35.30	35.30
5.102) Xiangyang Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.103) Xuzhou Chia Tai Feed Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	32.78	32.78
5.104) Yichang Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.105) Yinchuan Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	42.86	42.86
5.106) Yongan Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.107) Zhangjiakou Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.26	30.26
5.108) Zhoukou Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.109) 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
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 processed food	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	16.67
6.7) Rui Mu Foods Co., Ltd. ⁽²⁾	Layer chicken business	Taiwan	16.99	16.99

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	Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
				2017	2016
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
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 processed food	India	99.99	99.99
11)	CPF Japan 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	80.00

(1) Liquidation completed

(2) The Company has the power to govern those companies

(3) Operations wound up

(4) Closed

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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 2017. The adoption of these new and revised TFRS have no 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 2018 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:

- Investments held as available for sale are measured at fair value.
- Certain types of biological assets are measured at fair value less costs to sell.
- Land used for operations is measured at revalued amounts.
- Defined benefit obligations have been measured at their present value.

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.

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Accounting policies which have the information about judgments that have significant effects on the amounts recognised in the financial statements is included in the following notes to the financial statements:

Note 11, 13 and 14 Consolidation of entities that the Group has control and significant influence over

Accounting policies which have the information about significant areas of estimation uncertainty and critical judgments 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 4	Measurement of fair value of assets acquired and liabilities assumed
Note 9	Measurement of biological assets
Note 11, and 13 to 19	Assumptions used in discounted cash flow projections
Note 21	Utilisation of tax losses
Note 21 and 36	Deferred and current taxation
Note 25	Measurement of defined benefit obligations
Note 40	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.

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

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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 40 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 when the Group has control, as described in subsidiaries section, 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, at initial recognition, is measured at the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, when purchase price is more than the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When purchase price is less than net recognised amount of the identifiable assets acquired and liabilities assumed, gain on bargain purchase is immediately recognised in profit or loss.

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 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 by the subsequently obtained information, 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 to comply with the accounting policies of the Parent in preparing the consolidated financial statements.

Losses 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 as 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.

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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 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.

(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 foreign 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.

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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.

(d) *Hedging*

Hedge of future foreign currency transactions

The Group has a policy to mitigate the foreign exchange risk of the foreign currencies monetary transactions by entering into forward exchange contracts. 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 bank 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.

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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.

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 classified as held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to 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 or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

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(j) Investments

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures 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.

Investments held as available for sale

Investments held as available for sale are investments in marketable equity securities that are non-subsidiaries and/or non-associates and/or non-joint ventures, other than those securities held for trading or intended to be held to maturity. Investments held as available for sale are, subsequent to initial recognition, 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-subsidiaries and/or non-associates and/or non-joint ventures, which are not marketable and are stated at cost less accumulated impairment losses.

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 measured 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.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each type of property. The estimated useful lives are 5-50 years.

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

Plant and equipment are measured 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. Purchase software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

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.

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 of subsequent increase will credit to other comprehensive income only for the amount higher than the previous decrease in value.

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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 are 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 land and assets under construction and installation.

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.

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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 measured 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 trademarks, 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

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 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.

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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.

(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.

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(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.

(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.

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(t) Treasury shares

Treasury shares are the Company's ordinary shares held by subsidiaries. At the acquisition date, they are recognised at fair value and deducted 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.

(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. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

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Contingent lease payments are accounted for by revising the minimum lease payment 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. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

When an arrangement is or contains a lease, at inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group incremental borrowing rate.

(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 from the profit or loss attributable to ordinary shareholders of the Company less cumulative interest expense (net of income tax) on subordinated perpetual debentures and divided by 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 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.

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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.

As at 31 December 2017, the Group had completed the fair value assessment of the net assets acquired and had adjusted the accounting record of the business combination according to the new information obtained within one year from the acquisition date as follows:

	Fair value before adjusted	Adjusted	Fair value after adjusted
			<i>(Unit: Million Baht)</i>
Cash and cash equivalents	768	-	768
Accounts receivable - trade and others	1,802	-	1,802
Inventories	2,271	-	2,271
Other current assets	702	-	702
Property, plant and equipment	5,448	-	5,448
Other intangible assets - customer relationship	5,128	-	5,128
Other intangible assets - trademarks	3,474	(95)	3,379
Other intangible assets - trademark licenses	2,986	(234)	2,752
Other intangible assets - recipes	2,100	-	2,100
Accounts payable - trade and others	(1,368)	-	(1,368)
Other current liabilities	(784)	(488)	(1,272)
Deferred tax liabilities	(6,480)	127	(6,353)
Other non-current liabilities	(44)	-	(44)
Net assets	16,003	(690)	15,313
Goodwill	23,100	660	23,760
Consideration transferred	39,103	(30)	39,073
Cash received from acquisition of subsidiary	(768)	-	(768)
Net consideration paid for acquisition of subsidiary	38,335	(30)	38,305

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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4.2 Share acquisition of Chia Tai Food (Suqian) Co., Ltd.

On 2 December 2016 Chia Tai (China) Investment Co., Ltd. (“CTI”), a 50.43% indirectly owned subsidiary, agreed to acquire investments from COFCO Poultry Industry Co., Ltd. (“the Seller”) for the following transactions:

- 1) Acquire the entire interest in Chia Tai Food Suqian Co., Ltd. (“Suqian Chia Tai”) at a consideration of Renminbi 187 million or equivalent to approximately Baht 953 million; and
- 2) Settle loan of Suqian Chia Tai at the amount of Renminbi 384 million or equivalent to approximately Baht 1,957 million to the Seller.

Suqian Chia Tai is incorporated in China and principally engaged in poultry farming, production and sale of chicken meat products primarily in China.

During 2016, CTI made advance payment as specified in the agreements for the 2 transactions above at the total amount of Renminbi 571 million or equivalent to approximately Baht 2,910 million.

CTI obtained control of Suqian Chia Tai on 20 January 2017 (“Acquisition date”) through the acquisition of 100.00% of Suqian Chia Tai’s total issued and paid-up share capital which equaled to 50.43% interests of the Group.

The Group has applied Thai Financial Reporting Standards (“TFRS”) No. 3 (revised 2016) *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 transferred

	<i>(Unit: Million Baht)</i>
	Fair value
Cash	2,910

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Identifiable assets acquired and liabilities assumed

	<i>(Unit: Million Baht)</i>
	Fair value
Cash and cash equivalents	62
Accounts receivable - trade and others	75
Inventories	157
Current biological assets	46
Other current assets	284
Plant and equipment	2,648
Leasehold rights	144
Deferred tax assets	250
Short-term borrowings from financial institutions	(331)
Accounts payable - trade and others	(245)
Other current liabilities	(180)
Net assets	2,910
Consideration transferred	2,910
Cash received from acquisition of subsidiary	(62)
Net consideration paid for acquisition of subsidiary	2,848

As at 31 December 2017 the Group had completed the fair value assessment of the net assets acquired in accordance with TFRS No. 3 (revised 2016).

The consolidated statement of income for the year ended 31 December 2017 includes operating results of Suqian Chia Tai for the period from 20 January 2017 to 31 December 2017. Significant details are as follows:

	<i>(Unit: Million Baht)</i>
	For the year ended 31 December 2017
Revenue from sale of goods	1,894
Loss for the period attributable to equity holders of the Company	(175)

4.3 Share acquisition of Westbridge Food Group Limited (“WFGL”)

On 2 April 2017 CPF Investment Limited (“CPFI”), a 100% directly owned foreign subsidiary of the Company, entered into Share Purchase Agreement (“Share Purchase Agreement” or “SPA”) with Peter McNeil, Sarah McNeil, Evelyn McNeil, James McNeil, Sarah Parker, Nicholas Shaw, Sally Dowling, James Middleton, Stephen Thomas, Yvonne Ford, Colin Mann, Mark Whaley and Trustee (as specified in the SPA) (together referred to as the “the Sellers”), to acquire entire ordinary shares of WFGL at total amount of GBP 52 million or equivalent to approximately Baht 2,251 million.

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WFGL is incorporated in United Kingdom. WFGL and subsidiaries (“WFGL Group”) principally engages in the sale of meat and ready-to-eat products to customers who are retailers, food services and food manufacturers in the United Kingdom and countries in the European Union and invests in companies in the United Kingdom and the Netherlands that have the quotas of importing poultry meat and products made from poultry meat to the European Union.

The Group obtained control of WFGL Group on 3 April 2017 (“Acquisition date”) through the acquisition of 1,741 ordinary shares (equal to 100.00% of WFGLs’ total issued and paid-up shares).

CPFI paid for shares at the amount of GBP 47 million or equivalent to approximately Baht 2,021 million. As at 31 December 2017, CPFI still has outstanding payable of GBP 5 million or equivalent to approximately Baht 230 million.

The Group has applied Thai Financial Reporting Standards No. 3 (revised 2016) *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 transferred

	<i>(Unit: Million Baht)</i>
	Fair value
Cash	2,251

Identifiable assets acquired and liabilities assumed

	<i>(Unit: Million Baht)</i>
	Fair value
Cash and cash equivalents	458
Accounts receivable - trade and others	754
Inventories	1,311
Other current assets	161
Investment in joint ventures	6
Plant and equipment	50
Intangible assets - customer relationship	444
Intangible assets - import licenses	204
Other intangible assets	11
Deferred tax assets	2
Bank overdrafts	(324)
Short-term borrowings from financial institutions	(331)
Accounts payable - trade and others	(113)
Income tax payable	(42)
Other current liabilities	(581)
Deferred tax liabilities	(119)
Provisions for employee benefits	(5)
Net assets	1,886
Goodwill	365
Consideration transferred	2,251
Cash received from acquisition of subsidiary	(134)
Net consideration paid for acquisition of subsidiary	2,117

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As at 31 December 2017 the Group had completed the fair value assessment of the net assets acquired in accordance with TFRS No. 3 (revised 2016). However, if the Group obtains any new information within one year from the acquisition date about facts and circumstances that existed at the acquisition date, the Group will adjust the fair values, or recognise any additional assets or liabilities existed at the acquisition date, then the acquisition accounting will be revised.

The factors contributing to the goodwill are the fact that the Group can expand networks and channels for retails, food services and food manufacturers in the United Kingdom and the European Union which have high growth potential. 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 2017 includes operating results of WFGL for the period from 3 April 2017 to 31 December 2017. Significant details are as follows:

	<i>(Unit: Million Baht)</i>
	For the year ended 31 December 2017
	<hr/>
Revenue from sale of goods	6,630
Profit for the period attributable to equity holders of the Company	72

4.4 Share acquisition of Paulsen Food GmbH (“PF”)

On 4 October 2017 CPF Europe S.A. (“CPF EU”), a 99.99% indirectly owned subsidiary of the Company, had completed the acquisition of 23,750 ordinary shares of Paulsen Food GmbH (“PF”) from Peter Paulsen Import-Export GmbH & Co. Handels KG (“PP” or the “Seller”), representing 95% of total issued and paid-up shares of PF (the “Acquisition”) at the amount of Euro 11.5 million or equivalent to approximately Baht 444 million which was fully paid.

