

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

<b>Note</b>	<b>Contents</b>
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Acquisitions of subsidiaries and non-controlling interests
5	Related party transactions
6	Cash and cash equivalents
7	Accounts receivable - trade and others
8	Inventories
9	Biological assets
10	Investments held as available for sale
11	Investments in subsidiaries
12	Non-controlling interests
13	Investments in associates
14	Investments in joint ventures
15	Investments in related companies
16	Investment properties
17	Property, plant and equipment
18	Goodwill
19	Other intangible assets
20	Restricted deposits at financial institutions
21	Deferred income tax
22	Leasehold rights
23	Interest-bearing liabilities
24	Accounts payable - trade and others
25	Provisions for employee benefits
26	Share capital
27	Treasury shares
28	Additional paid-in capital and reserves
29	Subordinated perpetual debentures
30	Segment information
31	Distribution costs
32	Administrative expenses
33	Management and employee benefit expenses
34	Expenses by nature
35	Finance costs
36	Income tax expense (income)
37	Promotional privileges
38	Basic earnings per share
39	Dividends
40	Financial instruments
41	Commitments with non-related parties
42	Guarantees
43	Thai Financial Reporting Standards not yet adopted

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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 18 February 2019.

## **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 (%)	
			2018	2017
<b><i>Thailand operations and businesses related to operations in Thailand</i></b>				
<b><i>Livestock business</i></b>				
<b><i>Direct subsidiaries</i></b>				
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
<b><i>Indirect subsidiaries</i></b>				
1) CP Hilai Habour Co., Ltd.	Restaurant	Thailand	50.99	-
2) CPF Trading Co., Ltd.	Wholesale and retail food products	Thailand	99.97	99.97
3) CPF Food and Beverage Co., Ltd.	Production and sale of ready meals	Thailand	99.98	-

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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			2018	2017
4) CPF Restaurant and Food Chain Co., Ltd.	Five stars business and restaurants	Thailand	99.98	-
5) International Pet Food Co., Ltd.	Production and sale of pet food	Thailand	99.98	-
6) CPF Denmark A/S	Importer and distributor of processed meat and ready meals	Denmark	52.00	52.00
7) CPF Europe S.A. (7.1 to 7.3 are subsidiaries of CPF Europe S.A.)	Importer and distributor of processed meat and ready meals	Belgium	99.99	99.99
7.1) CP Chozen Limited (7.1.1 to 7.1.2 are subsidiaries of CP Chozen Limited)	Investment	United Kingdom	79.99	71.49
7.1.1) Chozen Holdings Limited	Restaurant	United Kingdom	79.99	71.49
7.1.2) Chozen Noodle Trading Limited	Property lease-out	United Kingdom	79.99	71.49
7.2) Tops Foods NV	Production and distributor of ready meals	Belgium	84.07	84.07
7.3) Paulsen Food GmbH	Distributor of processed meat and investment	Germany	94.99	94.99
8) CPF Food Trading Co., Ltd.	Importer and distributor of processed meat and ready meals	China	100.00	100.00
9) CP Foods (UK) Limited (9.1 to 9.61 are subsidiaries of CP Foods (UK) Limited)	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.1) Fusion Abbey Park Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.2) Fusion Alfrick Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.3) Fusion Bracewell Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.4) Fusion Bransford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.5) Fusion Broadway Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.6) Fusion Brothwood Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.7) Fusion Calis Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.8) Fusion Carnoustie Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.9) Fusion Charlton Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.10) Fusion Crowle Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.11) Fusion Dalaman Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.12) Fusion Defford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.13) Fusion Dormington Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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			2018	2017
9.14) Fusion Driscoll Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.15) Fusion Dumbleton Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.16) Fusion Eastoe Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.17) Fusion Elmbridge Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.18) Fusion Everton Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.19) Fusion Exning Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.20) Fusion Fethiye Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.21) Fusion Gatley Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.22) Fusion Gocek Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.23) Fusion Gray Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.24) Fusion Harper Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.25) Fusion Hartford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.26) Fusion Hawstead Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.27) Fusion Head Street Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.28) Fusion Heath Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.29) Fusion Irvine Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.30) Fusion Kaitaia Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.31) Fusion Kroma Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.32) Fusion Krone Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.33) Fusion Lineker Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.34) Fusion Littleworth Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.35) Fusion Madeley Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.36) Fusion McMahon Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.37) Fusion Mountfield Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.38) Fusion Moyes Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.39) Fusion Newlands Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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			2018	2017
9.40) Fusion Niamh Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.41) Fusion Pershore Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.42) Fusion Priest Lane Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.43) Fusion Ratcliffe Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.44) Fusion Reid Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.45) Fusion Richardson Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.46) Fusion Samui Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.47) Fusion Sharp Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.48) Fusion Sheedy Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.49) Fusion Soham Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.50) Fusion Southall Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.51) Fusion Stevens Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.52) Fusion Thetford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.53) Fusion Turgay Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.54) Fusion Uzumlu Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.55) Fusion Van Den Hauwe Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.56) Fusion Wadborough Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.57) Fusion Wellington Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.58) Fusion Whistler Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.59) Fusion Wright Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.60) Fusion Yamac Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.61) The Foodfellas Limited	Importer of ingredients and food products	United Kingdom	99.99	34.51
10) Westbridge Food Group Limited (10.1 to 10.6 are subsidiaries of Westbridge Food Group Limited)	Investment	United Kingdom	100.00	100.00
10.1) Westbridge Foods Limited (10.1.1 is a subsidiary of Westbridge Foods Limited)	Importer and distributor of meat and ready meals	United Kingdom	100.00	100.00
10.1.1) Westbridge Foods (Thailand) Limited	Provision and development for Asian food product	Thailand	99.99	99.99

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2018	2017
10.2) Westbridge (Qingdao) Trading Co., Ltd.	Provision and development for Asian food product	China	100.00	100.00
10.3) Wignall Holdings Limited <sup>(2)</sup> (10.3.1 is a subsidiary of Wignall Holdings Limited)	Investment	United Kingdom	100.00	100.00
10.3.1) Westbridge Foods (Haydock) Limited	Distribution of meat products	United Kingdom	100.00	100.00
10.4) Westbridge Holding B.V.	Investment	Netherlands	100.00	100.00
10.5) Westbridge Foods (France) SARL	Distribution of meat products	France	100.00	100.00
10.6) Food Trac Limited (10.6.1 is a subsidiary of Food Trac Limited)	Distribution of meat products	United Kingdom	100.00	100.00
10.6.1 Westbridge Group License Companies	Importer of poultry meat products	United Kingdom	100.00	100.00
<b><i>Aquaculture business</i></b>				
<b><i>Direct subsidiary</i></b>				
1) Zhangzhou C.P. Chia Tai Aquaculture Co., Ltd.	Shrimp farming	China	100.00	-
<b><i>Indirect subsidiary</i></b>				
1) C.P. Food Products, Inc.	Importer and distributor of seafood products	United States of America	100.00	100.00
<b><i>Other businesses</i></b>				
<b><i>Direct subsidiaries</i></b>				
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
<b><i>Overseas operations</i></b>				
<b><i>Direct subsidiaries</i></b>				
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. <sup>(2)</sup> (1.1.1 to 1.1.6 are subsidiaries of Bellisio Parent, LLC.)	Investment	United States of America	100.00	100.00
1.1.1) Arden International, LLC. <sup>(2)</sup>	Production and distributor of ready meals	United States of America	100.00	100.00
1.1.2) Bellisio Foods, Inc.	Production and distributor of ready meals	United States of America	100.00	100.00
1.1.3) Bellisio Foods Canada Corp.	Production and distributor of ready meals	Canada	100.00	100.00
1.1.4) FSI Parent Corp. (1.1.4.1 is a subsidiary of FSI Parent Corp.)	Investment	United States of America	100.00	-
1.1.4.1 Frozen Specialties, Inc.	Production and distributor of ready meals	United States of America	100.00	-
1.1.5) Overhill Farms, Inc.	Production and distributor of ready meals	United States of America	100.00	100.00

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

	Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
				2018	2017
	1.1.6) The All American Gourmet Company <sup>(2)</sup>	Production and distributor of ready meals	United States of America	100.00	100.00
2)	Charoen Pokphand Foods Kenya Co., Ltd. <sup>(2)</sup>	Animal feedmill and livestock farming	Kenya	99.99	99.99
3)	CPF Investment Limited (3.1 to 3.2 are subsidiaries of CPF Investment Limited)	Investment	British Virgin Islands	100.00	100.00
	3.1) Giant Crown Investments Limited	Investment	British Virgin Islands	100.00	-
	3.2) CPF Hong Kong Co., Ltd.	Importer and distributor of eggs, processed meat, milk product and ready meals	Hong Kong	100.00	-
4)	CPF Poland S.A.	Agro-industrial products and food	Poland	66.67	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. <sup>(2)</sup>	Aquaculture farming and hatchery business	China	100.00	100.00
8)	C.P. Aquaculture (Zhanjiang) Co., Ltd.	Shrimp hatchery business	China	100.00	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

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2018	2017
11.1.9) Rechnoe Limited Liability Company	Biological waste management services provider	Russia	75.82	75.82
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	99.99	79.99
11.2.2) CJSC Poultry Production Severnaya	Animal feedmill, livestock farming and food processing plant	Russia	99.99	79.99
<b>Direct and indirect subsidiaries</b>				
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. <sup>(1)</sup>	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. <sup>(2)</sup>	Importer and distributor of meat products	Russia	99.99	99.99
2.6) CPF Zaraysk LLC. <sup>(2)</sup>	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) Henan Chia Tai Biochemistry Trading Co., Ltd. <sup>(1)</sup>	Trading of animal drugs	China	35.17	-
3.7) Pucheng Chia Tai Biochemistry Co., Ltd. <sup>(1)</sup>	Production and sale of chlortetracycline	China	35.17	35.17
3.8) Shanghai C.P. Industrial Trading Co., Ltd. <sup>(2)</sup>	Sale of machine and spare part	China	50.43	50.43



**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2018	2017
3.9) Zhumadian Huazhong Chia Tai Co., Ltd. <sup>(1)</sup>	Production and sale of chlortetracycline	China	35.17	35.17
4) C.P. Standart Gida Sanayi ve Ticaret A.S.	Agro-industrial and integrated food	Turkey	100.00	100.00
5) C.P. Pokphand Co., Ltd. (5.1 to 5.114 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	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. <sup>(1)</sup>	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. <sup>(1)</sup>	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. <sup>(1)</sup>	Production and sale of animal feed	China	35.30	35.30

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2018	2017
5.23) Chia Tai Aquaculture (Nantong) Co., Ltd.	Production and sale of animal feed	China	50.43	-
5.24) Chia Tai (Beijing) Investment Management Co., Ltd.	Rendering management and advisory service	China	50.43	50.43
5.25) Chia Tai (China) Investment Co., Ltd.	Investment and trading	China	50.43	50.43
5.26) Chia Tai Feed Dongying Co., Ltd.	Production and sale of animal feed	China	50.43	-
5.27) Chia Tai Feed (Harbin) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.28) Chia Tai Feed (Hefei) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.29) Chia Tai Feed (Helin) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.30) Chia Tai Feed (Hengshui) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.31) Chia Tai Feed (Qianjiang) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.32) Chia Tai Feed (Sui zhou) Co., Ltd.	Production and sale of animal feed	China	50.43	-
5.33) Chia Tai Feed (Yiwu) Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	27.74	27.74
5.34) Chia Tai Feed (Yushu) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.35) Chia Tai Feed (Zhanjiang) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.36) Chia Tai Food Enterprise (Qingdao) Co., Ltd.	Production and sale of processed food and ready meal	China	50.43	50.43
5.37) Chia Tai Food (Suqian) Co., Ltd.	Poultry farming, production and sale of chicken meat products	China	50.43	50.43
5.38) Chia Tai (Hainan) Agro-Industry Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	China	50.43	50.43
5.39) Chia Tai Yongji Enterprise Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.40) Chia Tai Yueyang Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.41) Chongqing Chia Tai Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	30.26	30.26
5.42) Chongqing Shuangqiao Chia Tai Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	35.30	35.30
5.43) Chuzhou Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.44) CP China Investment Limited	Investment	Cayman Islands	50.43	50.43
5.45) CP Food Investment Limited	Investment	Hong Kong	50.43	50.43
5.46) CP Group (Inner Mongolia) Nutrition Technology Flocks and Herds Service Co., Ltd.	Production and sale of animal feed	China	50.43	50.43

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2018	2017
5.47) CPV Food Co., Ltd.	Livestock farming, production and sale of animal feed and processed food	Vietnam	64.89	-
5.48) Dali Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.49) Fujian Chia Tai Food Co., Ltd. <sup>(1)</sup>	Sale of processed poultry meat	China	35.30	35.30
5.50) Fujian Hetai Agro-Industry Co., Ltd. <sup>(1)</sup>	Farming and sale of poultry	China	35.30	35.30
5.51) Fujian Longzeji Feed Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	China	35.30	35.30
5.52) Fuzhou Da Fu Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.53) Gansu Chia Tai Agriculture Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.54) Ganzhou Chia Tai Industrial Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	40.34	40.34
5.55) Guang An Chia Tai Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	30.26	30.26
5.56) Guangdong Chia Tai Biotechnology Co., Ltd.	Production and sale of probiotics	China	50.43	50.43
5.57) Guangxi Chia Tai Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.58) Guilin Chia Tai Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	42.86	42.86
5.59) Guiyang Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.60) Hannick Limited	Property investment	Hong Kong	50.43	50.43
5.61) Hebei Chia Tai Agriculture Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.62) Hefei Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.63) Henan Chia Tai Agro-Industrial Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.64) Huai Hua Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.65) Hubei Chia Tai Co., Ltd.	Production and sale of animal feed, breeding and processed meat	China	50.43	50.43
5.66) Huludao Chia Tai Husbandry Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.67) Inner Mongolia Chia Tai Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	45.58	45.58
5.68) Jiangsu Chia Tai Agro-Industrial Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.69) Jiangsu Huai Yin Chia Tai Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	44.38	44.38
5.70) Jiangxi Chia Tai Agriculture Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.71) Jilin Chia Tai Enterprise Co., Ltd.	Production and sale of animal feed	China	50.43	25.21

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2018	2017
5.72) Jilin Chia Tai Food Co., Ltd.	Production and sale of processed food and ready meal	China	50.43	50.43
5.73) Jinan Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	China	32.78	32.78
5.74) Jiujiang Chia Tai Feedstuffs Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	30.26	30.26
5.75) Kaifeng Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.76) Kunming Chia Tai Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	46.59	46.59
5.77) Lanzhou Chia Tai Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	45.70	45.70
5.78) Longyan Baotai Agro-Industry Co., Ltd. <sup>(1)</sup>	Farming and sale of poultry	China	35.30	35.30
5.79) Longyan Chia Tai Co., Ltd. <sup>(1)</sup> (Formerly known as Fujian Baojiashun Food Development Co., Ltd.)	Production of processed poultry meat	China	35.30	35.30
5.80) Mianyang Chia Tai Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	40.34	40.34
5.81) Modern State Investments Limited	Investment	British Virgin Islands	50.43	50.43
5.82) Nanchang Chia Tai Livestock Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.83) Nanning C.P. Food Co., Ltd	Production and sale of processed food	China	50.43	50.43
5.84) Nanning Chia Tai Animal Husbandry Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	46.21	46.21
5.85) Nantong Chia Tai Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	30.26	30.26
5.86) Nantong Chia Tai Feedmill Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	30.26	30.26
5.87) Nanyang Chia Tai Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	45.89	45.89
5.88) Neijiang Chia Tai Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	35.30	35.30
5.89) Ningbo Chia Tai Agriculture Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	42.86	42.86
5.90) Pingdingshan Chia Tai Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	35.30	35.30
5.91) Qingdao Chia Tai Agricultural Development Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.92) Shaanxi Chia Tai Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	48.41	48.41
5.93) Shanghai Han Tong International Trading Co., Ltd. <sup>(2)</sup>	Sale of processed poultry meat	China	35.30	35.30
5.94) Shanxi Chia Tai Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	30.21	30.21
5.95) Shenyang Chia Tai Livestock Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.96) Shijiazhuang Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.97) Shuangliu Chia Tai Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	35.30	35.30
5.98) Tai Zhou Chia Tai Feed Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	48.41	48.41

