

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

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

**For the three-month and nine-month periods ended 30 September 2017 (Unaudited)**

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# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

### For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

These notes form an integral part of the financial statements.

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language financial statements, and were approved and authorised for issue by the executive directors on 13 November 2017.

## 1 General information

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

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

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

- 1) The livestock business comprises chicken, duck and pig
- 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 30 September 2017 and 31 December 2016 only those with changes during the nine-month period ended 30 September 2017 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			30 September 2017	31 December 2016
<i>Newly incorporated direct subsidiaries</i>				
1) CPF Poland S.A. W Organizacji	Agro-industrial products and food	Poland	66.67	-
2) C.P. Aquaculture (Zhanjiang) Co., Ltd.	Shrimp hatchery business	The People’s Republic of China (“China”)	100.00	-
<i>Newly incorporated indirect subsidiaries</i>				
1) C.P. Food (Kaifeng) Co., Ltd. <sup>(1)</sup>	Production and sale of processed food	China	50.43	-
2) Chia Tai Feed (Harbin) Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	50.43	-
3) Chia Tai Feed (Yiwu) Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	27.74	-

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### For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			30 September 2017	31 December 2016
4) Nantong Chia Tai Feedmill Co., Ltd. <sup>(1)</sup> (Formerly known as Nantong Chia Tai Feed Co., Ltd.)	Production and sale of animal feed	China	30.26	-
5) Rechnoe Limited Liability Company <sup>(2)</sup>	Biological waste management services provider	Russia	75.82	-
<b>Indirect subsidiary with change in interests</b>				
1) Ningbo Chia Tai Agriculture Co., Ltd. <sup>(1)</sup>	Production and sale of animal feed	China	42.86	35.30
<b>Indirect subsidiaries from business acquisition</b>				
1) Chia Tai Food (Suqian) Co., Ltd. <sup>(1)</sup> (Formerly known as COFCO Meat (Suqian) Co., Ltd.)	Poultry farming, production and sale of chicken meat products	China	50.43	-
2) Food Trac Limited <sup>(3)</sup>	Distribution of meat products	England	100.00	-
3) Westbridge Food Group Limited <sup>(3)</sup>	Investment	England	100.00	-
4) Westbridge Foods (France) SARL <sup>(3)</sup>	Distribution of meat products	France	100.00	-
5) Westbridge Foods (Haydock) Limited <sup>(3)</sup>	Distribution of meat products	England	100.00	-
6) Westbridge Foods (Thailand) Limited <sup>(3)</sup>	Provision and development for Asian food product	Thailand	99.99	-
7) Westbridge Foods Limited <sup>(3)</sup>	Importer and distributor of meat and processed foods	England	100.00	-
8) Westbridge Group License Companies <sup>(3)</sup>	Importer of poultry meat products	England	100.00	-
9) Westbridge Holding B.V. <sup>(3)</sup>	Investment	Netherlands	100.00	-
10) Westbridge (Qingdao) Trading Co., Ltd. <sup>(3)</sup>	Provision and development for Asian food product	China	100.00	-
11) Wignall Holdings Limited <sup>(3)</sup>	Investment	England	100.00	-
<b>Indirect subsidiary that change name</b>				
1) C.P. Premix (Hangzhou) Co., Ltd. <sup>(1)</sup> (Formerly known as Hangzhou Advance Feed Tech Co., Ltd.)	Production and sale of animal feed	China	50.43	50.43
<b>An indirect subsidiary that was closed</b>				
1) Zhumadian Huazheng Property Co., Ltd. <sup>(4)</sup>	Real estate property	China	-	35.17
<b>Liquidated direct and indirect subsidiaries</b>				
1) CPF Premium Foods Company Limited <sup>(5)</sup>	Food processing plant	Thailand	-	99.99
2) Seafoods Enterprise Company Limited	Shrimp processing plant	Thailand	-	99.99

<sup>(1)</sup> A subsidiary of C.P. Pokphand Co., Ltd.