PF is incorporated in Germany. PF and subsidiaries (“PF Group”) principally engages in the sale of meat to customers who are food services and food manufacturers in Germany and other countries in the European Union and invest in companies in Germany which have import quota licenses for the import of poultry meat and other poultry products to the European Union.

The Group obtained control of PF Group on 4 October 2017 (“Acquisition date”) through the acquisition of 23,750 ordinary shares (equal to 95% of PF’s total issued and paid-up shares).

The Group has applied Thai Financial Reporting Standards No. 3 (revised 2016) *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.

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Consideration transferred

(Unit: Million Baht)

Fair value

Cash

444

Identifiable assets acquired and liabilities assumed

(Unit: Million Baht)

Fair value

Cash and cash equivalents

115

Accounts receivable - trade and others

94

Inventories

301

Other current assets

11

Accounts payable - trade and others

(121)

Short-term borrowings from financial institutions

(39)

Net assets

361

Non-controlling interests (based on their proportionate interest in the recognised amount of the net identifiable assets of the acquiree)

(18)

Goodwill

101

Consideration transferred

444

Cash received from acquisition of subsidiary

(115)

Net consideration paid for acquisition of subsidiary

329

As at 31 December 2017 the Group is still assessing the final fair value of the net assets acquired in accordance with TFRS No. 3 (revised 2016). In this regards, the Group has provisionally estimated the fair value of the identifiable assets acquired and liabilities assumed from the business combination for accounting record. However, if the Group obtains any new information 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 existed at the acquisition date, then the acquisition accounting will be revised.

The factors contributing to the goodwill are the fact that the Group will have more import quota licenses for poultry meats and other poultry products to the European Union. Furthermore, the Group will increase its distribution channels for food services and food manufacturers in Germany and the European Union which are high potential market. Goodwill arising from 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 2017 includes operating results of PF for the period from 4 October 2017 to 31 December 2017. Significant details are as follows:

(Unit: Million Baht)

For the
year ended

31 December 2017

Revenue from sale of goods

1,399

Profit for the period attributable to
equity holders of the Company

10

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If the acquisition of Suqian Chia Tai, WFGL and PF had occurred on 1 January 2017, management estimates that revenue from sale of goods and profit of the Group in the consolidated financial statements for the year ended 31 December 2017 would have been as follows:

	<i>(Unit: Million Baht)</i> For the year ended <u>31 December 2017</u>
Revenue from sale of goods	503,578
Profit for the period attributable to equity holders of the Company	15,251

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 entity which holds significant influence over the Company is Charoen Pokphand Group Company Limited which directly and indirectly owned 48.49% of the Company's voting rights as of the latest closing date of shareholder register book on 30 August 2017.

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

<u>Transactions</u>	<u>Pricing policies</u>
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

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
(a) Income				
Significant influence entity				
Training and seminar income	2	1	-	-
Software application income	1	1	-	-
Rental, service and other income	1	1	-	-
Subsidiaries				
Dividend income	-	-	13,902	12,504
Interest income	-	-	3,468	4,000
Sale of goods	-	-	2,686	2,896
Rental, service and other income	-	-	10	11
Gain on sale of fixed assets	-	-	-	57
Associates, joint ventures and related companies				
Sale of goods	55,373	42,538	869	592
Rental, service and other income	186	209	3	29
Dividend income	94	70	56	39
Software application income	36	27	-	-
Training and seminar income	14	24	-	-
Interest income	13	4	-	-
(b) Expenses and others				
Significant influence entity				
Purchase of raw materials and goods	10,266	9,632	2,777	2,675
Trademark license fees	1,079	89	6	5
Technical service fees	816	1,867	42	45
Subsidiaries				
Purchase of raw materials and goods	-	-	3,402	4,972
Software application fees	-	-	183	185
Rental and service fees	-	-	62	62
Training and seminar fees	-	-	40	34
Other expenses	-	-	42	49
Loss on sale of fixed assets	-	-	4	-
Associates, joint ventures and related companies				
Purchase of raw materials and goods	61,803	51,666	593	592
Construction costs of buildings, structures and others	2,885	2,507	118	172
Rental and service fees	1,656	1,541	336	312
Purchase of equipment and others	267	204	109	84
Trademark license fees	50	32	-	-
Software application fees	30	30	-	-

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	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2017	2016	financial statements	2016
(b) Expenses and others (Continued)				
Associates, joint ventures and related companies				
Loss on sale of fixed assets	30	-	-	-
Interest expenses	9	7	-	-
Technical service fees	4	-	-	-
Insurance premium	-	203	-	81
Other expenses	1,559	1,272	142	129

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

5.2.1 Accounts receivable - trade and others

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2017	2016	financial statements	2016
Significant influence entity	2	1	-	-
Subsidiaries	-	-	1,080	1,354
Associates and joint ventures	3,911	3,271	41	38
Related companies	8,216	6,048	170	133
Total	12,129	9,320	1,291	1,525

5.2.2 Short-term loans

	<i>(Unit: Million Baht)</i>			
	Consolidated financial statements			
	Outstanding balance		Average balance	
	2017	2016	2017	2016
Associate	-	-	2	-
Joint venture	559	-	158	-
Total	559	-	160	-

	<i>(Unit: Million Baht)</i>			
	Separate financial statements			
	Outstanding balance		Average balance	
	2017	2016	2017	2016
Subsidiaries	36,556	34,583	31,922	46,535
Total	36,556	34,583	31,922	46,535

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 was as follows:

	Consolidated		<i>(Unit million Baht)</i>	
	financial statements		Separate	
	2017	2016	financial statements	2016
Functional currencies of each company in the Group	559	-	36,556	25,068
Foreign currencies				
- United States Dollar	-	-	-	9,254
- Ruble	-	-	-	261
Total	559	-	36,556	34,583

5.2.3 Advance payments for purchase of goods

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2017	2016	financial statements	2016
Joint ventures	3	1	-	-
Associates	4,500	1,830	-	-
Total	4,503	1,831	-	-

5.2.4 Accrued dividend income

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2017	2016	financial statements	2016
Subsidiary	-	-	3,600	-
Associates	171	177	-	-
Total	171	177	3,600	-

5.2.5 Accrued interest income

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2017	2016	financial statements	2016
Subsidiaries	-	-	291	97
Total	-	-	291	97

5.2.6 Long-term loans

	<i>(Unit: Million Baht)</i>			
	Consolidated financial statements			
	Outstanding balance		Average balance	
	2017	2016	2017	2016
Associate	3	-	-	-
Total	3	-	-	-

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5.2.6 Long-term loans (continued)

(Unit: Million Baht)

	Separate financial statements			
	Outstanding balance		Average balance	
	2017	2016	2017	2016
Subsidiaries	16,939	6,880	17,838	8,112
Less current portion	-	(867)		
Net	16,939	6,013		

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

The currency denomination of long-term loans as at 31 December was as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Functional currencies of each company in the Group	3	-	-
Foreign currencies	-	-		
- United States Dollar	-	-	16,939	6,013
- Ruble	-	-	-	867
Total	3	-	16,939	6,880

5.2.7 Accounts payable - trade and others

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Significant influence entity	459	366	93
Subsidiaries	-	-	52	136
Associates and joint ventures	321	282	8	5
Related companies	3,061	4,033	77	70
Total	3,841	4,681	230	265

5.2.8 Short-term borrowings

(Unit: Million Baht)

	Consolidated financial statements			
	Outstanding balance		Average balance	
	2017	2016	2017	2016
Joint ventures	418	291	482	354
Total	418	291	482	354

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

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5.3 Balances of loans/borrowings and interest rates

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

	Consolidated financial statements					
	<i>(Unit: Million Baht)</i>					
	Balance with fixed interest rate		Balance with float interest rate		Average interest rate (%)	
	2017	2016	2017	2016	2017	2016
Short-term loans to joint venture	559	-	-	-	4.85	-
Short-term borrowings from joint ventures	418	291	-	-	2.00	2.00
	Separate financial statements					
	<i>(Unit: Million Baht)</i>					
	Balance with fixed interest rate		Balance with float interest rate		Average interest rate (%)	
	2017	2016	2017	2016	2017	2016
Short-term loans to subsidiaries	-	9,254	36,556	25,329	7.13	7.38
Long-term loans to subsidiaries	16,939	6,880	-	-	6.34	5.26

5.4 Key management personnel compensation

Key management personnel compensation consists of:

	<i>(Unit: Million Baht)</i>			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<i>For the year ended 31 December</i>				
Short-term employee benefits	481	474	247	235
Post-employment under defined benefit plans	9	12	4	5
Total	490	486	251	240
<i>As at 31 December</i>				
Provisions for employee benefits	232	284	90	111
Total	232	284	90	111

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5.5 Commitments

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

5.5.1 Capital commitments

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<i>Contracted but not provided for</i>				
Mainly represents contracts for construction of buildings and structures, and purchase of machinery and others	337	389	7	80

5.5.2 Commitments under operating lease agreements

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Within one year	1,027	940	275	291
Over one year but within five years	1,881	1,790	245	379
Over five years	476	373	-	-
Total	3,384	3,103	520	670

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 18 years, expiring in 2018 to 2034.

5.6 Significant agreements

As at 31 December 2017, the Group had the following significant agreements with related parties:

5.6.1 Technical service agreements

The Company and certain local 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 2017 to 31 December 2017. The Company and subsidiaries have extended the agreements for an additional period until 31 December 2018 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.

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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 stipulated in the agreements. This agreement is effective starting from 1 July 2017 to 30 June 2020.

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 stipulated in the agreements. These agreements are effective starting from 1 January 2017 to 31 December 2017. The Company and subsidiaries have extended the agreements for an additional period until 31 December 2018 with the same conditions and fee rates.

A foreign subsidiary (C.P. Vietnam Corporation) entered into trademark agreement with CPG to use trademarks as stipulated in the agreements. In this regard, the subsidiary is committed to pay the trademark license fee to CPG at the rate as stipulated in the agreements. This agreement is effective starting from 1 January 2017 to 31 December 2019.

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 2017 to 30 June 2019.

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.