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2018	2017
5.99) Tianjin Chia Tai Agro-Industrial Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.100) Urumqi Chia Tai Animal Husbandry Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	47.11	47.11
5.101) Weinan Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.102) Wuhan Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.103) Wuhan Chia Tai Aquaculture Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.104) Wuxuan Chia Tai Animal Husbandry Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	42.86	42.86
5.105) Xiamen Chia Tai Agriculture Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	30.26	30.26
5.106) Xiamen Sumpo Food Trading Co., Ltd. <sup>(1)</sup>	Sale of processed poultry meat	China	35.30	35.30
5.107) Xiangyang Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.108) Xuzhou Chia Tai Feed Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	32.78	32.78
5.109) Yichang Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.110) Yinchuan Chia Tai Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	42.86	42.86
5.111) Yongan Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.112) Zhangjiakou Chia Tai Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	30.26	30.26
5.113) Zhoukou Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.114) Zhumadian Chia Tai Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	30.76	30.76
6) CPF Tanzania Limited <sup>(2)</sup>	Animal feedmill and livestock farming	Tanzania	99.99	99.99
<b>Indirect subsidiaries</b>				
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. <sup>(1)</sup>	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. <sup>(2)</sup>	Broiler chicken integration	United States of America	99.97	99.97
6) Charoen Pokphand Enterprise (Taiwan) Co., Ltd. <sup>(1)</sup> (6.1 to 6.7 are subsidiaries of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.)	Chicken integration and livestock farming	Taiwan	39.00	32.68
6.1) Arbor Acres (Taiwan) Co., Ltd. <sup>(1)</sup>	Livestock farming	Taiwan	19.50	16.34
6.2) Charoen Pokphand (Taiwan) Co., Ltd. <sup>(1)</sup>	Importer and distributor of feedstuff additives and animal vaccines	Taiwan	35.10	29.41

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

	Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
				2018	2017
	6.3) Chia Tai Lianyungang Co., Ltd. <sup>(1)</sup>	Investment	Hong Kong	39.00	32.68
	6.4) Lianyungang Chia Tai Agro-industry Development Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	27.30	22.88
	6.5) Plenty Type Limited <sup>(1)</sup>	Investment	Cayman Islands	39.00	32.68
	6.6) Rui Fu Foods Co., Ltd. <sup>(1)</sup>	Layer chicken business	Taiwan	19.89	16.67
	6.7) Rui Mu Foods Co., Ltd. <sup>(1)</sup>	Layer chicken business	Taiwan	20.28	16.99
7)	Charoen Pokphand Foods (Malaysia) Sdn. Bhd. (7.1 to 7.3 are subsidiaries of Charoen Pokphand Foods (Malaysia) Sdn. Bhd.)	Investment in aquaculture integration business and swine business	Malaysia	99.99	99.99
	7.1) Asia Aquaculture (M) Sdn. Bhd.	Shrimp farming and processing plant	Malaysia	99.99	99.99
	7.2) Makin Jernih Sdn. Bhd. (7.2.1 to 7.2.3 are subsidiaries of Makin Jernih Sdn. Bhd.)	Investment	Malaysia	99.99	99.99
	7.2.1) AA Meat Shop Sdn. Bhd.	Livestock processing retailer	Malaysia	99.99	99.99
	7.2.2) Chau Yang Farming Sdn. Bhd.	Livestock farming	Malaysia	99.99	99.99
	7.2.3) Tip Top Meat Sdn. Bhd.	Livestock processing plant	Malaysia	99.99	99.99
	7.3) Star Feedmills (M) Sdn. Bhd.	Aquatic feed production and distribution	Malaysia	99.99	99.99
8)	Charoen Pokphand Foods Canada Inc.	Import and export food products	Canada	70.00	70.00
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

<sup>(1)</sup> The Company has the power to govern those companies

<sup>(2)</sup> Operations wound up

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries  
Notes to the financial statements  
For the year ended 31 December 2018**

**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 2018. 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 2019 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 43 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 prospectively.

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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
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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.



**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

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.

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries  
Notes to the financial statements  
For the year ended 31 December 2018**

*Step acquisition*

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

*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.

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

*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.

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.

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries  
Notes to the financial statements  
For the year ended 31 December 2018**

**(c) Derivatives**

Derivatives are used to manage exposure to foreign exchange, interest rate arising from operational, financing and investment activities. Derivatives are not used for trading purposes.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss depending on the nature of the item being hedged. The gain or loss on remeasurement to fair value 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.

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.

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries  
Notes to the financial statements  
For the year ended 31 December 2018**

**(g) Inventories**

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.

**(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.

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries  
Notes to the financial statements  
For the year ended 31 December 2018**

*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.

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

*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.

**(I) 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.

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.

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

*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.



**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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, from the date that they are available for use.

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.

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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.

**(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.

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries  
Notes to the financial statements  
For the year ended 31 December 2018**

*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.

**(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.

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**(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.

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.

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

*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.

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.

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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 Acquisitions of subsidiaries and non-controlling interests**

**4.1 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, acquired 23,750 ordinary shares of Paulsen Food GmbH (“PF”) from Peter Paulsen Import-Export GmbH & Co. Handels KG (“PP” or the “Seller”), representing 95.00% 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 94.99% of PF’s total issued and paid-up shares).

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

As at 31 December 2018, 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:

	<i>(Unit: Million Baht)</i>		
	<b>Fair value before adjusted</b>	<b>Adjusted</b>	<b>Fair value after adjusted</b>
Cash and cash equivalents	115	-	115
Accounts receivable - trade and others	94	-	94
Inventories	301	-	301
Other current assets	11	-	11
Intangible assets - import licenses	-	92	92
Accounts payable - trade and others	(121)	-	(121)
Deferred tax liabilities	-	(28)	(28)
Short-term borrowings from financial institutions	(39)	-	(39)
<b>Net assets</b>	<b>361</b>	<b>64</b>	<b>425</b>
Non-controlling interests (based on their proportionate interest in the recognised amount of the net identifiable assets of the acquiree)	(18)	(3)	(21)
Goodwill	101	(92)	9
Consideration transferred	444	(31)	413
Cash received from acquisition of subsidiary	(115)	-	(115)
<b>Net consideration paid for acquisition of subsidiary</b>	<b>329</b>	<b>(31)</b>	<b>298</b>

The factors contributing to the goodwill are the fact that the Group will obtain additional distribution channels for food services and food manufacturers in Germany and the European Union which have a high potential. Goodwill arising from business combination is recognised in the consolidated statement of financial position and is not amortised as expenses.

#### **4.2 Share acquisition of Jilin Chia Tai Enterprise Co., Ltd. (“Jilin CT”)**

On 13 June 2018, Chia Tai (China) Investment Co., Ltd. (“CTI”), a 50.43% indirectly owned subsidiary of the Company, acquired the remaining shares of Jilin CT from the joint venture partner at the amount of Renminbi 48 million or equivalent to approximately Baht 238 million.

Jilin CT is incorporated in China and principally engages in production and sale of animal feed.

The Group obtained control of Jilin CT on 13 June 2018 (“Acquisition date”) through the common share acquisition, resulting to the increase in ownership interests of CTI in Jilin CT from 50% interests of issued and paid-up capital to 100% interests of issued and paid-up capital. As a result, the Group’s ownership interests in Jilin CT increased from 25.21% to 50.43%.

**Charoen Pokphand Foods Public Company Limited**  
**and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

The Group has applied Thai Financial Reporting Standards (“TFRS”) No. 3 (revised 2017) *Business Combinations* to recognise the business combination transactions. The following summaries the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

*Consideration transferred*

(Unit: Million Baht)

	<b>Fair value</b>
Cash	<b>238</b>

*Identifiable assets acquired and liabilities assumed*

(Unit: Million Baht)

	<b>Fair value</b>
Cash and cash equivalents	94
Accounts receivable - trade and others	22
Inventories	81
Other current assets	59
Property, plant and equipment	263
Leasehold rights	150
Customer relationship	55
Other non-current assets	1
Accounts payable - trade and others	(41)
Other current liabilities	(171)
Deferred tax liabilities	(37)
<b>Net assets</b>	<b>476</b>
Group’s previously held equity interests in Jilin CT prior to the acquisition	(238)
Consideration transferred	238
Cash received from acquisition of subsidiary	(94)
<b>Net consideration paid for acquisition of subsidiary</b>	<b>144</b>

As at the acquisition date, the Group had to measure the fair value of the interests in Jilin CT before the business combination. The measurement resulted in gain on changes in fair value which was recognised as “Gain on changes in fair value of investment in joint venture” in the consolidated statements of income for the year ended 31 December 2018. Details as follows:

(Unit: Million Baht)

Fair value of existing interests in Jilin CT in CTI Group at the acquisition date	238
Less investment in Jilin CT accounted for equity method in CTI Group at the acquisition date	(200)
transferred other components in equity to the consolidated statement of income	57
<b>Gain on changes in fair value of investment in joint venture</b>	<b>95</b>



**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

As at 31 December 2018, the Group is still assessing the final fair value assessment of the net assets acquired in accordance with TFRS No. 3 (revised 2017). In this regards, the Group has provisionally estimated the fair value of the identifiable assets 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.

Operating results of Jilin CT for the period from 13 June 2018 to 31 December 2018 included in the consolidated statement of income for the year ended 31 December 2018 has significant details as follows:

	<i>(Unit: Million Baht)</i>
	<u>For the year ended 31 December 2018</u>
Revenue from sale of goods	474
Loss for the year attributable to equity holders of the Company	2

#### **4.3 Share acquisition of FSI Parent Corp. (“FSI Parent”)**

On 26 November 2018, Bellisio Foods, Inc. (“Bellisio”), a 100% indirectly owned subsidiary of the Company, signed the Agreement and Plan of Merger (the “Agreement”) among 1) Bellisio 2) Firebird Acquisition Corp. (“FAC”), a 100% owned subsidiary of Bellisio and 3) SPC Partner II LP, representative of existing shareholders of FSI Parent who hold all shares of Frozen Specialties, Inc. (“FSI”), pursuant to the Agreement which Bellisio has agreed to acquire the 100% interest of issued and paid-up share capital of FSI Parent with total consideration of U.S. Dollar 15.5 million or approximately Baht 549 million by means of a merger between FAC and FSI Parent. In this regard, FAC will be dissolved after the merger and Bellisio will become the sole direct shareholder of FSI Parent.

FSI parent is incorporated in the United States of America. FSI Parent and subsidiaries (“FSI Group”) principally engages in the manufacturing of frozen pizza and pizza bites distributed to retailers and wholesalers in North America and manufacturing private label products based on clients’ specific needs. FSI Group is the only private label producer in frozen value pizza in North America.

The Group obtained control of FSI Group on 26 November 2018 (“Acquisition date”) through the acquisition of 100.00% of FSI Parent’s total issued and paid-up share capital.

The Group has applied Thai Financial Reporting Standards (“TFRS”) No. 3 (revised 2017) *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>
	<u>Fair value</u>
Cash	<u>549</u>

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

*Identifiable assets acquired and liabilities assumed*

	<i>(Unit: Million Baht)</i>
	<b>Fair value</b>
Cash and cash equivalents	37
Accounts receivable - trade and others	120
Inventories	115
Property, plant and equipment	299
Deferred tax assets	31
Accounts payable - trade and others	(96)
Other current liabilities	(59)
<b>Net assets</b>	<b>447</b>
Goodwill	102
Consideration transferred	549
Cash received from acquisition of subsidiary	(37)
<b>Net consideration paid for acquisition of subsidiary</b>	<b>512</b>

As at 31 December 2018, the Group had completed the fair value assessment of the net assets acquired in accordance with TFRS No. 3 (revised 2017). 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 can penetrate the frozen value pizza business in the United States of America immediately with a new customer base which will help expanding the distribution channels and resulted in the higher of production efficiency and management for the group of companies in the United States of America. Goodwill arising from the business combination is recognised in the consolidated statement of financial position and is not amortised as expenses.

Operating results of FSI Group for the period from 26 November 2018 to 31 December 2018 included in the consolidated statement of income for the year ended 31 December 2018 has significant details as follows:

	<i>(Unit: Million Baht)</i>
	<b>For the year ended 31 December 2018</b>
Revenue from sale of goods	180
Loss for the year attributable to equity holders of the Company	24

**Charoen Pokphand Foods Public Company Limited**  
**and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

If the acquisition of Jilin CT and FSI Group had occurred on 1 January 2018, management estimates that revenue from sale of goods and profit of the Group in the consolidated financial statements for the year ended 31 December 2018 would have been as follows:

*(Unit: Million Baht)*  
For the year ended  
31 December 2018

Revenue from sale of goods	544,142
Profit for the year attributable to equity holders of the Company	15,446

#### **4.4 Acquisition of non-controlling interests**

##### **4.4.1 Charoen Pokphand Enterprise (Taiwan) Co., Ltd. (“CPE”)**

In June 2018, the Group acquired an additional 6.32% non-controlling interest in CPE from the acquisition of all issued shares of Giant Crown Investments Limited (“GC”), a registered company by law in British Virgin Island which engages in investment business and holds an investment in CPE, for a total consideration of U.S. Dollar 29 million or equivalent to Baht 911 million, increasing the Group’s ownership interest in CPE from 32.68% to 39.00%.

*(Unit: Million Baht)*  
2018

Carrying amount of non-controlling interests acquired	571
Consideration transferred	911
<b>A decrease in equity attributable to equity holders of the Company</b>	<b>(340)</b>
<b>A decrease in equity attributable to equity holders of the Company comprised:</b>	
Surplus from change in shareholders’ equity in subsidiaries	(576)
Foreign currency translation differences	236
<b>Total</b>	<b>(340)</b>

##### **4.4.2 CJSC Poultry Production Severnaya (“Severnaya”) and CJSC Poultry Parent Stock Production Woyskovitsy (“Woyskovitsy”)**

In August 2018, the Group acquired an additional 20.00% non-controlling interest in Severnaya and Woyskovitsy for U.S. Dollar 150 million or equivalent to Baht 4,935 million, increasing the Group’s ownership interest in Severnaya and Woyskovitsy from 79.99% to 99.99%.

*(Unit: Million Baht)*  
2018

Carrying amount of non-controlling interests acquired	5,399
Consideration transferred	4,935
<b>An increase in equity attributable to equity holders of the Company</b>	<b>464</b>
<b>An increase in equity attributable to equity holders of the Company comprised:</b>	
Surplus from change in shareholders’ equity in subsidiaries	261
Foreign currency translation differences	203
<b>Total</b>	<b>464</b>

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**4.4.3 CP Foods (UK) Limited (“CPF UK”) and The Foodfellas Ltd. (“FF”)**

In October 2018, the Group acquired an additional 42.48% and 40.00% non-controlling interest in CPF UK and FF for Pound Sterling 11 million or equivalent to Baht 479 million and Pound Sterling 11 million or equivalent to 473 million, respectively, increasing the Group’s ownership interest in CPF UK and FF from 57.52% to 99.99% and 34.51% to 99.99%, respectively.

	<i>(Unit: Million Baht)</i> 2018
Carrying amount of non-controlling interests acquired	697
Consideration transferred	952
<b>A decrease in equity attributable to equity holders of the Company</b>	<b>(255)</b>
<b>A decrease in equity attributable to equity holders of the Company comprised:</b>	
Surplus from change in shareholders’ equity in subsidiaries	(176)
Foreign currency translation differences	(79)
<b>Total</b>	<b>(255)</b>

**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 49.11% of the Company’s voting rights as of the latest closing date of shareholder register book on 29 August 2018.