<sup>(2)</sup> A subsidiary of Russia Baltic Pork Invest ASA

<sup>(3)</sup> A subsidiary of CPF Investment Limited

<sup>(4)</sup> A subsidiary of Chia Tai Enterprises International Limited

<sup>(5)</sup> A subsidiary of CPF (Thailand) Public Company Limited

During the nine-month period ended 30 September 2017, the Group did not dispose any investment in subsidiaries.

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

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

**For the three-month and nine-month periods ended 30 September 2017 (Unaudited)**

## **2 Basis of preparation of the interim financial statements**

### **2.1 Statement of compliance**

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (“TAS”) No. 34 (revised 2016) *Interim Financial Reporting*; including related guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2016. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements for the year ended 31 December 2016.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2016 except for the adoption of all the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2017 and are relevant to the Group’s operations. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these new and revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Group.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2018 and have not been adopted in the preparation of these interim financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 22 to the interim financial statements.

### **2.2 Functional and presentation currency**

The interim financial statements are prepared and presented in Thai Baht, which is the Company’s functional currency. All financial information presented in Thai Baht has been rounded in the notes to the interim financial statements to the nearest million Baht unless otherwise stated.

### **2.3 Use of judgments and estimates**

The preparation of financial interim 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.

In preparing these interim financial statements, the judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2016.

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

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

### **For the three-month and nine-month periods ended 30 September 2017 (Unaudited)**

#### *Measurement of fair values*

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

### **3 Business combination by acquisition of shares**

#### **3.1 Share acquisition of Chia Tai Food (Suqian) Co., Ltd.**

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

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

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

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

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

# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

### For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

The Group has applied Thai Financial Reporting Standards (“TFRS”) No. 3 (revised 2016) *Business Combinations* to recognise the business combination transactions. The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

#### *Consideration transferred*

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

#### *Identifiable assets acquired and liabilities assumed*

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

As at 30 September 2017 the Group had completed the fair value assessment of the net assets in accordance with TFRS No. 3 (revised 2016). However, if the Group obtains any new information within one year from the acquisition date about facts and circumstances that existed at the acquisition date, the Group will adjust the above fair values, or recognise any additional assets or liabilities existed at the acquisition date, then the acquisition accounting will be revised.

# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

### For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

The consolidated statement of income for the three-month and nine-month periods ended 30 September 2017 includes operating results of Suqian Chia Tai for the period from 20 January 2017 to 30 September 2017. Significant details are as follows:

	<i>(Unit: Million Baht)</i>	
	For the three-month period ended 30 September 2017	For the nine-month period ended 30 September 2017
Revenue from sale of goods	554	1,254
Loss for the period attributable to owners of the parent company	(45)	(114)

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

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

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

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

CPFI paid for shares at the amount of GBP 47 million or equivalent to approximately Baht 2,021 million. As at 30 September 2017, CPFI still has outstanding payable of GBP 5 million or equivalent to approximately Baht 230 million.

The Group has applied Thai Financial Reporting Standards No. 3 (revised 2016) *Business Combinations* to recognise the business combination transactions. The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

#### *Consideration transferred*

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

# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

### *Identifiable assets acquired and liabilities assumed*

(Unit: Million Baht)

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

As at 30 September 2017 the Group had completed the fair value assessment of the net assets in accordance with TFRS No. 3 (revised 2016). However, if the Group obtains any new information within one year from the acquisition date about facts and circumstances that existed at the acquisition date, the Group will adjust the above fair values, or recognise any additional assets or liabilities existed at the acquisition date, then the acquisition accounting will be revised.

The factors contributing to the goodwill are the fact that the Group can expand networks and channels for retails, food services and food manufacturers in the United Kingdom and the European Union which have high growth potential. Goodwill arising from the business combination is recognised in the consolidated statement of financial position and is not amortised as expenses.