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6 Cash and cash equivalents

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Cash at financial institutions and on hand	19,803	28,626	3,609	9,067
Highly liquid short-term investments	3,169	5,474	-	-
Total	22,972	34,100	3,609	9,067

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

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Functional currencies of each company in the Group	21,733	28,857	3,609	5,058
Foreign currencies				
- United States Dollar	756	4,760	-	4,009
- Euro	116	59	-	-
- Renminbi	94	94	-	-
- Taiwan Dollar	85	84	-	-
- Hongkong Dollar	25	20	-	-
- Norway Krone	18	39	-	-
- Pound Sterling	12	73	-	-
- Others	133	114	-	-
Total	22,972	34,100	3,609	9,067

7 Accounts receivable - trade and others

	<i>Note</i>	<i>(Unit: Million Baht)</i>			
		Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
Related parties	5	12,129	9,320	1,291	1,525
Other parties		24,778	22,141	2,373	2,033
Total		36,907	31,461	3,664	3,558
Less allowance for doubtful accounts		(773)	(782)	(5)	(7)
Net		36,134	30,679	3,659	3,551
Bad and doubtful debts expense for the year ended 31 December		185	205	-	14

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

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Periods over credit terms:				
Over 3 months to 6 months	67	130	-	1
Over 6 months to 12 months	90	103	-	-
Over 12 months	616	549	5	6
Total	773	782	5	7

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

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Functional currencies of each company in the Group	33,749	28,347	2,300	2,278
Foreign currencies				
- United States Dollar	1,309	1,286	450	310
- Won	411	424	-	-
- Singapore Dollar	294	306	-	-
- Euro	163	165	89	237
- Australian Dollar	75	7	338	194
- Swedish Krona	69	62	-	-
- Yen	43	51	13	-
- Pound Sterling	4	15	60	28
- Renminbi	1	-	401	460
- Ruble	-	-	-	36
- Others	16	16	8	8
Total	36,134	30,679	3,659	3,551

8 Inventories

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Raw materials	29,828	32,415	2,118	1,618
Chemicals and supplies	2,588	2,462	153	153
Work in progress	1,547	1,350	241	131
Finished goods	15,476	13,923	1,215	1,219
Inventories in transit	6,248	5,293	-	6
Total	55,687	55,443	3,727	3,127
Less allowance for decline in value of inventories	(569)	(452)	(96)	(101)
Net	55,118	54,991	3,631	3,026

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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 2017 amounted to Baht 350,894 million (2016: Baht 294,415 million) in the consolidated statement of income and Baht 15,045 million (2016: Baht 16,289 million) in the separate statement of income.

In 2017 the Group recognised losses for decline in value of inventories of Baht 10 million (2016: reversal of allowance for decline in value of inventories of Baht 86 million) and the Company recognised a reversal of allowance for decline in value of inventories of Baht 5 million (2016: Baht 82 million).

9 Biological assets

Movements for the years ended 31 December were as follows:

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
At 1 January	36,703	34,978	1,154	1,054
Increase due to business combination	46	243	-	-
Increase due to purchase/raise	151,567	146,964	9,981	9,782
Decrease due to sales/harvest	(142,922)	(138,613)	(9,698)	(9,390)
Depreciation	(5,366)	(5,259)	(137)	(151)
Losses on change in fair value less costs to sell	(57)	(889)	-	-
Currency translation differences	(1,849)	(138)	-	-
Other	(385)	(583)	(141)	(141)
Balance at 31 December	37,737	36,703	1,159	1,154
Current				
Livestock	28,104	27,516	-	-
Aquatic	1,869	1,662	1,159	1,154
Total current	29,973	29,178	1,159	1,154
Non-current				
Livestock	7,764	7,525	-	-
Total non-current	7,764	7,525	-	-
Total	37,737	36,703	1,159	1,154

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 is as follows:

	<i>(Unit: Tons)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Livestock	789,645	693,792	-	-
Aquatic	17,046	14,823	4,111	5,359

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:

	Carrying amount	<i>(Unit: Million Baht)</i>			
		Consolidated financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2017					
Biological assets at fair value less costs to sell	13,244	-	3,218	10,026	13,244
31 December 2016					
Biological assets at fair value less costs to sell	13,505	-	2,991	10,514	13,505

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.

<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between key unobservable inputs and fair value measurement</u>
Market comparison approach	Reference market price as at 31 December 2017 <ul style="list-style-type: none"> • Suckling swine Baht 1,720 to Baht 2,007 per head • Weanling swine Baht 2,323 per head • Fattening swine Baht 45 to Baht 47 per kilogram 	On the reporting date, if market price increases/decreases by 10%, the estimated fair value of biological assets would have increased/decreased by Baht 916 million.

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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 Investments held as available for sale

Movements for the years ended 31 December were as follows:

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
At 1 January	5,265	3,659	-	-
Acquisitions/additional investments	-	1,334	-	-
Transfer from investment in other companies	240	-	-	-
Changes in fair value	699	271	-	-
Currency translation differences	(294)	1	-	-
At 31 December	<u>5,910</u>	<u>5,265</u>	<u>-</u>	<u>-</u>

Details of investments held as available for sale

Investments held as available for sale as at 31 December were as follows:

	Ownership interest (both direct and indirect)		Consolidated		<i>(Unit: Million Baht)</i> Separate	
	(%)		financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Marketable securities - at fair value						
True Corporation Public Company Limited - at cost	2.21	2.21	7,859	8,153	-	-
Zhejiang Huatong Meat Products Co., Ltd.	3.74	-	240	-	-	-
Changes in fair value			(2,189)	(2,888)	-	-
Total			<u>5,910</u>	<u>5,265</u>	<u>-</u>	<u>-</u>

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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 were as follows:

(Unit: Million Baht)

	Carrying amount	Consolidated financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2017					
<i>Non-current</i>					
Equity securities available for sale	5,910	5,910	-	-	5,910
31 December 2016					
<i>Non-current</i>					
Equity securities available for sale	5,265	5,265	-	-	5,265

11 Investments in subsidiaries

Movements during the years ended 31 December were as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
At 1 January	-	-	120,795	86,938
Acquisitions/additional investments	-	-	12,450	33,986
Impairment losses	-	-	(8)	(129)
At 31 December	-	-	133,237	120,795

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Details of investments in subsidiaries and dividend income

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

(Unit: Million Baht)

	Separate financial statements											
	Ownership interest (%)		Paid-up share capital		Cost method		Accumulated impairment		At cost - net		Dividend income	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Marketable securities												
C.P. Pokphand Co., Ltd.	4.98	4.98	7,973	7,973	4,691	4,691	-	-	4,691	4,691	87	255
Chia Tai Enterprises International Limited	4.98	4.98	840	840	500	500	-	-	500	500	-	-
Total					5,191	5,191	-	-	5,191	5,191	87	255
Non-marketable securities												
Bangkok Produce Merchandising Public Company Limited	99.44	99.44	600	600	1,230	1,230	-	-	1,230	1,230	-	973
CPF (Thailand) Public Company Limited	99.98	99.98	10,512	9,110	29,401	22,393	-	-	29,401	22,393	-	5,921
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	13,815	5,355
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	250	125	250	125	-	-	250	125	-	-
Bellisio Investment, LLC	100.00	100.00	20,925	20,925	20,925	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 share capital		Cost method		Accumulated impairment		At cost - net		Dividend income	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
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. Aquaculture (Zhanjiang) Co., Ltd.	100.00	-	333	-	333	-	-	-	333	-	-	-
C.P. Standart Gida Sanayi ve Ticaret A.S.	49.03	5.63	4,406	3,409	1,587	618	-	-	1,587	618	-	-
Charoen Pokphand Foods Kenya Co., Ltd.	99.99	99.99	8	8	8	8	(8)	(4)	-	4	-	-
Charoen Pokphand Foods (Overseas) LLC.	8.15	10.21	3,420	2,819	1,394	1,394	(938)	(938)	456	456	-	-
Charoen Pokphand Foods Philippines Corporation	27.78	27.78	3,954	3,954	1,055	1,055	-	-	1,055	1,055	-	-
CPF Investment Limited	100.00	100.00	48,661	44,663	48,661	44,663	-	-	48,661	44,663	-	-
CPF Tanzania Limited	58.26	58.26	224	224	129	129	(129)	(125)	-	4	-	-
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	12,926	-	-	12,926	12,926	-	-
CPF Poland S.A. W Organizacji	66.67	-	27	-	17	-	-	-	17	-	-	-
Total					129,121	116,671	(1,075)	(1,067)	128,046	115,604	13,815	12,249
Grand Total					134,312	121,862	(1,075)	(1,067)	133,237	120,795	13,902	12,504

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12 Non-controlling interests

Summaries of financial information relating to each of the Group's subsidiaries that has material non-controlling interests, before any intra-group eliminations as at 31 December 2017 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	62,305	2,464	5,674	559	5,107
Non-current assets	80,788	6,398	10,989	804	5,390
Current liabilities	(53,216)	(529)	(5,643)	(21)	(1,280)
Non-current liabilities	(36,495)	(870)	(1,930)	-	(473)
Net assets	53,382	7,463	9,090	1,342	8,744
Goodwill of non-controlling interests	15,239	1,187	-	101	3,265
Carrying amount of non-controlling interests**	41,746	4,109	5,381	368	5,013

* 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 2017 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	191,824	2,623	22,270	860	10,909
Profit for the year	959	567	1,658	122	898
Other comprehensive income	(158)	(169)	(440)	(31)	(265)
Total comprehensive income	801	398	1,218	91	633
Profit attributable to non-controlling interests	941	46	1,141	24	180
Other comprehensive income attributable to non-controlling interests	(155)	(75)	(303)	(6)	(53)
Cash flows from operating activities	(869)	(6)	1,948	70	2,528
Cash flows from investing activities	(9,146)	(55)	(3,160)	(6)	(2,297)
Cash flows from financing activities	10,051	16	1,155	(57)	(2,985)
Effect of exchange rate changes on balances held in foreign currencies	547	26	(11)	-	(14)
Net increase (decrease) in cash and cash equivalents	583	(19)	(68)	7	(2,768)
Dividend paid to non-controlling interests	1,615	60	620	11	94

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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 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	3,220	25	417	-	-

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13 Investments in associates

Movements during the years ended 31 December were as follows:

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2017	2016	2017	2016
At 1 January	75,786	65,312	335	335
Share of profit	7,437	6,134	-	-
Dividend income	(3,336)	(3,083)	-	-
Acquisition/additional investments	10,125	9,178	-	-
Disposals	(5,632)	(1,529)	-	-
Currency translation differences	(146)	(177)	-	-
Others	(8)	(49)	-	-
At 31 December	84,226	75,786	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 2017, the fair value of this investment was Baht 236,440 million (2016: Baht 197,935 million).

During the year 2017, a subsidiary sold a portion of the investments in an associate with the carrying amount of Baht 5,632 million (2016: Baht 1,529 million) with gain on sale of investments amounting to Baht 10,429 million (2016: Baht 2,126 million), which is presented in the consolidated statement of income.