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

<b>Transactions</b>	<b>Pricing policies</b>
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
Trademark license fee	Rate per sales value under trademark
Other income/other expenses	Standard service rates as specified by the service providers

**Charoen Pokphand Foods Public Company Limited**  
**and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**5.1 Significant transactions with related parties for the years ended 31 December**

				<i>(Unit: Million Baht)</i>	
		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>(a)</b>	<b>Income</b>				
	<b>Significant influence entity</b>				
	Training and seminar income	1	2	-	-
	Software application income	1	1	-	-
	Rental, service and other income	1	1	-	-
	Sale of goods	1	-	-	-
	<b>Subsidiaries</b>				
	Dividend income	-	-	10,612	13,902
	Gain on sale of investment	-	-	6,455	-
	Interest income	-	-	4,321	3,468
	Sale of goods	-	-	2,322	2,686
	Rental, service and other income	-	-	10	10
	Gain on sale of fixed assets	-	-	7	-
	<b>Associates, joint ventures and related companies</b>				
	Sale of goods	67,129	55,373	1,057	869
	Software application income	219	36	-	-
	Rental, service and other income	182	186	3	3
	Dividend income	88	94	38	56
	Interest income	31	13	-	-
	Training and seminar income	8	14	-	-
	Gain on sale of fixed assets	2	-	2	-
<b>(b)</b>	<b>Expenses and others</b>				
	<b>Significant influence entity</b>				
	Purchase of raw materials and goods	10,748	10,266	2,699	2,777
	Trademark license fees	1,430	1,079	7	6
	Technical service fees	724	816	40	42
	<b>Subsidiaries</b>				
	Purchase of raw materials and goods	-	-	2,950	3,402
	Software application fees	-	-	165	183
	Rental and service fees	-	-	56	62
	Other expenses	-	-	36	42
	Training and seminar fees	-	-	30	40
	Loss on sale of fixed assets	-	-	-	4

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
Notes to the financial statements  
For the year ended 31 December 2018

		(Unit: Million Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
(b)	Expenses and others (continued)				
	Associates, joint ventures and related companies				
	Purchase of raw materials and goods	76,610	61,803	534	593
	Construction costs of buildings, structures and others	2,944	2,885	380	118
	Rental and service fees	1,895	1,655	315	336
	Training and seminar fees	218	113	32	11
	Purchase of equipment and others	204	267	25	109
	Trademark license fees	73	50	-	-
	Software application fees	30	30	-	-
	Technical service fees	25	4	-	-
	Interest expense	11	9	-	-
	Loss on sale of fixed assets	-	30	-	-
	Other expenses	1,570	1,446	99	131

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

**5.2.1 Accounts receivable - trade and others**

	<b>Consolidated financial statements</b>		<i>(Unit: Million Baht)</i> <b>Separate financial statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Significant influence entity	3	2	1	-
Subsidiaries	-	-	1,003	1,080
Associates and joint ventures	4,553	3,911	46	41
Related companies	12,051	8,216	466	170
<b>Total</b>	<b>16,607</b>	<b>12,129</b>	<b>1,516</b>	<b>1,291</b>

**5.2.2 Short-term loans**

		(Unit: Million Baht)	
		<b>Consolidated financial statements</b>	
		<b>Outstanding balance</b>	<b>Average balance</b>
		<b>2018</b>	<b>2017</b>
		<b>2018</b>	<b>2017</b>
Associate	-	-	2
Joint venture	17	559	158
<b>Total</b>	<b>17</b>	<b>559</b>	<b>160</b>

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
Notes to the financial statements  
For the year ended 31 December 2018

**5.2.2 Short-term loans (Continued)**

(Unit: Million Baht)

	<b>Separate financial statements</b>			
	<b>Outstanding balance</b>		<b>Average balance</b>	
	2018	2017	2018	2017
Subsidiaries	60,622	36,556	48,639	31,922
<b>Total</b>	<b>60,622</b>	<b>36,556</b>	<b>48,639</b>	<b>31,922</b>

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

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

(Unit million Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
Functional currencies of each company in the Group	17	559	60,622	36,556
<b>Total</b>	<b>17</b>	<b>559</b>	<b>60,622</b>	<b>36,556</b>

**5.2.3 Advance payments for purchase of goods**

(Unit: Million Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
Joint ventures	78	3	-	-
Related companies	5,580	4,500	-	-
<b>Total</b>	<b>5,658</b>	<b>4,503</b>	<b>-</b>	<b>-</b>

**5.2.4 Accrued dividend income**

(Unit: Million Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
Subsidiary	-	-	3,203	3,600
Associates	161	171	25	-
Related companies	40	-	-	-
<b>Total</b>	<b>201</b>	<b>171</b>	<b>3,228</b>	<b>3,600</b>

**5.2.5 Accrued interest income**

(Unit: Million Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
Subsidiaries	-	-	-	291
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>291</b>

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
Notes to the financial statements  
For the year ended 31 December 2018

**5.2.6 Long-term loans**

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated financial statements</b>			
	Outstanding balance		Average balance	
	2018	2017	2018	2017
Associate	6	3	4	-
<b>Total</b>	<b>6</b>	<b>3</b>	<b>4</b>	<b>-</b>

	<i>(Unit: Million Baht)</i>			
	<b>Separate financial statements</b>			
	Outstanding balance		Average balance	
	2018	2017	2018	2017
Subsidiaries	15,673	16,939	13,998	17,838
<b>Total</b>	<b>15,673</b>	<b>16,939</b>	<b>13,998</b>	<b>17,838</b>

The Group and 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:

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
Functional currencies of each company in the Group	6	3	282	-
Foreign currencies				
- United States Dollar	-	-	15,391	16,939
<b>Total</b>	<b>6</b>	<b>3</b>	<b>15,673</b>	<b>16,939</b>

**5.2.7 Accounts payable - trade and others**

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
Significant influence entity	257	459	57	93
Subsidiaries	-	-	48	52
Associates and joint ventures	405	321	6	8
Related companies	4,243	3,061	123	77
<b>Total</b>	<b>4,905</b>	<b>3,841</b>	<b>234</b>	<b>230</b>



**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
Notes to the financial statements  
For the year ended 31 December 2018

**5.2.8 Short-term borrowings**

(Unit: Million Baht)

	<b>Consolidated financial statements</b>			
	Outstanding balance		Average balance	
	2018	2017	2018	2017
Joint ventures	661	418	567	482
<b>Total</b>	<b>661</b>	<b>418</b>	<b>567</b>	<b>482</b>

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

**5.3 Balances of loans/borrowings and interest rates**

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

	<b>Consolidated financial statements</b>					
	<i>(Unit: Million Baht)</i>					
	Balance with fixed interest rate		Balance with float interest rate		Average interest rate (%)	
	2018	2017	2018	2017	2018	2017
Short-term loans to joint venture	17	559	-	-	4.85	4.85
Long-term loans to associate	6	3	-	-	4.95	4.95
Short-term borrowings from joint ventures	661	418	-	-	2.00	2.00

	<b>Separate financial statements</b>					
	<i>(Unit: Million Baht)</i>					
	Balance with fixed interest rate		Balance with float interest rate		Average interest rate (%)	
	2018	2017	2018	2017	2018	2017
Short-term loans to subsidiaries	-	-	60,622	36,556	7.13	7.13
Long-term loans to subsidiaries	6,328	16,939	9,345	-	6.25	6.34

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
Notes to the financial statements  
For the year ended 31 December 2018

**5.4 Key management personnel compensation**

Key management personnel compensation consists of:

	<b>Consolidated financial statements</b>		<i>(Unit: Million Baht)</i> <b>Separate financial statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<i><b>For the year ended 31 December</b></i>				
Short-term employee benefits	1,490	1,358	228	247
Post-employment under defined benefit plans	16	9	4	4
<b>Total</b>	<b>1,506</b>	<b>1,367</b>	<b>232</b>	<b>251</b>
<i><b>As at 31 December</b></i>				
Provisions for employee benefits	434	232	87	90
<b>Total</b>	<b>434</b>	<b>232</b>	<b>87</b>	<b>90</b>

**5.5 Commitments**

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

**5.5.1 Capital commitments**

	<b>Consolidated financial statements</b>		<i>(Unit: Million Baht)</i> <b>Separate financial statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<i>Contracted but not provided for</i>				
Mainly represents contracts for construction of buildings and structures, and purchase of machinery and others	593	337	59	7

**5.5.2 Commitments under operating lease agreements**

	<b>Consolidated financial statements</b>		<i>(Unit: Million Baht)</i> <b>Separate financial statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Within one year	1,228	1,027	273	275
Over one year but within five years	2,207	1,881	277	245
Over five years	415	476	-	-
<b>Total</b>	<b>3,850</b>	<b>3,384</b>	<b>550</b>	<b>520</b>

The Company and certain subsidiaries had lease agreements with related parties covering office premises (including related facilities service agreements), land, farms and vehicles for periods of 1 to 9 years, expiring in 2019 to 2027.

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries  
Notes to the financial statements  
For the year ended 31 December 2018**

**5.6 Significant agreements**


As at 31 December 2018, 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 2018 to 31 December 2018. The Company and subsidiaries have extended the agreements for an additional period until 31 March 2019 with the same conditions and fee rates.

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

**5.6.2 Trademark agreements**

A subsidiary (CPF Trading Company Limited) has trademark agreements with CPG for the right to use  trademark. In this regard, the subsidiary is committed to pay the trademark license fees to CPG at the rates 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 2018 to 31 December 2018. The Company and subsidiaries have extended the agreements for an additional period until 31 March 2019 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. The Company and subsidiaries have extended the agreements for an additional period until 31 March 2019 with the same conditions and fee rates.

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 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 effective starting from 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.

**6 Cash and cash equivalents**

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	<b>financial statements</b>
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash at financial institutions and on hand	26,353	19,803	4,406	3,609
Highly liquid short-term investments	5,125	3,169	-	-
<b>Total</b>	<b><u>31,478</u></b>	<b><u>22,972</u></b>	<b><u>4,406</u></b>	<b><u>3,609</u></b>

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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

			<i>(Unit: Million Baht)</i>	
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2018	2017	2018	2017
Functional currencies of each company in the Group	29,467	21,733	4,392	3,609
Foreign currencies				
- United States Dollar	1,588	756	14	-
- Euro	153	116	-	-
- Taiwan Dollar	82	85	-	-
- Renminbi	47	94	-	-
- Hong Kong Dollar	21	25	-	-
- Zloty	19	-	-	-
- Pound Sterling	13	12	-	-
- Norway Krone	2	18	-	-
- Others	86	133	-	-
<b>Total</b>	<b>31,478</b>	<b>22,972</b>	<b>4,406</b>	<b>3,609</b>

**7 Accounts receivable - trade and others**

	<i>Note</i>			<i>(Unit: Million Baht)</i>	
		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		2018	2017	2018	2017
Related parties	5	16,607	12,129	1,516	1,291
Other parties		24,974	24,778	1,541	2,373
<b>Total</b>		<b>41,581</b>	<b>36,907</b>	<b>3,057</b>	<b>3,664</b>
Less allowance for doubtful accounts		(832)	(773)	(6)	(5)
<b>Net</b>		<b>40,749</b>	<b>36,134</b>	<b>3,051</b>	<b>3,659</b>
<b>Bad and doubtful debts expense for the year ended 31 December</b>		<b>388</b>	<b>185</b>	<b>1</b>	<b>-</b>

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>	
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2018	2017	2018	2017
Periods over credit terms:				
Over 3 months to 6 months	108	67	-	-
Over 6 months to 12 months	122	90	-	-
Over 12 months	602	616	6	5
<b>Total</b>	<b>832</b>	<b>773</b>	<b>6</b>	<b>5</b>

**Charoen Pokphand Foods Public Company Limited**  
**and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2018	2017	2018	2017
Functional currencies of each company in the Group	37,529	33,749	1,748	2,300
Foreign currencies				
- United States Dollar	2,103	1,309	590	450
- Won	393	411	-	-
- Singapore Dollar	272	294	-	-
- Euro	134	163	49	89
- Pound Sterling	107	4	54	60
- Swedish Krona	69	69	-	-
- Yen	53	43	14	13
- Australian Dollar	42	75	198	338
- Renminbi	32	1	395	401
- Others	15	16	3	8
<b>Total</b>	<b>40,749</b>	<b>36,134</b>	<b>3,051</b>	<b>3,659</b>

**8 Inventories**

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2018	2017	2018	2017
Raw materials	33,648	29,828	1,932	2,118
Chemicals and supplies	2,878	2,588	157	153
Work in progress	1,840	1,547	465	241
Finished goods	16,927	15,476	1,149	1,215
Inventories in transit	4,893	6,248	3	-
<b>Total</b>	<b>60,186</b>	<b>55,687</b>	<b>3,706</b>	<b>3,727</b>
Less allowance for decline in value of inventories	(554)	(569)	(45)	(96)
<b>Net</b>	<b>59,632</b>	<b>55,118</b>	<b>3,661</b>	<b>3,631</b>

The cost of inventories which is recognised as an expense and included in cost of sale of goods for the year ended 31 December 2018 amounted to Baht 370,223 million (2017: Baht 350,894 million) in the consolidated statement of income and Baht 15,082 million (2017: Baht 15,045 million) in the separate statement of income.

In 2018, the Group recognised losses for decline in value of inventories of Baht 233 million (2017: Baht 10 million) and the Company recognised a reversal of allowance for decline in value of inventories of Baht 51 million (2017: Baht 5 million).

**Charoen Pokphand Foods Public Company Limited**  
**and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**9 Biological assets**

Movements for the years ended 31 December were as follows:

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
At 1 January	37,737	36,703	1,159	1,154
Increase due to business combination	-	46	-	-
Increase due to purchase/raise	156,571	151,567	8,848	9,981
Decrease due to sales/harvest	(148,116)	(142,922)	(8,813)	(9,698)
Depreciation	(5,735)	(5,366)	(136)	(137)
Gains (losses) on change in fair value less costs to sell	3,975	(57)	-	-
Currency translation differences	(1,250)	(1,849)	-	-
Others	(288)	(385)	(211)	(141)
<b>Balance at 31 December</b>	<b>42,894</b>	<b>37,737</b>	<b>847</b>	<b>1,159</b>
<i><b>Current</b></i>				
Livestock	32,890	28,104	-	-
Aquatic	1,788	1,869	847	1,159
<b>Total current</b>	<b>34,678</b>	<b>29,973</b>	<b>847</b>	<b>1,159</b>
<i><b>Non-current</b></i>				
Livestock	8,216	7,764	-	-
<b>Total non-current</b>	<b>8,216</b>	<b>7,764</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>42,894</b>	<b>37,737</b>	<b>847</b>	<b>1,159</b>

Biological assets comprise livestock biological assets such as swine, chicken, duck etc. and aquatic biological assets such as shrimp and fish. Biological assets are measured at fair value using quoted prices at the end of reporting period as references. Except certain types of biological assets which have short production cycle or the market prices at present condition of the biological assets 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., they are measured at cost less accumulated depreciation and impairment losses.

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.