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Details of investments in associates and dividend income

Investments in associates as at 31 December, 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 share capital		Cost method		Equity method		Accumulated impairment		At equity - net		Dividend income	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Marketable security														
CP ALL Public Company Limited	34.28	35.24	8,983	8,983	64,400	59,061	77,307	69,144	-	-	77,307	69,144	3,176	2,817
Total					64,400	59,061	77,307	69,144	-	-	77,307	69,144	3,176	2,817
Non-marketable securities														
Nava 84 Co., Ltd.	25.00	25.00	1,203	1,203	159	159	163	163	-	-	163	163	-	-
Ross Breeders Siam Co., Ltd.	49.99	49.99	70	70	35	35	110	102	-	-	110	102	20	7
Siam Rivea Co., Ltd.	29.99	29.99	5	5	2	2	2	2	-	-	2	2	-	-
Arbor Acres Thailand Co., Ltd.	49.98	49.98	4	4	2	2	186	134	-	-	186	134	49	94
BHJ Kalino Food AB (“BHJ”)*	15.08	15.08	5	5	24	24	29	29	-	-	29	29	2	2
C.P. Aquaculture (India) Private Limited	31.70	31.70	192	192	176	176	759	712	-	-	759	712	-	-
Charoen Pokphand Holdings (Malaysia) Sdn. Bhd.	49.75	49.75	353	353	176	176	1,359	1,352	-	-	1,359	1,352	-	-

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Details of investments in associates and dividend income (Continued)

(Unit: Million Baht)

Consolidated financial statements

	Ownership interest (both direct and indirect)		Paid-up share capital		Cost method		Equity method		Accumulated impairment		At equity - net		Dividend income	
	(<i>%</i>)													
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Chai Tai Conti (Cixi) Investment Management Co., Ltd.	25.21	25.21	5	5	8	3	7	2	-	-	7	2	-	-
Cixi Zhuda Investment Center Limited Partnership **	0.50	-	3	-	-	-	-	-	-	-	-	-	-	-
Conti Chia Tai International Limited	25.21	25.21	767	767	1,052	1,052	1,621	1,481	-	-	1,621	1,481	-	163
Ningxia Xiao Ming Animal Husbandry Co., Ltd. **	8.34	8.34	293	293	749	749	738	748	-	-	738	748	6	-
Qingdao Yi Bang Bio Engineering Co., Ltd. **	6.05	6.05	147	147	1,358	1,358	1,424	1,378	-	-	1,424	1,378	34	-
Zhan Jiang Deni Carburetor Co., Ltd. ***	14.12	14.12	581	581	424	424	521	539	-	-	521	539	49	-
Total					4,165	4,160	6,919	6,642	-	-	6,919	6,642	160	266
Grand total					68,565	63,221	84,226	75,786	-	-	84,226	75,786	3,336	3,083

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* BHJ is an associate in which 29.00% of the total issued and paid share capital 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.

** Ningxia Xiao Ming Animal Husbandry Co., Ltd. (“Ningxia Xiao Ming”), Qingdao Yi Bang Bio Engineering Co., Ltd. (“Qingdao Yi Bang”) and Cixi Zhuda Investment Center Limited Partnership (“Cixi Zhuda”) are associates in which 16.54%, 12.00%, and 1.00% respectively of the total issued and paid-up share capital 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, Qingdao Yi Bang and Cixi Zhuda using the equity method based on 8.34%, 6.05%, and 0.5% shareholding in the consolidated financial statements respectively. In this regard, CTI exercises significant influence in these companies by having representatives in the board of directors and involving in setting the policy and making the significant decisions for them. Therefore, the Group classified the aforementioned investments as investments in associates.

*** Zhan Jiang Deni Carburetor Co., Ltd. (“Zhanjiang Deni”) is an associate in which 28.00% of the total issued and paid-up share capital 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 Zhanjiang Deni 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 (%)		Paid-up share capital		Cost method		Accumulated impairment		At cost - net		Dividend income	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<i>Non-marketable securities</i>												
Nava 84 Co., Ltd.	25.00	25.00	1,203	1,203	159	159	-	-	159	159	-	-
C.P. Aquaculture (India) Private Limited	31.70	31.70	192	192	176	176	-	-	176	176	-	-
Total					335	335	-	-	335	335	-	-

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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	
	<u>2017</u>	<u>2016</u>
<i>Financial information of the associate</i>		
Revenue	489,450	451,939
Profit from continuing operations	20,066	16,772
Other comprehensive income	(244)	(698)
Total comprehensive income	19,822	16,074
Attributable to non-controlling interests	111	143
Attributable to the equity holder of the associate	19,711	15,931
Current assets	66,574	69,899
Non-current assets	293,725	282,369
Current liabilities	(112,107)	(113,818)
Non-current liabilities	(167,963)	(178,847)
Net assets	80,229	59,603
Attributable to non-controlling interests	24,305	14,407
Attributable to the equity holder of the associate	55,924	45,196
<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	15,934	12,886
Total comprehensive income attributable to the Group	6,852	5,560
Dividends received during year	(3,176)	(2,817)
Difference from change in ownership	(439)	298
Group's interests in net assets of the associate at end of year	19,171	15,927
Goodwill	58,136	53,217
Carrying amount of the interests in the associate at 31 December	77,307	69,144

Immaterial associates

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

	<i>(Unit: Million Baht)</i>	
	Consolidated financial statements	
	<u>2017</u>	<u>2016</u>
Carrying amount of interests in immaterial associates	6,919	6,642
Group's share of:		
- Profit from continuing operations	498	331
- Other comprehensive income	(67)	16
- Total comprehensive income	431	347

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

	<i>(Unit: Million Baht)</i>	
	Consolidated	
	financial statements	
	<u>2017</u>	<u>2016</u>
Group's share of contingent liabilities	36	36

14 Investments in joint ventures

Movements during the years ended 31 December were as follows:

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
At 1 January	4,582	4,419	-	-
Share of profit	546	378	-	-
Dividend income	(47)	(184)	-	-
Acquisitions/additional investments	1,882	-	1,882	-
Acquired through business acquisition	6	-	-	-
Currency translation differences	(20)	(31)	-	-
At 31 December	<u>6,949</u>	<u>4,582</u>	<u>1,882</u>	<u>-</u>

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Details of investments in joint ventures

Investments in joint ventures as at 31 December, 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 share capital		Cost method		Equity method		Accumulated impairment		At equity - net		Dividend income	
	(<i>%</i>)													
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<i>Non-marketable securities</i>														
CP-Meiji Co., Ltd. ("CP-Meiji") *	59.99	59.99	500	500	1,200	1,200	1,939	1,656	-	-	1,939	1,656	-	-
Beijing Chia Tai Feedmill Co., Ltd.	25.21	25.21	157	157	128	128	215	192	-	-	215	192	-	-
Handan Chia Tai Feed Co., Ltd.	25.21	25.21	56	56	-	-	21	20	-	-	21	20	2	2
Jilin Chia Tai Enterprise Co., Ltd.	25.21	25.21	261	261	211	211	220	216	-	-	220	216	-	16
Henan East Chia Tai Co., Ltd.	25.21	25.21	170	170	225	225	263	262	-	-	263	262	39	39
ECI Metro Investment Co., Ltd.	25.21	25.21	378	378	1,296	1,296	2,433	2,236	-	-	2,433	2,236	-	127
SuperDrob Zakłady Drobiarsko - Mięsne S.A.	33.00	-	2,825	-	1,882	-	1,854	-	-	-	1,854	-	-	-
Westbridge Foods Holding B.V. **	50.00	-	1	-	6	-	4	-	-	-	4	-	6	-
Total					4,948	3,060	6,949	4,582	-	-	6,949	4,582	47	184

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* CP-Meiji is a joint venture because the articles of association of CP-Meiji specifies that each investor has joint control over significant financial and operating decisions and has right to the net assets of CP-Meiji. The Group accounts for investments in joint ventures using the equity method in the consolidated financial statements.

** Westbridge Foods Holding B.V. is a joint venture because each investor has joint control over significant financial and operating decisions and has right to the net assets of Westbridge Foods Holding B.V. 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	
	2017	2016
Carrying amount of interests in immaterial joint ventures	6,949	4,582
Group's share of:		
- Profit from continuing operations	546	378
- Other comprehensive income	(20)	(31)
- Total comprehensive income	526	347

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

	<i>(Unit: Million Baht)</i>	
	Consolidated	
	financial statements	
	2017	2016
Group's share of the commitments	213	216
Group's share of the contingent liabilities	77	-

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Details of investments in joint venture (Continued)

(Unit: Million Baht)

	Separate financial statements											
	Ownership interest (%)		Paid-up share capital		Cost method		Accumulated impairment		At cost - net		Dividend income	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<i>Non-marketable security</i>												
SuperDrob Zakłady Drobiarsko - Mięsne S.A.	33.00	-	2,825	-	1,882	-	-	-	1,882	-	-	-
Total					1,882	-	-	-	1,882	-	-	-

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15 Investments in related companies

Movements during the years ended 31 December were as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
At 1 January	1,605	1,608	678	678
Currency translation differences	(63)	(3)	-	-
At 31 December	1,542	1,605	678	678

Details of investments in related companies

Investments in related companies as at 31 December were as follows:

(Unit: Million Baht)

	Ownership interest (both direct and indirect)		Consolidated		Separate	
	<i>(%)</i>		financial statements		financial statements	
	2017	2016	2017	2016	2017	2016
<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	1,151	1,214	528	528
Total			1,542	1,605	678	678

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16 Investment properties

Movements for the years ended 31 December were as follows:

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<i>At cost</i>				
At 1 January	1,372	1,379	200	201
Additions	-	9	-	-
Transfers from property, plant and equipment	404	83	-	-
Transfer to property, plant and equipment	-	(41)	-	-
Depreciation	(38)	(42)	-	-
Impairment losses	-	(8)	-	(1)
Currency translation differences	(9)	(8)	-	-
At 31 December	<u>1,729</u>	<u>1,372</u>	<u>200</u>	<u>200</u>

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 as at 31 December 2017 totalling Baht 3,879 million and Baht 1,055 million respectively (2016: Baht 3,557 million and Baht 1,055 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 properties, as well as the significant unobservable inputs used.

<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between key unobservable inputs and fair value measurement</u>
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					Total
	Land	Buildings, building improvements and utilities system	Machinery and equipment	Others	Assets under construction and installation	
Cost/revaluation						
As at 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 and 1 January 2017	31,415	95,231	87,897	13,130	24,579	252,252
Additions	454	574	1,965	1,047	27,503	31,543
Acquired through business acquisitions	-	1,478	1,207	15	3	2,703
Surplus on revaluation	109	-	-	-	-	109
Reversal of surplus on revaluation	-	-	-	-	(56)	(56)
Transfers	1,532	10,984	14,910	772	(28,092)	106
Transfers to investment properties	(28)	(376)	-	-	-	(404)
Disposals	(16)	(788)	(1,087)	(746)	(38)	(2,675)
Currency translation differences	(226)	(3,536)	(3,011)	(545)	(724)	(8,042)
At 31 December 2017	33,240	103,567	101,881	13,673	23,175	275,536

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(Unit: Million Baht)

Consolidated financial statements						
	Land	Buildings, building improvements and utilities system	Machinery and equipment	Others	Assets under construction and installation	Total
<i>Accumulated depreciation and impairment losses</i>						
At 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 and 1 January 2017	-	(30,336)	(37,690)	(8,049)	-	(76,075)
Depreciation charge for the year	-	(5,291)	(7,610)	(1,446)	-	(14,347)
Impairment losses	-	(271)	(436)	(5)	-	(712)
Transfers	-	(43)	(23)	(5)	-	(71)
Disposals	-	663	916	686	-	2,265
Currency translation differences	-	953	1,205	306	-	2,464
At 31 December 2017	-	(34,325)	(43,638)	(8,513)	-	(86,476)
<i>Net book value</i>						
Owned assets	23,212	55,692	39,542	5,083	26,057	149,586
Assets under finance leases	-	-	1	12	-	13
At 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 and 1 January 2017	31,415	64,895	50,207	5,081	24,579	176,177
Owned assets	33,240	69,242	58,189	5,136	23,175	188,982
Assets under finance leases	-	-	54	24	-	78
At 31 December 2017	33,240	69,242	58,243	5,160	23,175	189,060

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(Unit: Million Baht)

	Separate financial statements					Total
	Land	Buildings, building improve- ments and utilities system	Machinery and equipment	Others	Assets under construction and installation	
Cost/revaluation						
At 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 on revaluation	1	-	-	-	-	1
Transfers	-	839	496	5	(1,340)	-
Disposals	(42)	(533)	(614)	(48)	(2)	(1,239)
At 31 December 2016 and 1 January 2017	6,471	12,212	11,132	1,157	1,196	32,168
Additions	58	54	334	61	1,001	1,508
Transfers	-	655	587	3	(1,050)	195
Disposals	-	(91)	(126)	(24)	-	(241)
At 31 December 2017	6,529	12,830	11,927	1,197	1,147	33,630
Accumulated depreciation and impairment losses						
At 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 and 1 January 2017	-	(6,903)	(7,189)	(1,004)	-	(15,096)
Depreciation charge for the year	-	(837)	(887)	(80)	-	(1,804)
Loss on impairment	-	-	(28)	-	-	(28)
Transfer	-	-	(82)	-	-	(82)
Disposals	-	76	120	24	-	220
At 31 December 2017	-	(7,664)	(8,066)	(1,060)	-	(16,790)
Net book value						
Owned assets	4,583	5,433	4,263	202	1,632	16,113
At 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 and 1 January 2017	6,471	5,309	3,943	153	1,196	17,072
Owned assets	6,529	5,166	3,861	137	1,147	16,840
At 31 December 2017	6,529	5,166	3,861	137	1,147	16,840

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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 2017 amounted to Baht 47,323 million (2016: Baht 43,185 million) in the consolidated statement of financial position, and Baht 9,371 million (2016: Baht 7,947 million) in the separate statement of financial position.

Capitalised borrowing cost in 2017 of the Group and the Company in accordance with acquisition of property plant and equipment amounted to Baht 709 million and Baht 28 million respectively (2016: Baht 1,091 million and Baht 34 million respectively) which is recognised as a part of cost of assets.

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 totalling Baht 33,240 million and Baht 6,529 million respectively (2016: Baht 31,415 million and Baht 6,471 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.

<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between key unobservable inputs and fair value measurement</u>
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	
	<i>Note</i>	<u>2017</u>	<u>2016</u>
Cost			
At 1 January		107,492	81,298
Acquired through business acquisitions	4	466	23,230
Fair value adjustments		741	-
Currency translation differences		(9,177)	2,964
At 31 December		<u>99,522</u>	<u>107,492</u>
Impairment loss			
At 1 January		-	-
Impairment loss		-	-
At 31 December		<u>-</u>	<u>-</u>
Net book value			
At 1 January		<u>107,492</u>	<u>81,298</u>
At 31 December		<u>99,522</u>	<u>107,492</u>

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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., Chia Tai Enterprises International Limited, CJSC Poultry Production Severnaya, and Bellisio Parent, LLC.

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, the preparation of future cash flows that the Group expects to receive is derived from the determination of financial assumptions 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 targeted capital structure, cost of debt and cost of equity.

Terminal growth rate

Terminal growth rates were determined based on average consumer price index, inflation rates and growth rates of the relevant industries of the countries of the operation as well as the long-term growth plan.

Budgeted future cash flow that the Group expects to receive

Budgeted future cash flow that the Group expects to receive comprises of budgeted revenue growth, and costs and related expenses by taking into account the average growth rate in the past and budgeted sale quantity, selling price, and expenses and referencing to future trend of market growth along with the business strategies and the operation in the future.

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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 others	Total
Cost					
At 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 and 1 January 2017	641	2,126	7,341	12,808	22,916
Additions	26	-	-	108	134
Acquired through business acquisitions	12	-	444	204	660
Fair value adjustments	-	-	(171)	(329)	(500)
Transfers	52	-	-	(17)	35
Disposals	(3)	-	-	(1)	(4)
Currency translation differences	(9)	(176)	(504)	(633)	(1,322)
At 31 December 2017	719	1,950	7,110	12,140	21,919
Accumulated amortisation					
At 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 and 1 January 2017	(377)	-	(256)	(3,595)	(4,228)
Amortisation charge for the year	(60)	(139)	(524)	(486)	(1,209)
Disposals	2	-	-	1	3
At 31 December 2017	(435)	(139)	(780)	(4,080)	(5,434)
Net book value					
At 1 January 2016	278	-	1,294	2,943	4,515
At 31 December 2016 and 1 January 2017	264	2,126	7,085	9,213	18,688
At 31 December 2017	284	1,811	6,330	8,060	16,485

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(Unit: Million Baht)

	Separate financial statements		
	Development cost of software applications	Others	Total
Cost			
At 1 January 2016	7	92	99
Additions	-	5	5
Disposals	-	(1)	(1)
At 31 December 2016 and 1 January 2017	7	96	103
Additions	-	6	6
At 31 December 2017	7	102	109
Accumulated amortisation			
At 1 January 2016	(6)	(50)	(56)
Amortisation charge for the year	-	(8)	(8)
Disposals	-	1	1
At 31 December 2016 and 1 January 2017	(6)	(57)	(63)
Amortisation charge for the year	-	(9)	(9)
At 31 December 2017	(6)	(66)	(72)
Net book value			
At 1 January 2016	1	42	43
At 31 December 2016 and 1 January 2017	1	39	40
At 31 December 2017	1	36	37

The gross amount of the Group's and the Company's fully amortised intangible assets that were still in use as at 31 December 2017 amounted to Baht 593 million in the consolidated statement of financial position, and Baht 24 million in the separate statement of financial position (2016: Baht 528 million and Baht 20 million respectively).

20 Restricted deposits at financial institutions

As at 31 December 2017 certain subsidiaries had restricted deposits at financial institutions totalling Baht 821 million in order to comply with conditions for using credit facilities of foreign financial institutions (2016: Baht 1,473 million).

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21 Deferred income tax

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

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax assets	4,727	3,303	2,990	2,331
Deferred tax liabilities	(9,985)	(13,681)	-	-
Net deferred tax assets (liabilities)	<u>(5,258)</u>	<u>(10,378)</u>	<u>2,990</u>	<u>2,331</u>

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Movements of deferred tax assets and liabilities during the year 2017 were as follows:

(Unit: Million Baht)

	Consolidated financial statements					At 31 December 2017
	At 1 January 2017	Charged/Credited to (Note 36)			Acquired in business combination	
	Profit or loss	Other comprehensive income	Shareholders' equity			
<i>Deferred tax assets (liabilities)</i>						
Biological assets	(350)	(35)	-	-	-	26
Investments	(232)	2	(223)	-	-	(1)
Tax losses	4,013	1,544	-	127	304	(108)
Other intangible assets	(5,879)	1,914	-	-	24	489
Property, plant and equipment	(7,410)	574	(8)	-	(11)	190
Employee benefit obligations	765	46	6	-	-	(9)
Others	(1,285)	256	-	(45)	(29)	87
Net	(10,378)	4,301	(225)	82	288	674

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

(Unit: Million Baht)

	Consolidated financial statements					At 31 December 2016
	At 1 January 2016	Charged/Credited to (Note 36)			Acquired in business combination	
	Profit or loss	Other comprehensive income	Shareholders' equity			
<i>Deferred tax assets (liabilities)</i>						
Biological assets	(524)	165	-	-	-	9
Investments	(71)	8	(19)	-	-	(150)
Tax losses	4,308	(230)	-	-	-	(65)
Other intangible assets	(785)	103	-	-	(5,156)	(41)
Property, plant and equipment	(4,507)	(99)	(1,565)	2	(1,483)	242
Employee benefit obligations	1,081	(1)	(306)	-	3	(12)
Others	(599)	(657)	-	-	(24)	(5)
Net	(1,097)	(711)	(1,890)	2	(6,660)	(22)

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

(Unit: Million Baht)

	Separate financial statements			At 31 December 2017
	At 1 January 2017	Charged/Credited to (Note 36)		
		Profit or loss	Other comprehensive income	
<i>Deferred tax assets (liabilities)</i>				
Investments	27	2	-	29
Land	(705)	-	-	(705)
Employee benefit obligations	269	13	-	282
Tax losses	2,761	577	127	3,465
Others	(21)	(15)	(45)	(81)
Net	2,331	577	82	2,990

(Unit: Million Baht)

	Separate financial statements			At 31 December 2016
	At 1 January 2016	Charged/Credited to (Note 36)		
		Profit or loss	Other comprehensive income	
<i>Deferred tax assets (liabilities)</i>				
Investments	1	26	-	27
Land	(319)	-	(386)	(705)
Employee benefit obligations	358	27	(116)	269
Tax losses	2,915	(154)	-	2,761
Others	106	(127)	-	(21)
Net	3,061	(228)	(502)	2,331

As at 31 December 2017 the Group had temporary differences arising from unutilised tax losses which have not been recognised as deferred tax assets in the statement of financial position totalling Baht 11,115 million (2016: Baht 14,598 million) because it is not probable that tax benefit will be utilised in the foreseeable future.

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22 Leasehold rights

Movements for the years ended 31 December were as follows:

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
At 1 January	7,728	6,946	-	-
Additions	412	513	-	-
Acquired through business acquisitions	144	1,054	-	-
Transfer to other current assets	114	(7)	-	-
Amortisation	(278)	(275)	-	-
Currency translation differences	(250)	(503)	-	-
At 31 December	<u>7,870</u>	<u>7,728</u>	<u>-</u>	<u>-</u>

23 Interest-bearing liabilities

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<i>Current</i>				
Bank overdrafts	1,049	3,127	3	7
Bills of exchange	35,946	43,562	15,441	21,055
Promissory notes	11,371	9,833	-	-
Short-term borrowings from financial institutions	47,486	45,450	-	-
Packing credits	7,239	8,408	-	-
Liabilities under trust receipts	932	1,572	-	-
Total	<u>104,023</u>	<u>111,952</u>	<u>15,444</u>	<u>21,062</u>

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		<i>(Unit: Million Baht)</i>			
		Consolidated		Separate	
		financial statements		financial statements	
<i>Note</i>		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	Short-term borrowings from joint ventures	418	291	-	-
5					
	Current portion of long-term debts				
	Long-term borrowings from financial institutions	16,235	16,180	-	1,850
	Debtentures	9,000	7,000	9,000	7,000
	Liabilities under finance leases	16	10	-	-
	Total	25,251	23,190	9,000	8,850
	Total current	129,692	135,433	24,444	29,912
	Non-current				
	Long-term debts				
	Long-term borrowings from financial institutions	51,110	59,485	-	-
	Debtentures	97,976	107,140	64,000	73,000
	Exchangeable Bonds	9,895	10,645	-	-
	Liabilities under finance leases	37	25	-	-
	Total	159,018	177,295	64,000	73,000
	Total non-current	159,018	177,295	64,000	73,000
	Grand total	288,710	312,728	88,444	102,912

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

		<i>(Unit: Million Baht)</i>			
		Consolidated		Separate	
		financial statements		financial statements	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	Functional currencies of each company in the Group	274,568	296,996	88,444	101,063
	Foreign currencies				
	- United States Dollar	12,783	13,229	-	1,849
	- Euro	1,347	2,503	-	-
	- Zloty	12	-	-	-
	Total	288,710	312,728	88,444	102,912

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

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Within one year	129,676	135,423	24,444	29,912
After one year but within five years	103,405	122,548	30,560	35,560
After five years	55,576	54,722	33,440	37,440
Total	<u>288,657</u>	<u>312,693</u>	<u>88,444</u>	<u>102,912</u>

The Group had secured interest-bearing liabilities as at 31 December 2017 totalling Baht 33,641 million (2016: Baht 30,692 million). Value of assets used for secured interest-bearing liabilities totalled Baht 30,322 million (2016: Baht 37,875 million).