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
Livestock	828,853	789,645	-	-
Aquatic	17,316	17,046	3,075	4,111

(Unit: Tons)

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

**Fair value measurement**

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

	Carrying amount	<b>Consolidated financial statements</b>			
		<b>Fair value</b>			
		Level 1	Level 2	Level 3	Total
<b>31 December 2018</b>					
Biological assets at fair value					
less costs to sell	17,684	-	4,018	13,666	17,684
<b>31 December 2017</b>					
Biological assets at fair value					
less costs to sell	13,244	-	3,218	10,026	13,244

(Unit: Million Baht)

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

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

<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between key unobservable inputs and fair value measurement</b>
Market comparison approach	<p>Reference market price as at 31 December 2018</p> <ul style="list-style-type: none"> <li>Suckling swine Baht 1,394 per head</li> <li>Weanling swine Baht 2,259 per head</li> <li>Fattening swine Baht 66 to Baht 75 per kilogram</li> <li>Sow Baht 13,309 to Baht 23,487 per head</li> </ul>	<p>On the reporting date, if market price increases/decreases by 10%, the estimated fair value of biological assets would have increased/decreased by Baht 1,643 million.</p>



**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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:

	<b>Consolidated financial statements</b>		<i>(Unit: Million Baht)</i> <b>Separate financial statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
At 1 January	5,910	5,265	-	-
Disposals	(64)	-	-	-
Transfer from investment in other companies	-	240	-	-
Reclassification of change in fair value to profit or loss from disposals	(442)	-	-	-
Changes in fair value	(1,095)	699	-	-
Currency translation differences	(47)	(294)	-	-
<b>At 31 December</b>	<b><u>4,262</u></b>	<b><u>5,910</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

During the year 2018, a subsidiary sold investments held as available for sale with the carrying amount of Baht 64 million with gain on sale of investments amounting to Baht 441 million in the consolidated financial statements.

***Details of investments held as available for sale***

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

	<b>Ownership interest (both direct and indirect) (%)</b>		<b>Consolidated financial statements</b>		<i>(Unit: Million Baht)</i> <b>Separate financial statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b><i>Marketable securities</i></b>						
<b>- at fair value</b>						
True Corporation Public Company Limited - at cost	2.21	2.21	7,381	7,859	-	-
Zhejiang Huatong Meat Products Co., Ltd.	1.38	3.74	165	240	-	-
Changes in fair value			(3,284)	(2,189)	-	-
<b>Total</b>			<b><u>4,262</u></b>	<b><u>5,910</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
Notes to the financial statements  
For the year ended 31 December 2018

**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	<b>Consolidated financial statements</b>			
		Fair value			
		Level 1	Level 2	Level 3	Total
<b>31 December 2018</b>					
<i>Non-current</i>					
Equity securities available for sale	4,262	4,262	-	-	4,262
<b>31 December 2017</b>					
<i>Non-current</i>					
Equity securities available for sale	5,910	5,910	-	-	5,910

**11 Investments in subsidiaries**

Movements during the years ended 31 December were as follows:

*(Unit: Million Baht)*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
At 1 January	-	-	133,237	120,795
Acquisitions/additional investments	-	-	18,739	12,450
Impairment losses	-	-	-	(8)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>151,976</b>	<b>133,237</b>

**Charoen Pokphand Foods Public Company Limited**  
**and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

*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		Cost method		Accumulated		At cost - net		Dividend income	
	(%)		share capital				impairment					
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<b>Marketable securities</b>												
C.P. Pokphand Co., Ltd.	4.98	4.98	7,973	7,973	4,691	4,691	-	-	4,691	4,691	124	87
Chia Tai Enterprises International Limited	4.98	4.98	840	840	500	500	-	-	500	500	-	-
<b>Total</b>					<b>5,191</b>	<b>5,191</b>	<b>-</b>	<b>-</b>	<b>5,191</b>	<b>5,191</b>	<b>124</b>	<b>87</b>
<b>Non-marketable securities</b>												
Bangkok Produce Merchandising Public Company Limited	99.44	99.44	600	600	1,230	1,230	-	-	1,230	1,230	507	-
CPF (Thailand) Public Company Limited	99.98	99.98	12,900	10,512	38,955	29,401	-	-	38,955	29,401	-	-
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	6,750	13,815
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	250	250	250	-	-	250	250	-	-
Bellisio Investment, LLC	100.00	100.00	20,925	20,925	20,925	20,925	-	-	20,925	20,925	-	-

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**

**Notes to the financial statements**

**For the year ended 31 December 2018**

***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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
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	100.00	333	333	333	333	-	-	333	333	-	-
C.P. Standart Gida Sanayi ve Ticaret A.S.	79.37	49.03	6,596	4,406	3,736	1,587	-	-	3,736	1,587	-	-
Charoen Pokphand Foods Kenya Co., Ltd.	99.99	99.99	8	8	8	8	(8)	(8)	-	-	-	-
Charoen Pokphand Foods (Overseas) LLC.	8.15	8.15	3,420	3,420	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	55,662	48,610	55,644	48,661	-	-	55,644	48,661	-	-
CPF Tanzania Limited	58.26	58.26	224	224	129	129	(129)	(129)	-	-	-	-
C.P. Foods Holdings Limited	100.00	100.00	1	1	1	1	-	-	1	1	3,231	-
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.	66.67	66.67	27	27	17	17	-	-	17	17	-	-
Zhangzhou C.P. Chai Tai Aquaculture Co., Ltd.	100.00	-	53	-	53	-	-	-	53	-	-	-
<b>Total</b>					<b>147,860</b>	<b>129,121</b>	<b>(1,075)</b>	<b>(1,075)</b>	<b>146,785</b>	<b>128,046</b>	<b>10,488</b>	<b>13,815</b>
<b>Grand Total</b>					<b>153,051</b>	<b>134,312</b>	<b>(1,075)</b>	<b>(1,075)</b>	<b>151,976</b>	<b>133,237</b>	<b>10,612</b>	<b>13,902</b>

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**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 2018 were as follows:

	<i>(Unit: Million Baht)</i>		
	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
Non-controlling interests percentage*	49.57	49.57	61.00
Current assets	74,437	2,940	6,173
Non-current assets	78,923	6,976	11,913
Current liabilities	(63,197)	(699)	(6,752)
Non-current liabilities	(31,907)	(1,485)	(2,253)
Net assets	58,256	7,732	9,081
Goodwill of non-controlling interests	15,136	1,179	-
<b>Carrying amount of non-controlling interests**</b>	<b>42,970</b>	<b>4,027</b>	<b>4,805</b>

\* 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.

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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 2018 were as follows:

	<i>(Unit: Million Baht)</i>		
	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
Revenue	219,141	3,094	22,992
Profit for the year	12,318	713	1,072
Other comprehensive income	(3,614)	(449)	(169)
Total comprehensive income	8,704	264	903
<b>Profit attributable to non-controlling interests</b>	<b>4,926</b>	<b>68</b>	<b>689</b>
<b>Other comprehensive income attributable to non-controlling interests</b>	<b>(1,445)</b>	<b>(186)</b>	<b>(109)</b>
Cash flows from operating activities	8,350	721	1,012
Cash flows from investing activities	(5,703)	(116)	(1,700)
Cash flows from financing activities	1,235	87	567
Effect of exchange rate changes on balances held in foreign currencies	(451)	(53)	3
Net increase (decrease) in cash and cash equivalents	3,431	639	(118)
<b>Dividend paid to non-controlling interests</b>	<b>2,028</b>	<b>-</b>	<b>576</b>

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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
<b>Carrying amount of non-controlling interests**</b>	<b>41,746</b>	<b>4,109</b>	<b>5,381</b>	<b>368</b>	<b>5,013</b>

\* 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.

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
Notes to the financial statements  
For the year ended 31 December 2018

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
<b>Profit attributable to non-controlling interests</b>	<b>941</b>	<b>46</b>	<b>1,141</b>	<b>24</b>	<b>180</b>
<b>Other comprehensive income attributable to non-controlling interests</b>	<b>(155)</b>	<b>(75)</b>	<b>(303)</b>	<b>(6)</b>	<b>(53)</b>
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)
<b>Dividend paid to non-controlling interests</b>	<b>1,615</b>	<b>60</b>	<b>620</b>	<b>11</b>	<b>94</b>



**Charoen Pokphand Foods Public Company Limited**  
**and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

**13 Investments in associates**

Movements during the years ended 31 December were as follows:

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
At 1 January	84,226	75,786	335	335
Share of profit	7,645	7,437	-	-
Dividend income	(3,615)	(3,336)	-	-
Acquisition/additional investments	12,865	10,125	-	-
Disposals	(2,937)	(5,632)	-	-
Exchange with Exchangeable Bonds	(1,577)	-	-	-
Currency translation differences	(494)	(146)	-	-
Others	13	(8)	-	-
<b>At 31 December</b>	<b><u>96,126</u></b>	<b><u>84,226</u></b>	<b><u>335</u></b>	<b><u>335</u></b>

The Group accounts for the investment in ordinary shares of an associate, CP ALL Public Company Limited (“CPALL”), which is a listed company in the Stock Exchange of Thailand, in the consolidated financial statements by the equity method. As at 31 December 2018, the fair value of this investment was Baht 211,073 million (2017: Baht 236,440 million).

During the year 2018, the Group sold a portion of the investment in an associate with the carrying amount of Baht 2,937 million (2017: Baht 5,632 million) with gain on sale of investment amounting to Baht 5,759 million (2017: Baht 10,429 million), and exchanged the Exchangeable Bonds (“EBs”) into ordinary shares of CPALL with the carrying amount of Baht 1,577 million since the holders of EBs had exercised the exchange rights pursuant to the details set out in the terms and conditions of the EBs with gain on the exchange amounting to Baht 3,128 million (see details in note 23).

**Charoen Pokphand Foods Public Company Limited**  
**and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

***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	
	(%)													
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<b>Marketable security</b>														
CP ALL Public Company Limited	34.17	34.28	8,983	8,983	74,776	64,400	89,228	77,307	-	-	89,228	77,307	3,344	3,176
<b>Total</b>					<b>74,776</b>	<b>64,400</b>	<b>89,228</b>	<b>77,307</b>	<b>-</b>	<b>-</b>	<b>89,228</b>	<b>77,307</b>	<b>3,344</b>	<b>3,176</b>
<b>Non-marketable securities</b>														
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	140	110	-	-	140	110	27	20
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	143	186	-	-	143	186	90	49
BHJ Kalino Food AB (“BHJ”) *	15.08	15.08	5	5	24	24	30	29	-	-	30	29	2	2
C.P. Aquaculture (India) Private Limited	31.70	31.70	192	192	176	176	685	759	-	-	685	759	-	-
Charoen Pokphand Holdings (Malaysia) Sdn. Bhd.	49.75	49.75	353	353	176	176	1,357	1,359	-	-	1,357	1,359	-	-

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**

**Notes to the financial statements**

**For the year ended 31 December 2018**

***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	
	(%)													
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Chia Tai Conti (Cixi)														
Investment														
Management Co., Ltd.	25.21	25.21	5	5	8	8	6	7	-	-	6	7	-	-
Cixi Zhuda Investment														
Centre Limited														
Partnership **	0.50	0.50	3	3	-	-	-	-	-	-	-	-	-	-
Conti Chia Tai														
International														
Limited	25.21	25.21	767	767	1,052	1,052	1,755	1,621	-	-	1,755	1,621	-	-
Ningxia Xiao Ming														
Animal Husbandry														
Co., Ltd. **	8.10	8.34	362	293	749	749	727	738	-	-	727	738	-	6
Qingdao Yi Bang Bio														
Engineering Co., Ltd. **	6.05	6.05	147	147	1,358	1,358	1,359	1,424	-	-	1,359	1,424	152	34
Zhan Jiang Deni														
Carburetor														
Co., Ltd. ***	14.12	14.12	581	581	424	424	531	521	-	-	531	521	-	49
Total					4,165	4,165	6,898	6,919	-	-	6,898	6,919	271	160
Grand total					78,941	68,565	96,126	84,226	-	-	96,126	84,226	3,615	3,336

## **Charoen Pokphand Foods Public Company Limited and its Subsidiaries**

### **Notes to the financial statements**

#### **For the year ended 31 December 2018**

\* 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 Centre Limited Partnership (“Cixi Zhuda”) are associates in which 16.07%, 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 8.10%, 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.

**Charoen Pokphand Foods Public Company Limited**  
**and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

*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	
	( <i>%)</i>											
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<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	-	-
<b>Total</b>					<b>335</b>	<b>335</b>	<b>-</b>	<b>-</b>	<b>335</b>	<b>335</b>	<b>-</b>	<b>-</b>

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

*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	
	2018	2017
<b><i>Financial information of the associate</i></b>		
Revenue	527,860	489,450
Profit from continuing operations	21,183	20,066
Other comprehensive income	(632)	(244)
<b>Total comprehensive income</b>	<b>20,551</b>	<b>19,822</b>
Attributable to non-controlling interests	253	111
Attributable to the equity holder of the associate	20,298	19,711
Current assets	74,999	66,574
Non-current assets	298,748	293,725
Current liabilities	(123,757)	(112,107)
Non-current liabilities	(150,171)	(167,963)
<b>Net assets</b>	<b>99,819</b>	<b>80,229</b>
Attributable to non-controlling interests	33,397	24,305
Attributable to the equity holder of the associate	66,422	55,924
<b><i>Reconciliation of the carrying amount of the interests in the associate</i></b>		
Group's interest in net assets of the associate at 1 January	19,171	15,934
Total comprehensive income attributable to the Group	6,885	6,852
Dividends received during year	(3,344)	(3,176)
Difference from change in ownership	(16)	(439)
Group's interests in net assets of the associate at end of year	22,696	19,171
Goodwill	66,532	58,136
<b>Carrying amount of the interests in the associate at 31 December</b>	<b>89,228</b>	<b>77,307</b>

*Immaterial associates*

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

	<i>(Unit: Million Baht)</i>	
	<b>Consolidated financial statements</b>	
	2018	2017
<b>Carrying amount of interests in immaterial associates</b>	<b>6,898</b>	<b>6,919</b>
Group's share of:		
- Profit from continuing operations	484	498
- Other comprehensive income	(233)	(67)
- Total comprehensive income	251	431

**Charoen Pokphand Foods Public Company Limited**  
**and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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

	<i>(Unit: Million Baht)</i>	
	<b>Consolidated</b>	
	<b>financial statements</b>	
	<b>2018</b>	<b>2017</b>
Group's share of contingent liabilities	14	36

**14 Investments in joint ventures**

Movements during the years ended 31 December were as follows:

	<i>(Unit: Million Baht)</i>	
	<b>Consolidated</b>	
	<b>financial statements</b>	
	<b>2018</b>	<b>2017</b>
At 1 January	6,949	4,582
Share of profit	698	546
Dividend income	(50)	(47)
Previous held interest in joint venture before status change to subsidiary	(217)	-
Acquisitions/additional investments	2,520	1,882
Acquired through business acquisition	-	6
Currency translation differences	(304)	(20)
<b>At 31 December</b>	<b>9,596</b>	<b>6,949</b>

	<i>(Unit: Million Baht)</i>	
	<b>Separate</b>	
	<b>financial statements</b>	
	<b>2018</b>	<b>2017</b>
At 1 January	1,882	-
Share of profit	-	-
Dividend income	-	-
Previous held interest in joint venture before status change to subsidiary	-	-
Acquisitions/additional investments	2,478	1,882
Acquired through business acquisition	-	-
Currency translation differences	-	-
<b>At 31 December</b>	<b>4,360</b>	<b>1,882</b>

**Charoen Pokphand Foods Public Company Limited**  
**and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

***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	
	(%)													
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<b>Non-marketable securities</b>														
CP-Meiji Co., Ltd. ("CP-Meiji") *	59.99	59.99	500	500	1,200	1,200	2,235	1,939	-	-	2,235	1,939	-	-
Andhra Pradesh Broodstock Multiplicationcentre Private Limited **	50.00	-	68	-	34	-	35	-	-	-	35	-	-	-
Beijing Chia Tai Feedmill Co., Ltd.	25.21	25.21	157	157	128	128	224	215	-	-	224	215	-	-
Camamor Produtos Marinhos Ltda.	40.00	-	103	-	566	-	540	-	-	-	540	-	-	-
CP-MP Logistics Joint Stock Company	31.80	-	16	-	8	-	8	-	-	-	8	-	-	-
Handan Chia Tai Feed Co., Ltd.	25.21	25.21	56	56	-	-	19	21	-	-	19	21	3	2
Jilin Chia Tai Enterprise Co., Ltd.	-	25.21	261	261	-	211	-	220	-	-	-	220	-	-
Henan East Chia Tai Co., Ltd.	25.21	25.21	170	170	225	225	255	263	-	-	255	263	42	39
ECI Metro Investment Co., Ltd.	25.21	25.21	378	378	1,296	1,296	2,630	2,433	-	-	2,630	2,433	-	-
SuperDrob S.A.	49.45	33.00	4,708	2,825	3,794	1,882	3,646	1,854	-	-	3,646	1,854	-	-



**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**

**Notes to the financial statements**

**For the year ended 31 December 2018**

***Details of investments in joint ventures (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	
	(%)													
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Westbridge Foods Holding B.V. **	50.00	50.00	1	1	6	6	4	4	-	-	4	4	5	6
<b>Total</b>					<b>7,257</b>	<b>4,948</b>	<b>9,596</b>	<b>6,949</b>	<b>-</b>	<b>-</b>	<b>9,596</b>	<b>6,949</b>	<b>50</b>	<b>47</b>

\* 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.