Long-term borrowings from financial institutions

As at 31 December 2017 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:

<u>Approved credit facility</u>	<u>Carrying amount as at 31 December 2017</u>	<u>Interest rate (% per annum)</u>	<u>Term of payment</u>
U.S. Dollar 462.50 million	U.S. Dollar 254 million (Approximately equivalent to Baht 8,270 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. In this regard, 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 2017 CPFI pledged 4,750 million shares of CPP with a fair value of Baht 12,273 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”). Subsequently, on 24 March 2017 CPFI has amended the borrowing agreement. Details were as follows:

<u>Borrowing agreements</u>	<u>Approved credit facilities</u>	<u>Carrying amount as at 31 December 2017</u>	<u>Interest rate (% per annum)</u>	<u>Term of payment</u>
Facility 1	U.S. Dollar 100 million	U.S. Dollar 59 million (Approximately equivalent to Baht 1,934 million)	Floating interest rate at LIBOR plus specified rate	Every 6 months, mature in 2022
Facility 2	U.S. Dollar 30 million	U.S. Dollar 30 million (Approximately equivalent to Baht 967 million)	Floating interest rate at LIBOR plus specified rate	Every 6 months, mature in 2022

CPFI drew down the above long-term borrowing facilities to finance investing activity and for general corporate operations. In this regard, 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 2017 CPFI pledged 1,234 million shares of CPP with a fair value of Baht 3,189 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:

<u>Approved credit facility</u>	<u>Carrying amount as at 31 December 2017</u>	<u>Interest rate (% per annum)</u>	<u>Term of payment</u>
U.S. Dollar 600 million	U.S. Dollar 595 million (Approximately equivalent to Baht 19,374 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. In this regard, CPP must comply with the covenants as specified in the agreement.

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Debentures

As at 31 December 2017, the Company and certain subsidiaries had debentures as follows:

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Charoen Pokphand Foods Public Company Limited (the “Company”)				
Debentures #2/2010	-	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 #2/2012	15,000	15,000	15,000	15,000
Debentures #1/2013	6,000	6,000	6,000	6,000
Debentures #2/2013	8,000	10,000	8,000	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	9,060	9,060
Total	73,000	80,000	73,000	80,000
CPF (Thailand) Public Company Limited (“CPFTH”)				
Debentures #1/2016	16,000	16,000	-	-
Debentures #2/2016	13,000	13,000	-	-
Total	29,000	29,000	-	-
C.P. Foods Holdings Limited (“CPFH”)				
Exchangeable Bonds	9,895	10,645	-	-
Total	9,895	10,645	-	-
Chia Tai (China) Investment Co., Ltd. (“CTI”)				
Debenture	4,976	5,140	-	-
Total	4,976	5,140	-	-
Grand Total	116,871	124,785	73,000	80,000
<i>Less current portion</i>	<i>(9,000)</i>	<i>(7,000)</i>	<i>(9,000)</i>	<i>(7,000)</i>
Net	107,871	117,785	64,000	73,000

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Details of debentures of the Company are as follows:

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, bearing interest at the fixed rate of 4.65% per annum.
- The second series of Baht 3 billion with a term of 10 years, bearing interest at the fixed rate of 4.87% per annum.
- The third series of Baht 4 billion with a term of 30 years, 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 12 December 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 12 December 2017 and were registered with the Thai Bond Market Association on 21 December 2011.

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 12 December 2017 and were registered with the Thai Bond Market Association on 3 August 2012.

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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 12 December 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, 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, 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, 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 12 December 2017 and were registered with the Thai Bond Market Association on 2 August 2013.

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 12 December 2017 and were registered with the Thai Bond Market Association on 13 May 2015.

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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 12 December 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 12 December 2017 and were registered with the Thai Bond Market Association on 12 April 2016.

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.

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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 April 2017 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 April 2017 and were registered with the Thai Bond Market Association on 15 July 2016.

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.

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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 2017 the carrying amount of the EBs were U.S. Dollar 304 million or equivalent to Baht 9,895 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 2017, there was no share lending.

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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 November 2016 with latest credit rating of “AA” rated by China Chengxin Securities Rating Co., Ltd. on 10 May 2017.

As at 31 December 2017 the carrying amount of the debenture was Renminbi 994 million or equivalent to Baht 4,976 million.

24 Accounts payable - trade and others

	Note	<i>(Unit: Million Baht)</i>			
		Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
Related parties	5	3,841	4,681	230	265
Other parties		30,996	26,881	1,154	1,093
Total		34,837	31,562	1,384	1,358

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

	<i>(Unit: Million Baht)</i>				
	Consolidated		Separate		
	financial statements		financial statements		
		2017	2016	2017	2016
Functional currencies of each company in the Group		29,314	25,882	1,384	1,313
Foreign currencies					
- United States Dollar		4,769	5,154	-	45
- Euro		634	442	-	-
- Yen		31	56	-	-
- Other		89	28	-	-
Total		34,837	31,562	1,384	1,358

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25 Provisions for employee benefits

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 were as follows:

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2017	2016	financial statements	2016
Present value of funded - defined benefit obligations	721	546	-	-
Fair value of plan assets	(337)	(346)	-	-
	384	200	-	-
Present value of unfunded - defined benefit obligations	5,382	5,284	1,620	1,531
Total	5,766	5,484	1,620	1,531

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

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2017	2016	financial statements	2016
Defined benefit obligations at 1 January	5,830	7,272	1,531	1,969
Benefits paid by the plans	(288)	(602)	(53)	(56)
Current service costs and interest	556	719	142	198
Defined benefit plan actuarial (gains) losses	42	(1,522)	-	(580)
Acquired through business acquisitions	5	10	-	-
Others	(39)	(47)	-	-
Defined benefit obligations at 31 December	6,106	5,830	1,620	1,531
Fair value of plan assets at 1 January	346	28	-	-
Expected return on plan assets	4	1	-	-
Defined benefit plan actuarial gains (losses)	(1)	1	-	-
Contributions paid	25	335	-	-
Benefits paid by the plans	(35)	(27)	-	-
Currency translation differences	(2)	8	-	-
Fair value of plan assets at 31 December	337	346	-	-

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Expenses or income recognised in the statement of income for the years ended 31 December were as follows:

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Current service costs	376	450	96	123
Interest costs	180	269	46	75
Expected return on plan assets	(4)	(1)	-	-
Total	552	718	142	198

Expenses classified by function were recognised in the statements of income for the years ended 31 December as follows:

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Cost of sales of goods	257	307	72	90
Distribution costs	74	104	13	23
Administrative expenses	221	307	57	85
Total	552	718	142	198
Actual return on plan assets	4	1	-	-

Actuarial gains (losses) recognised in other comprehensive income for the years ended 31 December were as follows:

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Included in retained earnings:				
At 1 January	328	(845)	228	(236)
Recognised during the year	(29)	1,173	-	464
At 31 December	299	328	228	228

Principal actuarial assumptions at 31 December were as follows:

	<i>(Unit: %)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Discount rate	1.00 - 11.00	1.25 - 11.00	3.00	3.00
Future salary increases	2.00 - 9.00	2.00 - 9.00	3.00 - 6.50	3.00 - 6.50

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

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As at 31 December 2017, the weighted-average duration of the defined benefit obligation was 9 years (2016 : 10 years).

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.

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
Defined benefit obligation as at 31 December 2017				
Discount rate (1% movement)	(615)	716	(169)	198
Future salary increases (1% movement)	687	(604)	189	(166)
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)

26 Share capital

	<i>Par value per share (in Baht)</i>	<i>(Unit: Million Shares/Million Baht)</i>			
		Consolidated financial statements/		Separate financial statements	
		<u>2017</u>		<u>2016</u>	
		<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>	7,743	7,743	7,743	7,743
Issue of new shares					
- ordinary shares	<i>1</i>	1,549	1,549	-	-
At 31 December					
- ordinary shares	<i>1</i>	9,292	9,292	7,743	7,743
Issued and paid-up					
At 1 January					
- ordinary shares	<i>1</i>	7,743	7,743	7,743	7,743
Issue of new shares					
- ordinary shares	<i>1</i>	868	868	-	-
At 31 December					
- ordinary shares	<i>1</i>	8,611	8,611	7,743	7,743

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Issue of ordinary shares

On 27 June 2017, the Extraordinary General Shareholders' Meeting No. 1/2017 of the Company had the resolution to approve the increase of the registered share capital of the Company from the existing registered share capital of Baht 7,742,941,932 to Baht 9,291,530,318 by issuing 1,548,588,386 new ordinary shares with a par value of Baht 1 per share, offering to the existing shareholders of the Company in the proportion to their respective shareholdings (Rights Offering) for 5 existing ordinary shares to 1 newly issued ordinary share at the offering price of Baht 25 per share. A fraction of shares which is less than one share as a result of the calculation shall be disregarded. The share subscription period was from 24th July 2017 to 31st July 2017.

Upon the completion of share subscription period, there were 868,300,453 ordinary shares subscribed at the total amount of Baht 21,707,511,325 of which Baht 20,836,026,522 is the share premium and the remaining unsubscribed ordinary shares from the subscription and rounding off of 680,287,933 shares will not be issued or offered again. In this regards, the Company will proceed with the decrease of registered capital by cancelling such remaining shares according to Section 140 of the Public Limited Companies Act B.E. 2535.

These newly issued shares of the Company were traded in the Stock Exchange of Thailand on 9 August 2017.

27 Treasury shares

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Ordinary shares of the Company held by subsidiaries				
At 1 January	1,135	1,135	-	-
Increase	<u>1,774</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>2,909</u>	<u>1,135</u>	<u>-</u>	<u>-</u>

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.

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Other components of equity

1) Revaluation differences on assets

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

2) Currency translation differences

The currency translation differences recognised in equity relate to:

- (a) Foreign exchange differences arising from translation of the financial statements of foreign operations to Thai Baht.
- (b) Foreign exchange differences arising 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 available-for-sale 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.

As at 31 December 2017, the Company has the legal reserve totalling Baht 929 million (2016: Baht 821 million).