\*\* Andhra Pradesh Broodstock Multiplicationcentre Private Limited and Westbridge Foods Holding B.V. are joint ventures because each investor has joint control over significant financial and operating decisions and have rights to the net assets of Andhra Pradesh Broodstock Multiplicationcentre Private Limited and Westbridge Foods Holding B.V. The Group accounts for investments in joint ventures using the equity method in the consolidated financial statements.

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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>	
	<b>Consolidated</b>	
	<b>financial statements</b>	
	<u>2018</u>	<u>2017</u>
<b>Carrying amount of interests in immaterial joint ventures</b>	<b><u>9,596</u></b>	<b><u>6,949</u></b>
Group's share of:		
- Profit from continuing operations	698	546
- Other comprehensive income	(522)	(20)
- Total comprehensive income	<u>176</u>	<u>526</u>

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

	<i>(Unit: Million Baht)</i>	
	<b>Consolidated</b>	
	<b>financial statements</b>	
	<u>2018</u>	<u>2017</u>
Group's share of the commitments	413	213
Group's share of the contingent liabilities	-	77

**Charoen Pokphand Foods Public Company Limited**  
**and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

*Details of investments in joint venture (Continued)*

(Unit: Million Baht)

	Separate financial statements											
	Ownership interest		Paid-up share		Cost method		Accumulated		At cost - net		Dividend income	
	(%)		capital				impairment					
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<i>Non-marketable securities</i>												
Camanor Produtos Marinhos Ltda.	40.00	-	103	-	566	-	-	-	566	-	-	-
SuperDrob S.A.	49.45	33.00	4,708	2,825	3,794	1,882	-	-	3,794	1,882	-	-
<b>Total</b>					<b>4,360</b>	<b>1,882</b>	-	-	<b>4,360</b>	<b>1,882</b>	-	-

**Charoen Pokphand Foods Public Company Limited**  
**and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**15 Investments in related companies**

Movements during the years ended 31 December were as follows:

*(Unit: Million Baht)*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
At 1 January	1,542	1,605	678	678
Disposal	-	-	(528)	-
Currency translation differences	(37)	(63)	-	-
<b>At 31 December</b>	<b>1,505</b>	<b>1,542</b>	<b>150</b>	<b>678</b>

During the year 2018, the Company transferred investment in a related company amount of Baht 528 million to a subsidiary as a payment for the subscription of shares of the subsidiary and incurred gain from this payment of the subscription shares of Baht 6,455 million in the separate financial statement.

***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) (%)		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017	2018	2017
<b><i>Non-marketable securities</i></b>						
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	1,114	1,151	-	528
<b>Total</b>			<b>1,505</b>	<b>1,542</b>	<b>150</b>	<b>678</b>

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**16 Investment properties**

Movements for the years ended 31 December were as follows:

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<i><b>At cost</b></i>				
At 1 January	1,729	1,372	200	200
Additions	107	-	-	-
Transfers from property, plant and equipment	155	404	155	-
Transfer to property, plant and equipment	(52)	-	-	-
Depreciation	(48)	(38)	-	-
Currency translation differences	(40)	(9)	-	-
<b>At 31 December</b>	<b><u>1,851</u></b>	<b><u>1,729</u></b>	<b><u>355</u></b>	<b><u>200</u></b>

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 2018 totalling Baht 3,979 million and Baht 1,210 million respectively (2017: Baht 3,879 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).

**Charoen Pokphand Foods Public Company Limited**  
**and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**17 Property, plant and equipment**

(Unit: Million Baht)

	<b>Consolidated financial statements</b>					
	Land	Buildings, building improve- ments and utilities system	Machinery and equipment	Others	Assets under construction and installation	Total
<b>Cost/revaluation</b>						
As at 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)
<b>At 31 December 2017 and 1 January 2018</b>	<b>33,240</b>	<b>103,567</b>	<b>101,881</b>	<b>13,673</b>	<b>23,175</b>	<b>275,536</b>
Additions	461	2,234	1,944	835	24,683	30,157
Acquired through business acquisitions	8	298	243	2	11	562
Transfers	503	12,048	9,675	908	(23,194)	(60)
Transfers from investment properties	-	52	-	-	-	52
Transfers to investment properties	(155)	-	-	-	-	(155)
Transfer to asset held for sale	(16)	(249)	(631)	(28)	-	(924)
Disposals	(50)	(776)	(2,018)	(801)	(114)	(3,759)
Currency translation differences	(543)	(5,686)	(4,726)	(601)	(1,185)	(12,741)
<b>At 31 December 2018</b>	<b>33,448</b>	<b>111,488</b>	<b>106,368</b>	<b>13,988</b>	<b>23,376</b>	<b>288,668</b>

**Charoen Pokphand Foods Public Company Limited**  
**and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**17 Property, plant and equipment (Continued)**

(Unit: Million Baht)

	<b>Consolidated financial statements</b>					<b>Total</b>
	<b>Land</b>	<b>Buildings, building improve- ments and utilities system</b>	<b>Machinery and equipment</b>	<b>Others</b>	<b>Assets under construction and installation</b>	
<b><i>Accumulated depreciation and impairment losses</i></b>						
At 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
<b>At 31 December 2017 and 1 January 2018</b>	<b>-</b>	<b>(34,325)</b>	<b>(43,638)</b>	<b>(8,513)</b>	<b>-</b>	<b>(86,476)</b>
Depreciation charge for the year	-	(5,457)	(8,323)	(1,379)	-	(15,159)
Impairment losses	-	(35)	(13)	-	-	(48)
Transfers	-	188	832	(231)	-	789
Disposals	-	642	1,752	755	-	3,149
Currency translation differences	-	1,850	2,054	374	-	4,278
<b>At 31 December 2018</b>	<b>-</b>	<b>(37,137)</b>	<b>(47,336)</b>	<b>(8,994)</b>	<b>-</b>	<b>(93,467)</b>
<b><i>Net book value</i></b>						
Owned assets	31,415	64,895	50,176	5,065	24,579	176,130
Assets under finance leases	-	-	31	16	-	47
<b>At 1 January 2018</b>	<b>31,415</b>	<b>64,895</b>	<b>50,207</b>	<b>5,081</b>	<b>24,579</b>	<b>176,177</b>
Owned assets	33,240	69,242	58,189	5,136	23,175	188,982
Assets under finance Leases	-	-	54	24	-	78
<b>At 31 December 2017 and 1 January 2018</b>	<b>33,240</b>	<b>69,242</b>	<b>58,243</b>	<b>5,160</b>	<b>23,175</b>	<b>189,060</b>
Owned assets	33,448	72,754	58,981	4,800	23,376	193,359
Assets under finance Leases	-	1,597	51	194	-	1,842
<b>At 31 December 2018</b>	<b>33,448</b>	<b>74,351</b>	<b>59,032</b>	<b>4,994</b>	<b>23,376</b>	<b>195,201</b>

**Charoen Pokphand Foods Public Company Limited**  
**and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**17 Property, plant and equipment (Continued)**

(Unit: Million Baht)

	Separate financial statements					
	Land	Buildings, building improve- ments and utilities system	Machinery and equipment	Others	Assets under construction and installation	Total
<b><i>Cost/revaluation</i></b>						
At 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)
<b>At 31 December 2017 and 1 January 2018</b>	<b>6,529</b>	<b>12,830</b>	<b>11,927</b>	<b>1,197</b>	<b>1,147</b>	<b>33,630</b>
Additions	9	11	159	38	1,153	1,370
Transfers	20	770	840	3	(1,634)	(1)
Transfers to investment properties	(155)	-	-	-	-	(155)
Disposals	(20)	(276)	(556)	(69)	-	(921)
<b>At 31 December 2018</b>	<b>6,383</b>	<b>13,335</b>	<b>12,370</b>	<b>1,169</b>	<b>666</b>	<b>33,923</b>
<b><i>Accumulated depreciation and impairment losses</i></b>						
At 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
<b>At 31 December 2017 and 1 January 2018</b>	<b>-</b>	<b>(7,664)</b>	<b>(8,066)</b>	<b>(1,060)</b>	<b>-</b>	<b>(16,790)</b>
Depreciation charge for the year	-	(839)	(819)	(63)	-	(1,721)
Disposals	-	224	517	66	-	807
<b>At 31 December 2018</b>	<b>-</b>	<b>(8,279)</b>	<b>(8,368)</b>	<b>(1,057)</b>	<b>-</b>	<b>(17,704)</b>
<b><i>Net book value</i></b>						
Owned assets	6,471	5,309	3,943	153	1,196	17,072
<b>At 1 January 2017</b>	<b>6,471</b>	<b>5,309</b>	<b>3,943</b>	<b>153</b>	<b>1,196</b>	<b>17,072</b>
Owned assets	6,529	5,166	3,861	137	1,147	16,840
<b>At 31 December 2017 and 1 January 2018</b>	<b>6,529</b>	<b>5,166</b>	<b>3,861</b>	<b>137</b>	<b>1,147</b>	<b>16,840</b>
Owned assets	6,383	5,056	4,002	112	666	16,219
<b>At 31 December 2018</b>	<b>6,383</b>	<b>5,056</b>	<b>4,002</b>	<b>112</b>	<b>666</b>	<b>16,219</b>



**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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 2018 amounted to Baht 51,512 million (2017: Baht 47,323 million) in the consolidated statement of financial position, and Baht 10,514 million (2017: Baht 9,371 million) in the separate statement of financial position.

Capitalised borrowing cost in 2018 of the Group and the Company in accordance with acquisition of property, plant and equipment amounted to Baht 836 million and Baht 18 million respectively (2017: Baht 709 million and Baht 28 million respectively) 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 33,448 million and Baht 6,383 million respectively (2017: Baht 33,240 million and Baht 6,529 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>	
		<b>Consolidated financial statements</b>	
		2018	2017
<b>Cost</b>	<i>Note</i>		
At 1 January		99,522	107,492
Acquired through business acquisitions	4	102	466
Fair value adjustments	4	(92)	741
Currency translation differences		(3,589)	(9,177)
<b>At 31 December</b>		<b>95,943</b>	<b>99,522</b>
<b>Impairment loss</b>			
At 1 January		-	-
Impairment loss		(515)	-
<b>At 31 December</b>		<b>(515)</b>	<b>-</b>
<b>Net book value</b>			
At 1 January		<b>99,522</b>	<b>107,492</b>
At 31 December		<b>95,428</b>	<b>99,522</b>

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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, growth rates of the relevant industries of the countries of the operation and the long-term growth plan as well as the comparable businesses in the same industries.

***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, costs and related expenses, by taking the average growth rate in the past, budgeted sale quantities, selling price, and expenses into account and referencing to future trend of market growth along with the business strategies and the operation of the Group in the future.

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
Notes to the financial statements  
For the year ended 31 December 2018

**19 Other intangible assets**

(Unit: Million Baht)

	<b>Consolidated financial statements</b>				
	Development cost of software applications	Recipes	Customer relationships	Trademarks, rights and others	Total
<b>Cost</b>					
At 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)
<b>At 31 December 2017 and 1 January 2018</b>	<b>719</b>	<b>1,950</b>	<b>7,110</b>	<b>12,140</b>	<b>21,919</b>
Additions	25	-	-	1,098	1,123
Acquired through business acquisitions	-	-	55	92	147
Transfers	28	1,893	6,973	(8,861)	33
Disposals	-	-	-	(6)	(6)
Currency translation differences	(20)	24	(70)	(571)	(637)
<b>At 31 December 2018</b>	<b>752</b>	<b>3,867</b>	<b>14,068</b>	<b>3,892</b>	<b>22,579</b>
<b>Accumulated amortisation</b>					
At 1 January 2017	(377)	-	(256)	(3,595)	(4,228)
Amortisation charge for the year	(60)	(139)	(524)	(486)	(1,209)
Disposals	2	-	-	1	3
<b>At 31 December 2017 and 1 January 2018</b>	<b>(435)</b>	<b>(139)</b>	<b>(780)</b>	<b>(4,080)</b>	<b>(5,434)</b>
Amortisation charge for the year	(63)	(128)	(507)	(489)	(1,187)
Transfers	-	(131)	(742)	874	1
Disposals	-	-	-	4	4
Currency translation differences	9	(1)	28	213	249
<b>At 31 December 2018</b>	<b>(489)</b>	<b>(399)</b>	<b>(2,001)</b>	<b>(3,478)</b>	<b>(6,367)</b>
<b>Net book value</b>					
At 1 January 2017	264	2,126	7,085	9,213	18,688
At 31 December 2017 and 1 January 2018	284	1,811	6,330	8,060	16,485
At 31 December 2018	263	3,468	12,067	414	16,212

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
Notes to the financial statements  
For the year ended 31 December 2018

**19 Other intangible assets (Continued)**

(Unit: Million Baht)

	Separate financial statements		
	Development cost of software applications	Others	Total
<b>Cost</b>			
At 1 January 2017	7	96	103
Additions	-	6	6
<b>At 31 December 2017 and 1 January 2018</b>	<b>7</b>	<b>102</b>	<b>109</b>
Additions	-	3	3
Transfer	-	1	1
<b>At 31 December 2018</b>	<b>7</b>	<b>106</b>	<b>113</b>
<b>Accumulated amortisation</b>			
At 1 January 2017	(6)	(57)	(63)
Amortisation charge for the year	-	(9)	(9)
<b>At 31 December 2017 and 1 January 2018</b>	<b>(6)</b>	<b>(66)</b>	<b>(72)</b>
Amortisation charge for the year	-	(8)	(8)
<b>At 31 December 2018</b>	<b>(6)</b>	<b>(74)</b>	<b>(80)</b>
<b>Net book value</b>			
At 1 January 2017	1	39	40
At 31 December 2017 and 1 January 2018	1	36	37
At 31 December 2018	1	32	33

The gross amount of the Group's and the Company's fully amortised intangible assets that were still in use as at 31 December 2018 amounted to Baht 892 million in the consolidated statement of financial position, and Baht 36 million in the separate statement of financial position (2017: Baht 593 million and Baht 24 million respectively).

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
Notes to the financial statements  
For the year ended 31 December 2018

**20 Restricted deposits at financial institutions**

As at 31 December 2018, certain subsidiaries had restricted deposits at financial institutions totalling Baht 1,136 million in order to comply with conditions for using credit facilities of foreign financial institutions (2017: Baht 821 million).