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29 Subordinated perpetual debentures

On 2 March 2017 the Company issued 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") of Baht 15,000 million. The debentures were in registered name form, unsecured and unconvertible with debenture holder representative and the Company had the early redemption right pursuant to the terms and conditions of the debentures. The Debentures' interest rates during the first year to the fifth year is 5%, and after the fifth year the interest rate is adjusted every 5 years based on: (1) 5-year government bond yield, (2) Initial Credit Spread, and (3) percentage as stipulated in the prospectus; and will be paid on a semi-annual basis. In this regard, the Company has the sole right to unconditionally defer interest and cumulative interest payments without limitation on deferral period and times at the sole discretion of the Company. If the Company defers interest and cumulative interest payment, the Company shall not perform as follows:

- (a) declare or pay any dividend,
- (b) pay any interest or distribute any assets to any holder of Parity Securities or Junior Securities; and
- (c) redeem, reduce, cancel, acquire, or buy-back any of any securities issued by the Company which rank pari passu or junior to these Debentures.

In the third quarter of 2017, the Company paid interest expense to the debenture holders amount of Baht 378 million. As at 31 December 2017, the accumulated interest expenses subsequent to the latest interest payment date was Baht 249 million.

The issuance cost net of income tax and interest expense net of income tax of Baht 62 million and Baht 310 million respectively is deducted from unappropriated retained earnings in the statements of financial position as at 31 December 2017.

30 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 and for the years then ended were as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	<u>Livestock business</u>		<u>Aquaculture business</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Statements of income						
Revenue from sale of goods	428,030	395,823	73,477	68,642	501,507	464,465
Operating profit	<u>6,757</u>	<u>28,553</u>	<u>6,768</u>	<u>2,907</u>	13,525	31,460
Central income (expenses), net					8,405	139
Finance costs					(11,743)	(10,601)
Net foreign exchange gains (losses)					(21)	388
Share of profit of investments in associates and joint ventures					7,983	6,512
Income tax expense					<u>(251)</u>	<u>(7,212)</u>
Profit for the year					<u>17,898</u>	<u>20,686</u>
Assets						
Property, plant and equipment and intangible assets (excluded goodwill), net	<u>171,786</u>	<u>160,528</u>	<u>32,514</u>	<u>32,950</u>	204,300	193,478
Central assets, net					1,245	1,387
Other assets					<u>387,952</u>	<u>387,314</u>
Total					<u>593,497</u>	<u>582,179</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 : Others

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Detail of the geographic segment financial information of the geographical area of the Group as at 31 December 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	
	2017	2016	2017	2016
Thailand	147,894	149,856	75,906	68,941
Asia	274,393	265,575	94,927	88,181
Europe	51,186	43,870	18,739	18,309
America	26,063	3,863	15,973	19,410
Others	1,971	1,301	-	24
Total	501,507	464,465	205,545	194,865

Information about major customer

In 2017 and 2016, there were no single external customer that contributed 10% or more of the Group's total revenue.

31 Distribution costs

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Employee benefit expenses	8,369	8,426	566	644
Transportation expenses	3,187	1,952	4	-
Advertising and sale promotion expenses	3,012	2,236	113	113
Vehicle and traveling expenses	1,992	2,307	69	70
Office expenses	1,457	1,335	57	58
Building and equipment rental fees	872	937	79	82
Depreciation and amortisation	525	926	4	5
Others	1,183	641	16	21
Total	20,597	18,760	908	993

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32 Administrative expenses

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Employee benefit expenses	16,716	15,392	2,266	2,326
Office expenses	3,888	3,991	325	411
Depreciation and amortisation	2,508	1,677	110	109
Professional fees	1,665	515	41	162
Vehicle and traveling expenses	1,045	921	80	76
Taxes, government and bank fees and other	967	823	37	34
Building and equipment rental fees	739	700	85	85
Public relationship expenses	608	469	34	38
Donation	443	332	9	10
Insurance premium	308	216	10	14
Others	2,304	1,676	85	182
Total	<u>31,191</u>	<u>26,712</u>	<u>3,082</u>	<u>3,447</u>

33 Management and employee benefit expenses

Management and employee benefit expenses consisted of:

- (a) Management benefit expenses consisted of salaries and other benefit expenses of management, directors' remuneration, and sub-committees' remuneration totalling Baht 490 million and Baht 251 million in the consolidated and separate statements of income for the year ended 31 December 2017 respectively (*2016: Baht 486 million and Baht 240 million respectively*).
- (b) Employee benefit expenses consisted of salaries, wages and other benefit expenses of employees other than management totalling Baht 53,781 million and Baht 6,338 million in the consolidated and separate statements of income for the year ended 31 December 2017 respectively (*2016: Baht 46,182 million and Baht 6,039 million respectively*).

34 Expenses by nature

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Changes in finished goods, work in progress and biological assets	(3,415)	(390)	(111)	1,461
Raw materials and consumables used	346,429	308,459	14,973	15,046
Employee benefit expenses	54,271	46,668	6,589	6,279
Factory and office expenses	38,664	34,128	4,807	4,571
Depreciation and amortisation	15,882	13,250	1,812	1,825
Transportation expenses	10,240	8,726	508	468
Building and equipment rental fees	5,999	5,257	430	429
Vehicle and traveling expenses	4,087	4,153	258	238
Advertising, public relationship and sale promotion expenses	3,755	2,836	160	164
Taxes, government and bank fees	2,020	1,357	56	51
Professional fees	1,816	629	42	163
Others	13,462	12,222	222	312
Total cost of sales of goods, distribution costs and administrative expenses	<u>493,210</u>	<u>437,295</u>	<u>29,746</u>	<u>31,007</u>

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35 Finance costs

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Finance cost paid to:				
Joint ventures	9	7	-	-
Other parties	11,734	10,594	3,728	3,738
Total	11,743	10,601	3,728	3,738

36 Income tax expense (income)

Income tax recognised in profit or loss

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Current tax				
Current year	4,539	5,318	22	23
Under provided in prior years	13	1,183	86	1,096
	4,552	6,501	108	1,119
Deferred tax				
Movements in temporary differences	(763)	481	(1)	74
Benefit of tax losses recognised	(1,544)	230	(576)	154
Effect from change in tax rate	(1,994)	-	-	-
	(4,301)	711	(577)	228
Income tax expense (income)	251	7,212	(469)	1,347

Income tax recognised in other comprehensive income

	<i>(Unit: Million Baht)</i>					
	Consolidated financial statements					
	2017			2016		
	Before tax	Tax (expense) income	Net of tax	Before tax	Tax (expense) income	Net of Tax
Revaluation differences on assets	110	(8)	102	8,027	(1,565)	6,462
Fair value changes on investments	699	(223)	476	271	(19)	252
Currency translation differences	(10,946)	620	(10,326)	987	-	987
Defined benefit plan actuarial gains (losses)	(51)	6	(45)	1,474	(306)	1,168
Total	(10,188)	395	(9,793)	10,759	(1,890)	8,869

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(Unit: Million Baht)

	Separate financial statements					
	2017			2016		
	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					
	2017			2016		
	Before tax	Tax (expense) income	Net of tax	Before tax	Tax (expense) income	Net of Tax
Accrued interest on subordinated perpetual debentures	(225)	45	(180)	-	-	-
Interest and issuance cost of subordinated perpetual debentures	636	(127)	509	-	-	-
Revaluation differences on assets transferred to retained earnings	-	-	-	8	(2)	6
Total	411	(82)	329	8	(2)	6

(Unit: Million Baht)

	Separate financial statements					
	2017			2016		
	Before tax	Tax (expense) income	Net of tax	Before tax	Tax (expense) income	Net of Tax
Accrued interest on subordinated perpetual debentures	(225)	45	(180)	-	-	-
Interest and issuance cost of subordinated perpetual debentures	636	(127)	509	-	-	-
Revaluation differences on assets transferred to retained earnings	-	-	-	1	-	1
Total	411	(82)	329	1	-	1

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Reconciliation of effective tax rate

(Unit: Million Baht)

	Consolidated financial statements				
	0%	10%	20%	Others	Total
Applicable tax rates					
2017					
Accounting profit (loss) before income tax, net	(1,546)	708	11,008	7,979	18,149
Tax at the applicable tax rates	-	71	2,202	2,097	4,370
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	-	283	(3,019)	598	(2,138)
Effect from change in tax rate	-	-	-	(1,994)	(1,994)
Under (over) provided in prior years	-	10	85	(82)	13
Net	-	364	(732)	619	251
2016					
Accounting profit (loss)profit 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

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Reconciliation of effective tax rate

(Unit: Million Baht)

	Separate financial statements		
	0%	20%	Total
Applicable tax rates			
2017			
Accounting profit before income tax, net	70	11,076	11,146
Tax at the applicable tax rates	-	2,215	2,215
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	-	(2,770)	(2,770)
Under provided in prior years	-	86	86
Net	-	(469)	(469)
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

Income tax reduction

On 22 December 2017, Public law no. 115-97 of the United States of America amended the Internal Revenue Code of 1986. Consequently, the corporate income tax rate has been reduced from 35% to 21% for accounting periods beginning on or after 1 January 2018.

On 3 March 2016, Revenue Code Amendment Act No. 42 B.E. 2559 of Thailand granted 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.

37 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.

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Revenue from promoted and non-promoted businesses of the Company for the years ended 31 December 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	
	2017	2016	2017	2016	2017	2016
Local sales	3,869	3,508	20,292	23,523	24,161	27,031
Export sales	467	73	3,603	2,601	4,070	2,674
Total revenue from sale of goods	4,336	3,581	23,895	26,124	28,231	29,705

38 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December were based on the profit for the years attributable to ordinary shareholders of the Company less cumulative interest expense for the year net of income tax on subordinated perpetual debentures and the weighted average number of ordinary shares held by third parties outstanding during the years as follows:

(Unit: Million Baht/Million shares)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Profit for the year attributable to ordinary shareholders of the Company	15,259	14,703	11,615	11,004
<i>Less: cumulative interest expense for the period net of income tax on subordinated perpetual debentures</i>	(513)	-	(513)	-
Profit used in calculation of basic earnings per share	14,746	14,703	11,102	11,004
Weighted average number of ordinary shares held by third parties outstanding				
Number of ordinary shares outstanding at beginning of period	7,743	7,743	7,743	7,743
Effect of shares issued	362	-	362	-
Treasury shares held by subsidiaries	(384)	(355)	-	-
Net	7,721	7,388	8,105	7,743
Basic earnings per share (in Baht)	1.91	1.99	1.37	1.42

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39 Dividends

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

Approval date to pay dividends	Rate per share (Baht)	Number of entitled shares (Shares)	Total (in million Baht)	Source
2017				
25 April 2017	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 2017	0.50	8,611,242,385	4,306	Dividends received from subsidiaries appropriated from taxable profits which were subject to 20% corporate income tax
Total			7,790	
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			7,356	

40 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.

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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.