**21 Deferred income tax**

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

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax assets	3,384	4,727	1,573	2,990
Deferred tax liabilities	(9,087)	(9,985)	-	-
<b>Net deferred tax assets (liabilities)</b>	<b><u>(5,703)</u></b>	<b><u>(5,258)</u></b>	<b><u>1,573</u></b>	<b><u>2,990</u></b>

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**

**Notes to the financial statements**

**For the year ended 31 December 2018**

Movements of deferred tax assets and liabilities during the year 2018 were as follows:

*(Unit: Million Baht)*

	Consolidated financial statements						
	Charged/Credited to (Note 36)						
	At 1 January 2018	Profit or loss	Other comprehensive income	Shareholders' equity	Acquired in business combination	Currency translation differences	At 31 December 2018
Deferred tax assets (liabilities)							
Biological assets	(359)	(641)	-	-	-	19	(981)
Investments	(454)	-	277	-	-	7	(170)
Tax losses	5,880	(854)	-	150	69	(231)	5,014
Other intangible assets	(3,452)	257	-	4	(41)	45	(3,187)
Property, plant and equipment	(6,665)	(124)	(16)	69	(63)	300	(6,499)
Provisions for employee benefits	808	24	7	(89)	-	(17)	733
Others	(1,016)	422	-	3	1	(23)	(613)
Net	(5,258)	(916)	268	137	(34)	100	(5,703)

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**

**Notes to the financial statements**

**For the year ended 31 December 2018**

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

*(Unit: Million Baht)*

	Consolidated financial statements						
	Charged/Credited to (Note 36)						
	At 1 January 2017	Profit or loss	Other comprehensive income	Shareholders' equity	Acquired in business combination	Currency translation differences	At 31 December 2017
Deferred tax assets (liabilities)							
Biological assets	(350)	(35)	-	-	-	26	(359)
Investments	(232)	2	(223)	-	-	(1)	(454)
Tax losses	4,013	1,544	-	127	304	(108)	5,880
Other intangible assets	(5,879)	1,914	-	-	24	489	(3,452)
Property, plant and equipment	(7,410)	574	(8)	-	(11)	190	(6,665)
Provisions for employee benefits	765	46	6	-	-	(9)	808
Others	(1,285)	256	-	(45)	(29)	87	(1,016)
Net	(10,378)	4,301	(225)	82	288	674	(5,258)

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**

**Notes to the financial statements**

**For the year ended 31 December 2018**

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

	<i>(Unit: Million Baht)</i>		
	<b>Separate financial statements</b>		
	<b>Charged/Credited to (Note 36)</b>		
	<b>At 1 January 2018</b>	<b>Profit or loss</b>	<b>Other comprehensive income</b>
			<b>At 31 December 2018</b>
<b>Deferred tax assets (liabilities)</b>			
Investments	29	-	-
Land	(705)	-	-
Provisions for employee benefits	282	12	-
Tax losses	3,465	(1,584)	150
Others	(81)	9	(4)
<b>Net</b>	<b>2,990</b>	<b>(1,563)</b>	<b>146</b>
			<b>1,573</b>
	<i>(Unit: Million Baht)</i>		
	<b>Separate financial statements</b>		
	<b>Charged/Credited to (Note 36)</b>		
	<b>At 1 January 2017</b>	<b>Profit or loss</b>	<b>Other comprehensive income</b>
			<b>At 31 December 2017</b>
<b>Deferred tax assets (liabilities)</b>			
Investments	27	2	-
Land	(705)	-	-
Provisions for employee benefits	269	13	-
Tax losses	2,761	577	127
Others	(21)	(15)	(45)
<b>Net</b>	<b>2,331</b>	<b>577</b>	<b>82</b>
			<b>2,990</b>

As at 31 December 2018 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 9,480 million (2017: Baht 11,115 million) because it is not probable that tax benefit will be utilised in the foreseeable future.



**Charoen Pokphand Foods Public Company Limited**  
**and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**22 Leasehold rights**

Movements for the years ended 31 December were as follows:

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
At 1 January	7,870	7,728	-	-
Additions	650	412	-	-
Acquired through business acquisitions	150	144	-	-
Transfer from other current assets	415	114	-	-
Amortisation	(271)	(278)	-	-
Disposal	(29)	-	-	-
Currency translation differences	(483)	(250)	-	-
<b>At 31 December</b>	<b>8,302</b>	<b>7,870</b>	<b>-</b>	<b>-</b>

**23 Interest-bearing liabilities**

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b><i>Current</i></b>				
Bank overdrafts	1,435	1,049	3	3
Bills of exchange	32,244	35,946	17,204	15,441
Promissory notes	7,944	11,371	-	-
Short-term borrowings from financial institutions	42,493	47,486	-	-
Packing credits	8,195	7,239	-	-
Liabilities under trust receipts	1,245	932	-	-
<b>Total</b>	<b>93,556</b>	<b>104,023</b>	<b>17,207</b>	<b>15,444</b>

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries  
Notes to the financial statements  
For the year ended 31 December 2018**

## 23 Interest-bearing liabilities (Continued)

		(Unit: Million Baht)			
		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
<b>Short-term borrowings from joint ventures</b>	5	<b>661</b>	<b>418</b>	-	-
<b>Current portion of long-term debts</b>					
Long-term borrowings from financial institutions		13,778	16,235	-	-
Debentures		13,190	9,000	8,500	9,000
Liabilities under finance leases		160	16	-	-
<b>Total</b>		<b>27,128</b>	<b>25,251</b>	<b>8,500</b>	<b>9,000</b>
<b>Total current</b>		<b>121,345</b>	<b>129,692</b>	<b>25,707</b>	<b>24,444</b>
<b>Non-current</b>					
<b>Long-term debts</b>					
Long-term borrowings from financial institutions		67,725	51,110	2,879	-
Debentures		136,501	97,976	92,500	64,000
Exchangeable Bonds		3,042	9,895	-	-
Liabilities under finance leases		1,680	37	-	-
<b>Total</b>		<b>208,948</b>	<b>159,018</b>	<b>95,379</b>	<b>64,000</b>
<b>Total non-current</b>		<b>208,948</b>	<b>159,018</b>	<b>95,379</b>	<b>64,000</b>
<b>Grand total</b>		<b>330,293</b>	<b>288,710</b>	<b>121,086</b>	<b>88,444</b>

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

	<b>Consolidated financial statements</b>		<i>(Unit: Million Baht)</i> <b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Functional currencies of each company in the Group	314,342	274,568	118,207	88,444
Foreign currencies				
- United States Dollar	15,618	12,783	2,879	-
- Euro	333	1,347	-	-
- Zloty	-	12	-	-
<b>Total</b>	<b>330,293</b>	<b>288,710</b>	<b>121,086</b>	<b>88,444</b>

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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

	<b>Consolidated financial statements</b>		<i>(Unit: Million Baht)</i> <b>Separate financial statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Within one year	121,186	129,676	25,707	24,444
After one year but within five years	133,271	103,405	43,800	30,560
After five years	73,996	55,576	51,579	33,440
<b>Total</b>	<b><u>328,453</u></b>	<b><u>288,657</u></b>	<b><u>121,086</u></b>	<b><u>88,444</u></b>

The Group had secured interest-bearing liabilities as at 31 December 2018 totalling Baht 24,744 million (2017: Baht 33,641 million). Value of assets used for secured interest-bearing liabilities totalled Baht 22,081 million (2017: Baht 30,322 million).

***Long-term borrowings from financial institutions***

As at 31 December 2018, the Group had significant borrowing agreements as follows:

**CPF Investment Limited (“CPFI”)**

On 2 July 2012 CPFI, a 100.00% owned subsidiary of the Group entered into secured long-term borrowing agreement with a financial institution (“the agreement”). Subsequently, on 24 March 2017 CPFI amended the borrowing agreement. Details were as follows:

<u>Borrowing agreements</u>	<u>Utilised credit facilities</u>	<u>Carrying amount as at 31 December 2018</u>	<u>Interest rate (% per annum)</u>	<u>Term of payment</u>
Facility 1	U.S. Dollar 60 million	U.S. Dollar 59 million (Approximately equivalent to Baht 1,923 million)	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 961 million)	LIBOR plus specified rate	Every 6 months, mature in 2022

CPFI used the above long-term borrowing facilities to finance investing activity and for general corporate operations. In this regard, CPFI must pledge the shares of C.P. Pokphand Co., Ltd. (“CPP”) whose shares are listed in the Stock Exchange of Hong Kong as collateral for the above borrowings and must comply with the covenants as specified in the agreement.

As at 31 December 2018 CPFI pledged 1,234 million shares of CPP with a fair value of Baht 3,415 million.

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

During the year 2018, CPFI entered into long-term borrowing agreements with various financial institutions (“the agreement”). Details as follows:

Agreements date	Utilised credit facilities	Carrying amount as at 31 December 2018	Interest rate (% per annum)	Term of payment
28 February 2018	U.S. Dollar 650 million	U.S. Dollar 642 million (Approximately equivalent to Baht 20,747 million)	LIBOR plus specified rate	Every 6 months, mature in 2023
26 June 2018	U.S. Dollar 67 million	U.S. Dollar 66 million (Approximately equivalent to Baht 2,126 million)	LIBOR plus specified rate	Every 6 months, mature in 2023

CPFI used the above long-term borrowing facilities to finance investing activity and for general corporate operations. In this regard, CPFI must comply with the covenants as specified in the agreement.

**C.P. Pokphand Co., Ltd. (“CPP”)**

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

Detail of the agreement is as follows:

Utilised credit facility	Carrying amount as at 31 December 2018	Interest rate (% per annum)	Term of payment
U.S. Dollar 600 million	U.S. Dollar 552 million (Approximately equivalent to Baht 17,846 million)	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.

**Charoen Pokphand Foods Public Company Limited**  
**and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

***Debentures***

As at 31 December 2018, the Company and certain subsidiaries had debentures as follows:

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Charoen Pokphand Foods Public Company Limited (the “Company”)</b>				
Debentures #1/2011	7,000	10,000	7,000	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
Debentures #2/2013	8,000	8,000	8,000	8,000
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
Debentures #1/2018	12,000	-	12,000	-
Debentures #2/2018	25,000	-	25,000	-
<b>Total</b>	<b>101,000</b>	<b>73,000</b>	<b>101,000</b>	<b>73,000</b>
<b>CPF (Thailand) Public Company Limited (“CPFTH”)</b>				
Debentures #1/2016	16,000	16,000	-	-
Debentures #2/2016	13,000	13,000	-	-
Debentures #1/2018	15,000	-	-	-
<b>Total</b>	<b>44,000</b>	<b>29,000</b>	<b>-</b>	<b>-</b>
<b>C.P. Foods Holdings Limited (“CPFH”)</b>				
Exchangeable Bonds	3,042	9,895	-	-
<b>Total</b>	<b>3,042</b>	<b>9,895</b>	<b>-</b>	<b>-</b>
<b>Chia Tai (China) Investment Co., Ltd. (“CTI”)</b>				
Debenture	4,691	4,976	-	-
<b>Total</b>	<b>4,691</b>	<b>4,976</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>	<b>152,733</b>	<b>116,871</b>	<b>101,000</b>	<b>73,000</b>
<i>Less current portion</i>	<i>(13,190)</i>	<i>(9,000)</i>	<i>(8,500)</i>	<i>(9,000)</i>
<b>Net</b>	<b>139,543</b>	<b>107,871</b>	<b>92,500</b>	<b>64,000</b>

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries  
Notes to the financial statements  
For the year ended 31 December 2018**

**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, was matured on 19 August 2018.
- 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 8 November 2018 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 8 November 2018 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 8 November 2018 and were registered with the Thai Bond Market Association on 3 August 2012.

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries  
Notes to the financial statements  
For the year ended 31 December 2018**

***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, was matured on 2 August 2017.
- 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 8 November 2018 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 8 November 2018 and were registered with the Thai Bond Market Association on 13 May 2015.

***Debenture # 2/2015***

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

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

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 8 November 2018 and were registered with the Thai Bond Market Association on 29 July 2015.

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries  
Notes to the financial statements  
For the year ended 31 December 2018**

***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 8 November 2018 and were registered with the Thai Bond Market Association on 12 April 2016.

***Debenture # 1/2018***

On 24 January 2018, 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 5.46 billion with a term of 7 years, bearing interest at the fixed rate of 3.05% per annum.
- The second series of Baht 6.54 billion with a term of 10 years, bearing interest at the fixed rate of 3.60% per annum.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 8 November 2018 and were registered with the Thai Bond Market Association on 24 January 2018.

***Debenture # 2/2018***

On 15 November 2018, the Company issued Baht 25 billion unsubordinated and unsecured debentures in registered name and with debenture holder representative. The debentures are divided into:

- The first series of Baht 6.7 billion with the term of 2 years, bearing interest at the fixed rate of 2.74% per annum.
- The second series of Baht 7.6 billion with the term of 3 years and 6 months, bearing interest at the fixed rate of 3.20% per annum.
- The third series of Baht 2.2 billion with the term of 6 years, bearing interest at the fixed rate of 3.79% per annum.
- The fourth series of Baht 3.2 billion with the term of 10 years, bearing interest at the fixed rate of 4.41% per annum.
- The fifth series of Baht 5.3 billion with the term of 12 years, bearing interest at the fixed rate of 4.66% per annum.

The debentures have a credit rating of “A+” rated by TRIS Rating Co., Ltd. on 8 November 2018 and were registered with the Thai Bond Market Association on 15 November 2018.



**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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

**Details of debentures of CPFTH are as follows:**

***Debenture # 1/2016***

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

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

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 11 May 2018 and were registered with the Thai Bond Market Association on 20 January 2016.

***Debenture # 2/2016***

On 15 July 2016, CPFTH 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 latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 11 May 2018 and were registered with the Thai Bond Market Association on 15 July 2016.

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries  
Notes to the financial statements  
For the year ended 31 December 2018**

***Debenture # 1/2018***

On 24 May 2018, CPFTH issued Baht 15 billion unsubordinated and unsecured debentures without debenture holder representative. The debentures are divided into:

- The first series of Baht 4.5 billion with the term of 3 years, bearing interest at the fixed rate of 2.43% per annum.
- The second series of Baht 4 billion with the term of 6 years, bearing interest at the fixed rate of 3.24% per annum.
- The third series of Baht 3.5 billion with the term of 12 years, bearing interest at the fixed rate of 4.16% per annum.
- The fourth series of Baht 3 billion with the term of 15 years, bearing interest at the fixed rate of 4.43% per annum.

The debentures had a credit rating of “A+” rated by TRIS Rating Co., Ltd. on 11 May 2018 and were registered with the Thai Bond Market Association on 24 May 2018.

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

**Details of Exchangeable Bonds of C.P. Foods Holdings Limited (“CPFH”) are as follows:**

***Exchangeable Bonds***

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 a financial institution 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.

During the year 2018, CPFH derecognised the EBs with an aggregate principal amount of U.S. Dollar 144 million or equivalent to Baht 4,580 million on the Exchange Date and recognised the related transactions as a result of the exercise of exchange rights by the holders of the EBs into ordinary shares of CPALL as an exchange property, pursuant to the terms and conditions of the EBs. In this regard, CPFH delivered CPALL shares to the EBs holders in relation to the aggregate principal amount of the EBs for a pro rata share which the holders of the EBs exercised their exchange rights within the specified period.

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

On 24 September 2018, CPFH redeemed and derecognised the EBs with an aggregate principal amount of U.S. Dollar 66 million or approximately Baht 2,121 million as the EB holders exercised their redemption rights pursuant to the terms and conditions of the EBs.

As at 31 December 2018 the carrying amount of the EBs were U.S. Dollar 94 million or equivalent to Baht 3,042 million (2017: U.S. Dollar 304 million or equivalent to Baht 9,895 million).

**Details of debenture of Chia Tai (China) Investment Company Limited (“CTI”) are as follows:**

***The First Tranche of Domestic Bonds (“Debenture”)***

On 14 November 2016 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 21 June 2018.

As at 31 December 2018 the carrying amount of the debenture was Renminbi 998 million or equivalent to Baht 4,691 million (2017: Renminbi 994 million or equivalent to Baht 4,976 million).

**24 Accounts payable - trade and others**

	Note	<b>Consolidated financial statements</b>		<i>(Unit: Million Baht)</i> <b>Separate financial statements</b>	
		2018	2017	2018	2017
Related parties	5	4,905	3,841	234	230
Other parties		30,554	30,996	1,012	1,154
<b>Total</b>		<b>35,459</b>	<b>34,837</b>	<b>1,246</b>	<b>1,384</b>

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

	<b>Consolidated financial statements</b>		<i>(Unit: Million Baht)</i> <b>Separate financial statements</b>	
	2018	2017	2018	2017
Functional currencies of each company in the Group	30,302	29,314	1,243	1,384
Foreign currencies				
- United States Dollar	3,786	4,769	3	-
- Euro	1,195	634	-	-
- Zloty	51	-	-	-
- Yen	47	31	-	-
- Other	78	89	-	-
<b>Total</b>	<b>35,459</b>	<b>34,837</b>	<b>1,246</b>	<b>1,384</b>

**Charoen Pokphand Foods Public Company Limited**  
**and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**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:

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Present value of funded - defined benefit obligations	536	721	-	-
Fair value of plan assets	(324)	(337)	-	-
	<b>212</b>	<b>384</b>	-	-
Present value of unfunded - defined benefit obligations	5,754	5,382	1,689	1,620
<b>Total</b>	<b>5,966</b>	<b>5,766</b>	<b>1,689</b>	<b>1,620</b>

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:

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Defined benefit obligations at 1 January	6,106	5,830	1,620	1,531
Benefits paid by the plans	(427)	(288)	(88)	(53)
Current service costs and interest	648	556	157	142
Defined benefit plan actuarial losses	52	42	-	-
Acquired through business acquisitions	-	5	-	-
Others	(89)	(39)	-	-
<b>Defined benefit obligations at 31 December</b>	<b>6,290</b>	<b>6,106</b>	<b>1,689</b>	<b>1,620</b>
Fair value of plan assets at 1 January	337	346	-	-
Expected return on plan assets	3	4	-	-
Defined benefit plan actuarial gain (loss)	10	(1)	-	-
Contributions paid	25	25	-	-
Benefits paid by the plans	(39)	(35)	-	-
Currency translation differences	(12)	(2)	-	-
<b>Fair value of plan assets at 31 December</b>	<b>324</b>	<b>337</b>	-	-

**Charoen Pokphand Foods Public Company Limited**  
**and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current service costs	450	376	100	96
Interest costs	198	180	57	46
Expected return on plan assets	(3)	(4)	-	-
<b>Total</b>	<b><u>645</u></b>	<b><u>552</u></b>	<b><u>157</u></b>	<b><u>142</u></b>

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

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cost of sales of goods	306	257	81	72
Distribution costs	92	74	15	13
Administrative expenses	247	221	61	57
<b>Total</b>	<b><u>645</u></b>	<b><u>552</u></b>	<b><u>157</u></b>	<b><u>142</u></b>
<b>Actual return on plan assets</b>	<b><u>3</u></b>	<b><u>4</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

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

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Included in retained earnings:				
At 1 January	299	328	228	228
Recognised during the year	(52)	(29)	-	-
<b>At 31 December</b>	<b><u>247</u></b>	<b><u>299</u></b>	<b><u>228</u></b>	<b><u>228</u></b>

**Charoen Pokphand Foods Public Company Limited**  
**and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

Principal actuarial assumptions at 31 December were as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Discount rate	0.75 - 13.50	1.00 - 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

(Unit: %)

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

As at 31 December 2018, the weighted-average duration of the defined benefit obligation was 10 years (2017: 9 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.

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
<b>Defined benefit obligation</b>				
<b>as at 31 December 2018</b>				
Discount rate (1% movement)	(648)	755	(180)	211
Future salary change (1% movement)	723	(634)	201	(176)
<b>Defined benefit obligation</b>				
<b>as at 31 December 2017</b>				
Discount rate (1% movement)	(615)	716	(169)	198
Future salary change (1% movement)	687	(604)	189	(166)

(Unit: Million Baht)

On 13 December 2018, the National Legislative Assembly approved a draft of Labor Protection Act whose impact of Section 15 of the aforesaid draft includes a requirement for the employer to make severance payment of not less than 400 days of wages at the most recent rate for an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more. In this regard, the Group will recognise the increase of provision for retirement benefits and past service cost when this Act have become effective of Baht 1,812 million and Baht 560 million in the consolidated financial statements and separate financial statements, respectively.

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**26 Share capital**

		(Unit: Million Shares/Million Baht)			
		<b>Consolidated financial statements/ Separate financial statements</b>			
		2018		2017	
	<i>Par value per share (in Baht)</i>	Number of shares	Baht	Number of shares	Baht
<b>Authorised</b>					
At 1 January					
- ordinary shares	1	9,292	9,292	7,743	7,743
Issue of new shares					
- ordinary shares	1	-	-	1,549	1,549
<b>At 31 December</b>					
<b>- ordinary shares</b>	1	<b>9,292</b>	<b>9,292</b>	<b>9,292</b>	<b>9,292</b>
<b>Issued and paid-up</b>					
At 1 January					
- ordinary shares	1	8,611	8,611	7,743	7,743
Issue of new shares					
- ordinary shares	1	-	-	868	868
<b>At 31 December</b>					
<b>- ordinary shares</b>	1	<b>8,611</b>	<b>8,611</b>	<b>8,611</b>	<b>8,611</b>

**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.

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 had proceeded with the decrease of registered capital by cancelling such remaining shares according to Section 140 of the Public Limited Companies Act B.E. 2535 and these newly issued shares of the Company were traded in the Stock Exchange of Thailand on 9 August 2017.

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
Notes to the financial statements  
For the year ended 31 December 2018

**27 Treasury shares**

	<b>Consolidated financial statements</b>		<i>(Unit: Million Baht)</i> <b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Ordinary shares of the Company held by subsidiaries</b>				
At 1 January	2,909	1,135	-	-
Increase	-	1,774	-	-
<b>Total</b>	<b>2,909</b>	<b>2,909</b>	<b>-</b>	<b>-</b>

**28 Additional paid-in capital and reserves**

*Premium on ordinary shares*

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

*Equity in subsidiaries and associates*

Equity in subsidiaries and associates consist of:

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

*Other components of equity*

**1) Revaluation differences on assets**

Revaluation differences on assets recognised in 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.



**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**3) Fair value changes on investments held as available-for-sale investments**

The fair value changes account within equity comprises the cumulative net change in the fair value of investments held as available for sale 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 2018, the Company has the legal reserve totalling Baht 929 million (2017: Baht 929 million).

**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.

During the year 2018, the Company paid interest expense to the Debentures holders amount of Baht 750 million (2017: Baht 378 million). The interest expense net of income tax of Baht 605 million (2017: Baht 310 million) was deducted from unappropriated retained earnings in the statements of financial position as at 31 December 2018.

As at 31 December 2018, the accumulated accrued interest expenses subsequent to the latest interest payment date was Baht 249 million (2017: Baht 249 million).

**Charoen Pokphand Foods Public Company Limited**  
**and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**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

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

	<i>(Unit: Million Baht)</i>					
	<b>Consolidated financial statements</b>					
	Livestock business		Aquaculture business		Total	
	2018	2017	2018	2017	2018	2017
<b><i>Statements of income</i></b>						
Revenue from sale of goods	467,425	428,030	74,512	73,477	541,937	501,507
Operating profit	18,469	6,757	5,567	6,768	24,036	13,525
Central income, net					7,164	8,405
Finance costs					(11,703)	(11,743)
Net foreign exchange losses					(203)	(21)
Share of profit of investments in associates and joint ventures					8,343	7,983
Income tax expense					(6,212)	(251)
<b>Profit for the year</b>					<b>21,425</b>	<b>17,898</b>
<b><i>Assets</i></b>						
Property, plant and equipment and intangible assets (excluded goodwill), net	177,841	171,786	32,030	32,514	209,871	204,300
Central assets, net					1,542	1,245
Other assets					416,678	387,952
<b>Total</b>					<b>628,091</b>	<b>593,497</b>

**Charoen Pokphand Foods Public Company Limited**  
**and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

***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

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:

		<i>(Unit: Million Baht)</i>			
		<b>Consolidated financial statements</b>			
		Revenue from external customers		Property, plant and equipment and intangible assets (excluded goodwill) and central assets	
		2018	2017	2018	2017
Thailand		149,178	147,894	82,362	75,906
Asia		313,241	274,393	93,690	94,927
Europe		54,413	51,186	16,795	18,739
America		23,789	26,063	18,566	15,973
Others		1,316	1,971	-	-
<b>Total</b>		<b>541,937</b>	<b>501,507</b>	<b>211,413</b>	<b>205,545</b>

***Information about major customer***

In 2018 and 2017, there were no single external customer that contributed 10% or more of the Group's total revenue.

**31 Distribution costs**

		<i>(Unit: Million Baht)</i>			
		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2018	2017	2018	2017
Employee benefit expenses		8,546	8,369	583	566
Transportation expenses		3,418	3,187	1	4
Advertising and sale promotion expenses		2,756	3,012	90	113
Vehicle and traveling expenses		2,004	1,992	62	69
Office expenses		1,528	1,457	52	57
Building and equipment rental fees		876	872	76	79
Depreciation and amortisation		698	525	3	4
Others		999	1,183	12	16
<b>Total</b>		<b>20,825</b>	<b>20,597</b>	<b>879</b>	<b>908</b>

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**32 Administrative expenses**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Employee benefit expenses	16,741	16,716	2,178	2,266
Office expenses	4,282	3,888	289	325
Depreciation and amortisation	2,375	2,508	68	110
Taxes, government and bank fees and others	1,213	967	33	37
Professional fees	1,057	1,665	119	41
Vehicle and traveling expenses	1,000	1,045	76	80
Building and equipment rental fees	810	739	87	85
Public relationship expenses	507	608	40	34
Donation	376	443	8	9
Insurance premium	308	308	7	10
Others	2,554	2,304	26	85
<b>Total</b>	<b>31,223</b>	<b>31,191</b>	<b>2,931</b>	<b>3,082</b>

**33 Management and employee benefit expenses**

Management and employee benefit expenses consisted of:

- Management benefit expenses consisted of salaries and other benefit expenses of management, directors' remuneration, and sub-committees' remuneration totalling Baht 1,506 million and Baht 232 million in the consolidated and separate statements of income for the year ended 31 December 2018 respectively (2017: Baht 1,367 million and Baht 251 million respectively).
- Employee benefit expenses consisted of salaries, wages and other benefit expenses of employees other than management totalling Baht 54,616 million and Baht 6,331 million in the consolidated and separate statements of income for the year ended 31 December 2018 respectively (2017: Baht 52,904 million and Baht 6,338 million respectively).

**34 Expenses by nature**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Changes in finished goods, work in progress and biological assets	(4,722)	(3,415)	154	(111)
Raw materials and consumables used	376,024	346,429	13,995	14,973
Employee benefit expenses	56,122	54,271	6,563	6,589
Factory and office expenses	41,122	38,664	4,187	4,807
Depreciation and amortisation	16,673	15,882	1,729	1,812
Transportation expenses	11,635	10,240	502	508
Building and equipment rental fees	6,379	5,999	399	430
Vehicle and traveling expenses	3,920	4,087	230	258
Advertising, public relationship and sale promotion expenses	3,391	3,755	142	160
Taxes, government and bank fees	2,135	2,020	54	56
Professional fees	1,212	1,816	120	42
Others	14,386	13,462	151	222
<b>Total cost of sales of goods, distribution costs and administrative expenses</b>	<b>528,277</b>	<b>493,210</b>	<b>28,226</b>	<b>29,746</b>

**Charoen Pokphand Foods Public Company Limited**  
**and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**35 Finance costs**

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Finance cost paid to:				
Joint ventures	11	9	-	-
Other parties	11,692	11,734	3,765	3,728
<b>Total</b>	<b>11,703</b>	<b>11,743</b>	<b>3,765</b>	<b>3,728</b>

**36 Income tax expense (income)**

*Income tax recognised in profit or loss*

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<i>Current tax</i>				
Current year	5,588	4,539	-	22
Under (over) provided in prior years	(292)	13	-	86
	<b>5,296</b>	<b>4,552</b>	<b>-</b>	<b>108</b>
<i>Deferred tax</i>				
Movements in temporary differences	(716)	(763)	(21)	(1)
Benefit of tax losses recognised	1,642	(1,544)	1,584	(576)
Effect from change in tax rate	(10)	(1,994)	-	-
	<b>916</b>	<b>(4,301)</b>	<b>1,563</b>	<b>(577)</b>
<b>Income tax expense (income)</b>	<b>6,212</b>	<b>251</b>	<b>1,563</b>	<b>(469)</b>

*Income tax recognised in other comprehensive income*

	<i>(Unit: Million Baht)</i> <b>Consolidated financial statements</b>					
	<b>2018</b>			<b>2017</b>		
	<b>Before tax</b>	<b>Tax (expense) income</b>	<b>Net of tax</b>	<b>Before tax</b>	<b>Tax (expense) income</b>	<b>Net of Tax</b>
Revaluation differences on assets	-	(16)	(16)	110	(8)	102
Fair value changes on investments	(1,537)	277	(1,260)	699	(223)	476
Currency translation differences	(13,449)	69	(13,380)	(10,946)	620	(10,326)
Defined benefit plan actuarial gains (losses)	(63)	7	(56)	(51)	6	(45)
<b>Total</b>	<b>(15,049)</b>	<b>337</b>	<b>(14,712)</b>	<b>(10,188)</b>	<b>395</b>	<b>(9,793)</b>

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
Notes to the financial statements  
For the year ended 31 December 2018

*Income tax recognised in equity*

(Unit: Million Baht)

	Consolidated financial statements					
	2018			2017		
	Before tax	Tax (expense) income	Net of tax	Before tax	Tax (expense) income	Net of Tax
Interest and issuance cost of subordinated perpetual debentures	751	(146)	605	411	(82)	329
Surplus on common control transaction	307	9	316	-	-	-
Revaluation differences on assets transferred to retained earnings	(1)	-	(1)	-	-	-
<b>Total</b>	<b>1,057</b>	<b>(137)</b>	<b>920</b>	<b>411</b>	<b>(82)</b>	<b>329</b>

(Unit: Million Baht)

	Separate financial statements					
	2018			2017		
	Before tax	Tax (expense) income	Net of tax	Before tax	Tax (expense) income	Net of Tax
Interest and issuance cost of subordinated perpetual debentures	751	(146)	605	411	(82)	329
Revaluation differences on assets transferred to retained earnings	(1)	-	(1)	-	-	-
<b>Total</b>	<b>750</b>	<b>(146)</b>	<b>604</b>	<b>411</b>	<b>(82)</b>	<b>329</b>

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**

**Notes to the financial statements**

**For the year ended 31 December 2018**

*Reconciliation of effective tax rate*

(Unit: Million Baht)

	<b>Consolidated financial statements</b>				
Applicable tax rates	0%	10%	20%	Others	Total
<b>2018</b>					
Accounting profit before income tax, net	3,730	1,545	12,456	9,906	27,637
Tax at the applicable tax rates	-	155	2,491	2,438	5,084
Tax effect of income and expenses that are not taxable income or taxable expenses, net	-	267	(347)	1,500	1,420
Under (over) provided in prior years	-	-	46	(338)	(292)
<b>Net</b>	<b>-</b>	<b>422</b>	<b>2,190</b>	<b>3,600</b>	<b>6,212</b>
<b>2017</b>					
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 taxable expenses, 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
<b>Net</b>	<b>-</b>	<b>364</b>	<b>(732)</b>	<b>619</b>	<b>251</b>