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

	Interest rates (% per annum)	<i>(Unit: Million Baht)</i>			
		Separate financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
2017					
Current					
Short-term loans to subsidiaries	7.13	36,556	-	-	36,556
Non Current					
Long-term loans to subsidiaries	4.43 - 7.50	-	16,939	-	16,939
Total		36,556	16,939	-	53,495
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

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

(Unit: Million Baht)

	Interest rates (% per annum)	Consolidated financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
2017					
Bank overdrafts	2.00 - 7.13	1,049	-	-	1,049
Short-term borrowings from financial institutions	1.11 - 14.48	67,028	-	-	67,028
Bills of exchange	1.82 - 1.88	35,946	-	-	35,946
Short-term borrowings from joint ventures	2.00	418	-	-	418
Long-term borrowings from financial institutions	1.41 - 15.00	16,235	50,500	610	67,345
Debentures	2.84 - 4.42	9,000	52,905	54,966	116,871
Finance lease liabilities	1.20 - 29.37	16	37	-	53
Total		129,692	103,442	55,576	288,710

2016					
Bank overdrafts	2.15 - 13.25	3,127	-	-	3,127
Short-term borrowings from financial institutions	1.11 - 13.80	65,263	-	-	65,263
Bills of exchange	1.82 - 1.84	43,562	-	-	43,562
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

(Unit: Million Baht)

	Interest rates (% per annum)	Separate financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
2017					
Bank overdrafts	MOR	3	-	-	3
Bills of exchange	1.64 - 2.02	15,441	-	-	15,441
Debentures	2.28 - 5.42	9,000	30,560	33,440	73,000
Total		24,444	30,560	33,440	88,444
2016					
Bank overdrafts	MOR	7	-	-	7
Bills of exchange	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

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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 2017, the Group had 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) 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 3 million for Peso 141 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.
- 2) A subsidiary has entered into several cross currency and interest rate swap agreements with a financial institution for long-term borrowings totalling U.S. Dollar 6.8 million for Baht 245 million. The subsidiary has commitments to make payments for the fixed interest rate in Baht for the principal amount of Baht 245 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 6.8 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.

As at 31 December 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	
Foreign currency		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Accounts receivable - trade and others					
Foreign currencies	Won	13,520	14,311	-	-
	Yen	150	167	45	-
	United States Dollar	40	36	14	9
	Swedish Krona	17	16	-	-
	Singapore Dollar	12	13	-	-
	Euro	4	4	2	6
	Rand	4	4	2	2
	Australian Dollar	3	-	14	8
	Ruble	-	-	-	60
	Renminbi	-	-	81	91
	Pound Sterling	-	-	1	1

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		Consolidated		<i>(Unit: Million)</i>	
		financial statements		Separate	
Foreign currency		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Accounts receivable - trade and others (Continued)					
Currency forwards	Won	13,520	14,311	-	-
	Yen	150	167	45	-
	United States Dollar	34	35	17	15
	Singapore Dollar	12	13	-	-
	Rand	4	4	2	2
	Australian Dollar	3	-	14	8
	Swedish Krona	-	6	-	-
	Euro	-	-	2	6
	Ruble	-	-	-	60
	Renminbi	-	-	81	91
	Pound Sterling	-	-	1	1
Short-term loans to subsidiaries					
Foreign currencies	United States Dollar	-	-	-	260
	Ruble	-	-	-	500
Currency forwards	Ruble	-	-	-	500
Long-term loans to subsidiaries					
Foreign currencies	United States Dollar	-	-	536	200
	Ruble	-	-	-	1,503
Currency forwards	United States Dollar	-	-	200	200
	Ruble	-	-	-	953
Interest-bearing liabilities					
Foreign currencies	United States Dollar	392	379	-	60
	Euro	35	66	-	-
	Zloty	1	-	-	-
Currency forwards	United States Dollar	172	282	-	60
	Euro	-	3	-	-
Accounts payable - trade and others					
Foreign currencies	United States Dollar	146	143	-	1
	Yen	104	179	-	-
	Euro	17	12	-	-
Currency forwards	United States Dollar	220	56	-	1
	Yen	104	179	-	-
	Euro	2	4	-	-

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		<i>(Unit: Million)</i>			
		Consolidated		Separate	
		financial statements		financial statements	
Foreign currency		2017	2016	2017	2016
Forecast sales					
Currency forwards	Won	1,066	2,429	-	-
	Yen	897	1,818	136	97
	United States Dollar	103	116	15	7
	Pound Sterling	39	31	1	-
	Euro	14	8	-	-
	Hongkong Dollar	12	34	-	-
	Singapore Dollar	9	13	-	-
	Danish Krone	8	17	-	-
	Australian Dollar	6	2	4	1
	Renminbi	3	11	1	7
	Canada Dollar	2	6	-	-
	Rand	2	-	-	-
Forecast purchases					
Currency forwards	Yen	785	293	7	-
	United States Dollar	84	63	-	17
	Euro	26	16	-	-
	Zloty	26	-	-	-
	Renminbi	22	-	-	-

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 in financial statement 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).

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The fair value of cash and cash equivalents, trade and other accounts receivable, short-term loans, other current assets, bank 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:

	Carrying amount	<i>(Unit: Million Baht)</i>			
		Consolidated financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2017					
Financial assets					
Forward contracts	439	-	409	-	409
Financial liabilities					
Forward contracts	442	-	716	-	716
Cross currency and interest rate swaps	19	-	5	-	5
Debentures	106,976	-	113,129	-	113,129
Exchangeable Bonds	9,895	-	10,845	-	10,845
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	Separate financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2017					
Financial assets					
Forward contracts	40	-	16	-	16
Financial liabilities					
Forward contracts	439	-	424	-	424
Debentures	73,000	-	78,364	-	78,364
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

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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41 Commitments with non-related parties

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

41.1 Capital commitments

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<i>Contracted but not provided for</i>				
Land, buildings and constructions	3,514	2,461	3	1
Machinery, equipment and others	2,834	1,753	30	37
Total	<u>6,348</u>	<u>4,214</u>	<u>33</u>	<u>38</u>

41.2 Commitments under operating lease agreements

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<i>Future minimum lease payments under non-cancellable operating leases</i>				
Within one year	4,020	3,586	160	131
Over one year but within five years	11,253	9,555	74	127
Over five years	15,644	14,455	5	7
Total	<u>30,917</u>	<u>27,596</u>	<u>239</u>	<u>265</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 70 years expiring in 2018 to 2087.

41.3 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 2017 totalled Baht 34 million (2016: Baht 31 million).

41.4 Letters of credit

The Company and certain subsidiaries had commitments under the issued letters of credit totalling Baht 2 million and Baht 2,352 million respectively (2016: Baht 1 million and Baht 1,177 million respectively).

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41.5 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 totalling Baht 1,165 million and Baht 5,448 million respectively (*2016: Baht 17 million and Baht 3,133 million respectively*). The letters of guarantee are principally covering the guarantee of taxes, duties and sale of goods.
- (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 totalling Baht 766 million (*2016: Baht 1,108 million*).

42 Guarantees

As at 31 December 2017 certain foreign subsidiaries pledged their assets as collateral for their borrowings from financial institutions as follows:

42.1 Ordinary shares of the following foreign subsidiaries:

- (a) C.P. Pokphand Co., Ltd. totalling 5,984 million shares with fair value of Baht 15,462 million (*2016: 5,154 million ordinary shares with fair value of Baht 22,876 million*).
- (b) Pravdinsk Pig Production Closed Joint Stock Company totalling 51,000 shares with carrying value of Baht 297 million (*2016: 51,000 ordinary shares with carrying value of Baht 182 million*).
- (c) Pravdinsk Pig Production Closed Joint Stock Company 2 with an authorised share capital of Baht 570 million (*2016: Nil*).
- (d) NNPP Limited Liability Company with an authorised share capital of Baht 273 million (*2016: Baht 283 million*).
- (e) NNPP-2 Limited Liability Company with an authorised share capital of Baht 508 million (*2016: Nil*).
- (f) Charoen Pokphand Foods (Overseas) LLC. totalling 218 million shares with carrying value of Baht 123 million (*2016: Nil*).

42.2 Property, plant and equipment with net book value of Baht 9,607 million (*2016: Baht 8,708 million*).

42.3 Current assets and non-current assets mainly comprising of leasehold right, inventories and net accounts receivable and payable, with carrying value of Baht 3,482 million (*2016: Baht 5,825 million*).

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43 Events after the reporting period

On 24 January 2018 the Company issued unsubordinated and unsecured debentures No. 1/2018 in registered name and with debenture holder representative. The debentures are divided into:

- The first series of Baht 5.46 billion with the term of 7 years, bearing interest at the fixed rate of 3.05% per annum.
- The second series of Baht 6.54 billion with the term of 10 years, bearing interest at the fixed rate of 3.60% per annum.

The debentures had credit rating of “A+” rated by TRIS Rating Co., Ltd. on 12 December 2017 and were registered with the Thai Bond Market Association on 24 January 2018.

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 2018. The Group does not plan to early adopt these TFRS.

TFRS	Topic
TAS 1 (revised 2017)	Presentation of Financial Statements
TAS 2 (revised 2017)	Inventories
TAS 7 (revised 2017)	Statement of Cash Flows
TAS 8 (revised 2017)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2017)	Events after the Reporting Period
TAS 12 (revised 2017)	Income Taxes
TAS 16 (revised 2017)	Property, Plant and Equipment
TAS 17 (revised 2017)	Leases
TAS 18 (revised 2017)	Revenue
TAS 19 (revised 2017)	Employee Benefits
TAS 20 (revised 2017)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2017)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2017)	Borrowing Costs
TAS 24 (revised 2017)	Related Party Disclosures
TAS 26 (revised 2017)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2017)	Separate Financial Statements
TAS 28 (revised 2017)	Investments in Associates and Joint Ventures
TAS 33 (revised 2017)	Earnings per Share
TAS 34 (revised 2017)	Interim Financial Reporting
TAS 36 (revised 2017)	Impairment of Assets
TAS 37 (revised 2017)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2017)	Intangible Assets
TAS 40 (revised 2017)	Investment Property
TAS 41 (revised 2017)	Agriculture
TFRS 3 (revised 2017)	Business Combinations
TFRS 5 (revised 2017)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2017)	Operating Segments
TFRS 10 (revised 2017)	Consolidated Financial Statements
TFRS 11 (revised 2017)	Joint Arrangements

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TFRS	Topic
TFRS 12 (revised 2017)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2017)	Fair Value Measurement
TSIC 10 (revised 2017)	Government Assistance – No Specific Relation to Operating Activities
TSIC 15 (revised 2017)	Operating Leases – Incentives
TSIC 25 (revised 2017)	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2017)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 31 (revised 2017)	Revenue – Barter Transactions Involving Advertising Services
TSIC 32 (revised 2017)	Intangible Assets – Web Site Costs
TFRIC 1 (revised 2017)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2017)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2017)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 10 (revised 2017)	Interim Financial Reporting and Impairment
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 14 (revised 2017)	TAS 19 (revised 2017) Employee Benefits – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2017)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2017)	Transfers of Assets from Customers
TFRIC 21 (revised 2017)	Levies

The impact of the adoption of such revised TFRS and interpretations from 1 January 2018 on the Group's financial statements is still under consideration by management.