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

***Reconciliation of effective tax rate***

	<i>(Unit: Million Baht)</i>		
	<b>Separate financial statements</b>		
Applicable tax rates	0%	20%	Total
<b>2018</b>			
Accounting profit before income tax, net	331	15,129	15,460
Tax at the applicable tax rates	-	3,026	3,026
Tax effect of income and expenses that are not taxable income or taxable expenses, net	-	(1,463)	(1,463)
<b>Net</b>	<b>-</b>	<b>1,563</b>	<b>1,563</b>
<b>2017</b>			
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 taxable expenses, net	-	(2,770)	(2,770)
Under provided in prior years	-	86	86
<b>Net</b>	<b>-</b>	<b>(469)</b>	<b>(469)</b>

***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.

**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.



**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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

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

*(Unit: Million Baht)*

	<b>Separate financial statements</b>					
	Promoted businesses being granted exemption of corporate income tax		Non-promoted business being granted exemption of corporate income tax		Total	
	2018	2017	2018	2017	2018	2017
Local sales	5,892	3,869	16,324	20,292	22,216	24,161
Export sales	556	467	3,249	3,603	3,805	4,070
<b>Total revenue from sale of goods</b>	<b>6,448</b>	<b>4,336</b>	<b>19,573</b>	<b>23,895</b>	<b>26,021</b>	<b>28,231</b>

### 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)*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
<b>Profit for the year attributable to ordinary shareholders of the Company</b>	<b>15,531</b>	<b>15,259</b>	<b>13,897</b>	<b>11,615</b>
<i>Less: cumulative interest expense for the period net of income tax on subordinated perpetual debentures</i>	<i>(600)</i>	<i>(513)</i>	<i>(600)</i>	<i>(513)</i>
<b>Profit used in calculation of basic earnings per share</b>	<b>14,931</b>	<b>14,746</b>	<b>13,297</b>	<b>11,102</b>
<b>Weighted average number of ordinary shares held by third parties outstanding</b>				
Number of ordinary shares outstanding at 1 January	8,611	7,743	8,611	7,743
Effect of shares issued	-	362	-	362
Treasury shares held by subsidiaries	(426)	(384)	-	-
<b>Net</b>	<b>8,185</b>	<b>7,721</b>	<b>8,611</b>	<b>8,105</b>
<b>Basic earnings per share (in Baht)</b>	<b>1.82</b>	<b>1.91</b>	<b>1.54</b>	<b>1.37</b>

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**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
<b>2018</b>				
24 April 2018	0.25	8,611,242,385	2,153	Dividends received from subsidiaries appropriated from taxable profits which were subject to 20% corporate income tax
10 August 2018	0.35	8,611,242,385	3,014	Dividends received from subsidiaries appropriated from taxable profits which were subject to 20% corporate income tax
<b>Total</b>			<b>5,167</b>	
<b>2017</b>				
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
<b>Total</b>			<b>7,790</b>	

**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.

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

***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 as at 31 December and the periods in which the loans mature were as follows:

		(Unit: Million Baht)			
		Consolidated financial statements			
	Average interest rates (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
2018					
Current					
Short-term loans to joint venture	4.85	17	-	-	17
Non-current					
Long-term loans to associate	4.95	-	6	-	6
Total		17	6	-	23
2017					
Current					
Short-term loans to joint venture	4.85	559	-	-	559
Non-current					
Long-term loans to associate	4.95	-	3	-	3
Total		559	3	-	562

**Charoen Pokphand Foods Public Company Limited**  
**and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

		<i>(Unit: Million Baht)</i>			
		<b>Separate financial statements</b>			
	Interest rates <i>(% per annum)</i>	Within 1 year	After 1 year but within 5 years	After 5 years	Total
<b>2018</b>					
<b>Current</b>					
Short-term loans to subsidiaries	7.13	60,622	-	-	60,622
<b>Non-current</b>					
Long-term loans to subsidiaries	5.00 - 7.50	-	15,673	-	15,673
<b>Total</b>		<b>60,622</b>	<b>15,673</b>	<b>-</b>	<b>76,295</b>
<b>2017</b>					
<b>Current</b>					
Short-term loans to subsidiaries	7.13	36,556	-	-	36,556
<b>Non-current</b>					
Long-term loans to subsidiaries	4.43 - 7.50	-	16,939	-	16,939
<b>Total</b>		<b>36,556</b>	<b>16,939</b>	<b>-</b>	<b>53,495</b>

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

		<i>(Unit: Million Baht)</i>			
		<b>Consolidated financial statements</b>			
	Average interest rates <i>(% per annum)</i>	Within 1 year	After 1 year but within 5 years	After 5 years	Total
<b>2018</b>					
Bank overdrafts	1.95 - 7.14	1,435	-	-	1,435
Short-term borrowings from financial institutions	1.11 - 8.75	59,877	-	-	59,877
Bills of exchange	1.75 - 1.87	32,244	-	-	32,244
Short-term borrowings from joint ventures	2.00	661	-	-	661
Long-term borrowings from financial institutions	1.32 - 15.00	13,778	64,029	3,696	81,503
Debentures	2.84 - 4.87	13,190	69,243	70,300	152,733
Finance lease liabilities	1.20 - 21.70	160	25	1,655	1,840
<b>Total</b>		<b>121,345</b>	<b>133,297</b>	<b>75,651</b>	<b>330,293</b>
<b>2017</b>					
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
<b>Total</b>		<b>129,692</b>	<b>103,442</b>	<b>55,576</b>	<b>288,710</b>

**Charoen Pokphand Foods Public Company Limited**  
**and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

(Unit: Million Baht)

	Interest rates (% per annum)	Separate financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
<b>2018</b>					
Bank overdrafts	MOR	3	-	-	3
Bills of exchange	1.71 - 2.17	17,204	-	-	17,204
Debentures	2.28 - 5.42	8,500	43,800	48,700	101,000
Long-term borrowing from financial institution	3.94 - 4.21	-	-	2,879	2,879
<b>Total</b>		<b>25,707</b>	<b>43,800</b>	<b>51,579</b>	<b>121,086</b>
<b>2017</b>					
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
<b>Total</b>		<b>24,444</b>	<b>30,560</b>	<b>33,440</b>	<b>88,444</b>

As at 31 December 2018, 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) The Company has entered into cross currency and interest rate swap agreements with certain financial institutions for long-term borrowing amounting to U.S. Dollar 92 million for Baht 2,907 million. The Company has commitments to make payments for the fixed interest rate in Baht for the principal amount of Baht 2,907 million and the counterparty has commitments to make payments in U.S. Dollar for the interest rates refer to LIBOR plus specified rate for the principal amount of U.S. Dollar 92 million.
- 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 100 million for Baht 3,149 million. The subsidiary has commitments to make payments for the fixed interest rate in Baht for the principal amount of Baht 3,149 million and the counterparty has commitments to make payments in U.S. Dollar for the interest rate refer to LIBOR plus specified rate for the principal amount of U.S. Dollar 100 million.
- 3) A subsidiary has entered into several cross currency swap agreements with a financial institution for long-term borrowings totalling Euro 10 million for Indian Rupee 764 million. The subsidiary has commitments to make payments for the fixed interest rate in Indian Rupee for the principal amount of Indian Rupee 764 million and the counterparty has commitments to make payments in Euro for the fixed interest rate for the principal amount of Euro 10 million.
- 4) 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 35 million for Indian Rupee 2,241 million. The subsidiary has commitments to make payments for the fixed interest rate in Indian Rupee for the principal amount of Indian Rupee 2,241 million and the counterparty has commitments to make payments in U.S. Dollar for the interest rate refer to LIBOR plus specified rate for the principal amount of Indian Rupee 35 million.
- 5) A subsidiary has entered into interest rate swap agreements with certain financial institutions for long-term borrowings totalling U.S. Dollar 6 million (equivalent approximately to Baht 197 million). The subsidiary has commitments to make payments for the fixed interest rates under the terms and conditions of the agreements and the counterparty has commitments to make payments in U.S. Dollar for the interest rate refer to LIBOR and LIBOR plus specified rate.

**Charoen Pokphand Foods Public Company Limited**  
**and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

***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>			
		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Foreign currency	2018	2017	2018	2017
<b>Accounts receivable - trade and others</b>					
Foreign currencies	Won	13,656	13,520	-	-
	Yen	181	150	48	45
	United States Dollar	65	40	18	14
	Swedish Krona	19	17	-	-
	Singapore Dollar	12	12	-	-
	Renminbi	7	-	83	81
	Rand	4	4	2	2
	Euro	4	4	1	2
	Australian Dollar	2	3	8	14
	Pound Sterling	2	-	1	1
Currency forwards	Won	13,656	13,520	-	-
	Yen	181	150	48	45
	United States Dollar	53	34	18	17
	Singapore Dollar	12	12	-	-
	Renminbi	7	-	83	81
	Rand	4	4	2	2
	Australian Dollar	1	3	8	14
	Euro	-	-	1	2
	Pound Sterling	-	-	1	1
<b>Long-term loans to subsidiaries</b>					
Foreign currencies	United States Dollar	-	-	478	536
Currency forwards	United States Dollar	-	-	-	200
<b>Interest-bearing liabilities</b>					
Foreign currencies	United States Dollar	486	392	92	-
	Euro	9	35	-	-
	Zloty	-	1	-	-
Currency forwards	United States Dollar	386	172	92	-

**Charoen Pokphand Foods Public Company Limited**  
**and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

		(Unit: Million)			
		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
	Foreign currency	2018	2017	2018	2017
<b>Accounts payable - trade and others</b>					
Foreign currencies	Yen	158	104	-	-
	United States Dollar	117	146	-	-
	Euro	33	17	-	-
	Zloty	6	-	-	-
	Renminbi	3	-	-	-
	Swedish Krona	1	-	-	-
Currency forwards	Yen	156	104	-	-
	United States Dollar	48	220	-	-
	Euro	21	2	-	-
<b>Forecast sales</b>					
Currency forwards	Yen	2,015	897	153	136
	Won	323	1,066	-	-
	United States Dollar	104	103	12	15
	Pound Sterling	53	39	-	1
	Hong Kong Dollar	42	12	-	-
	Euro	9	14	-	-
	Singapore Dollar	9	9	-	-
	Australian Dollar	9	6	8	4
	Rand	3	2	-	-
	Canada Dollar	1	2	-	-
	Danish Krone	-	8	-	-
	Renminbi	-	3	-	1
<b>Forecast purchases</b>					
Currency forwards	Zloty	70	26	-	-
	United States Dollar	47	84	-	-
	Yen	44	785	-	7
	Euro	4	26	-	-
	Renminbi	3	22	-	-
	Danish Krone	1	-	-	-
	Ringgit	1	-	-	-

***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.

**Charoen Pokphand Foods Public Company Limited**  
**and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

***Liquidity risk***

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

***Determination of fair values***

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

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

		(Unit: Million Baht)			
	Carrying amount	Consolidated financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
<b>31 December 2018</b>					
<b>Financial assets</b>					
Forward contracts	920	-	840	-	840
Cross currency and interest rate swaps	243	-	217	-	217
<b>Financial liabilities</b>					
Forward contracts	8	-	12	-	12
Debentures	149,691	-	153,916	-	153,916
Exchangeable Bonds	3,042	-	3,074	-	3,074
<b>31 December 2017</b>					
<b>Financial assets</b>					
Forward contracts	439	-	409	-	409
<b>Financial liabilities</b>					
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



**Charoen Pokphand Foods Public Company Limited**  
**and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

*(Unit: Million Baht)*

	Carrying amount	Separate financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
<b>31 December 2018</b>					
<b>Financial assets</b>					
Forward contracts	59	-	30	-	30
<b>Financial liabilities</b>					
Cross currency and interest rate swaps	96	-	73	-	73
Debentures	101,000	-	104,633	-	104,633
<b>31 December 2017</b>					
<b>Financial assets</b>					
Forward contracts	40	-	16	-	16
<b>Financial liabilities</b>					
Forward contracts	439	-	424	-	424
Debentures	73,000	-	78,364	-	78,364

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, cross currency swaps 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.

**Charoen Pokphand Foods Public Company Limited**  
**and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**41 Commitments with non-related parties**

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

**41.1 Capital commitments**

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<i>Contracted but not provided for</i>				
Land, buildings and constructions	2,407	3,514	2	3
Machinery, equipment and others	2,083	2,834	29	30
<b>Total</b>	<b><u>4,490</u></b>	<b><u>6,348</u></b>	<b><u>31</u></b>	<b><u>33</u></b>

**41.2 Commitments under operating lease agreements**

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<i>Future minimum lease payments</i>				
<i>under non-cancellable</i>				
<i>operating leases</i>				
Within one year	4,331	4,020	119	160
Over one year but within five years	12,136	11,253	88	74
Over five years	13,984	15,644	2	5
<b>Total</b>	<b><u>30,451</u></b>	<b><u>30,917</u></b>	<b><u>209</u></b>	<b><u>239</u></b>

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 2019 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 2018 totalled Baht 22 million (2017: Baht 34 million).

**41.4 Letters of credit**

The Company and certain subsidiaries had commitments under the issued letters of credit totalling Baht 3 million and Baht 1,559 million, respectively (2017: Baht 2 million and Baht 2,352 million, respectively).

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**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 17 million and Baht 9,350 million, respectively *(2017: Baht 1,165 million and Baht 5,448 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 482 million *(2017: Baht 766 million)*.

**42 Guarantees**

As at 31 December 2018, 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 1,234 million shares with fair value of Baht 3,415 million *(2017: 5,984 million ordinary shares with fair value of Baht 15,462 million)*.
- (b) Pravdinsk Pig Production-2 Limited Liability Company with an issued and paid-up capital of Baht 469 million *(2017: Baht 570 million)*.
- (c) NNPP Limited Liability Company with an issued and paid-up capital of Baht 224 million *(2017: Baht 273 million)*.
- (d) NNPP-2 Limited Liability Company with an issued and paid-up capital of Baht 417 million *(2017: Baht 508 million)*.
- (e) Charoen Pokphand Foods (Overseas) LLC. with an issued and paid-up capital of Baht 101 million *(2017: Baht 123 million)*.

**42.2 Property, plant and equipment with net book value of Baht 13,021 million *(2017: Baht 9,607 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 4,434 million *(2017: Baht 3,482 million)*.**

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries  
Notes to the financial statements  
For the year ended 31 December 2018**

**43 Thai Financial Reporting Standards not yet adopted**

A number of new and revised TFRS which relevant to the Group's operations are expected to have significant impact on the consolidated and separate financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January of the following years.

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

\* TFRS - Financial instruments standards

**(a) TFRS 15 Revenue from Contracts with Customers**

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled.

Before TFRS15 becomes effective, revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Under TFRS 15, revenue will be recognised when a customer obtains control of the goods. Transfer of significant risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

From the initial applying TFRS 15 on 1 January 2019, it would result in a decrease in total assets, total equity, and retain earnings of Baht 29 million, Baht 288 million, and Baht 282 million, respectively of the Group and Baht 70 million, Baht 39 million, and Baht 39 million, respectively of the Company.

*Transition*

The Group plans to adopt TFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (1 January 2019). As a result, the Group will not apply the requirements of TFRS 15 to the comparative period presented.

The actual impacts upon the initial adoption of TFRS 15 may differ as the assessment completed to date is based on the information available to the Group up to the reporting date of these financial statements. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in these financial statements.

**(b) TFRS - Financial instruments standards**

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

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