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## Notes to the interim financial statements

### For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

The consolidated statement of income for the three-month and nine-month periods ended 30 September 2017 includes operating results of WFGL for the period from 3 April 2017 to 30 September 2017. Significant details are as follows:

	<i>(Unit: Million Baht)</i>	
	For the three-month period ended 30 September 2017	For the nine-month period ended 30 September 2017
Revenue from sale of goods	2,057	4,143
Profit for the period attributable to owners of the parent company	44	64

If the acquisition of Suqian Chia Tai and WFGL had occurred on 1 January 2017, management estimates that revenue from sale of goods and profit of the Group in the consolidated interim financial statements for the three-month and nine-month periods ended 30 September 2017 would have been as follows:

	<i>(Unit: Million Baht)</i>	
	For the three-month period ended 30 September 2017	For the nine-month period ended 30 September 2017
Revenue from sale of goods	126,437	14,094
Profit for the period attributable to owners of the parent company	1,914	1,925

#### 4 Related party transactions

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

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

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

Transactions	Pricing policies
Sale of goods	The price list of the Group
Purchase of raw material and goods	The price list of the suppliers
Purchase and sale of property, plant and equipment	Fair value
Purchase and sale of investments	Fair value
Interest income/interest expense	Source of fund cost plus fund management expenses

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## Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

Transactions	Pricing policies
Dividend income	Upon declaration
Rental and service fees	Standard rates as specified by the lessors or service providers
Technical service fees	Rate per quantity of feed production/rate per sale value of animal feed/rate per total revenue
Insurance premium	Standard rates as specified by the insurers
Trademark license fee	Rate per sales value under trademark
Other income/other expenses	Standard service rates as specified by the service providers

### 4.1 Significant transactions with related parties for the three-month and nine-month periods ended 30 September 2017 and 2016

*For the three-month period ended 30 September*

		(Unit: Million Baht)			
		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
(a)	<b>Revenues</b>				
	<b>Significant influence entity</b>				
	Software application income	1	1	-	-
	Rental, service and other income	1	-	-	-
	Training and seminar income	-	1	-	-
	<b>Subsidiaries</b>				
	Dividend income	-	-	3,825	3,188
	Interest income	-	-	931	1,026
	Sale of goods	-	-	623	746
	Rental, service and other income	-	-	3	2
	Gain on sale of fixed assets	-	-	-	56
	<b>Associates, joint ventures and related companies</b>				
	Sale of goods	14,074	11,350	167	146
	Dividend income	63	44	38	28
	Rental, service and other income	56	55	1	1
	Software application income	9	7	-	-
	Training and seminar income	6	9	-	-
	Interest income	4	1	-	-
(b)	<b>Expenses and others</b>				
	<b>Significant influence entity</b>				
	Purchase of raw materials and goods	2,559	2,600	768	832
	Trademark license fees	266	21	1	1
	Technical service fees	224	509	12	11
	<b>Subsidiaries</b>				
	Purchase of raw materials and goods	-	-	698	1,270
	Software application fees	-	-	42	45
	Rental and service fees	-	-	16	16
	Training and seminar fees	-	-	13	10
	Other expenses	-	-	8	10

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**For the three-month and nine-month periods ended 30 September 2017 (Unaudited)**

*For the three-month period ended 30 September (Continued)*

			(Unit: Million Baht)	
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2017	2016	2017	2016
<b>(b) Expenses and others (Continued)</b>				
<b>Associates, joint ventures and related companies</b>				
Purchase of raw materials and goods	15,094	13,942	149	158
Construction costs of buildings, structures and others	584	407	45	45
Rental and service fees	435	384	83	69
Purchase of equipment and others	74	57	29	32
Software application fees	7	7	-	-
Trademark license fees	15	8	-	-
Interest expenses	2	2	-	-
Insurance premium	-	46	-	19
Loss on sale of fixed assets	2	-	-	-
Other expenses	409	401	32	43

*For the nine-month period ended 30 September*

			(Unit: Million Baht)	
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2017	2016	2017	2016
<b>(a) Revenues</b>				
<b>Significant influence entity</b>				
Software application income	1	1	-	-
Training and seminar income	1	1	-	-
Rental, service and other income	1	-	-	-
<b>Subsidiaries</b>				
Dividend income	-	-	10,302	9,288
Interest income	-	-	2,484	3,145
Sale of goods	-	-	1,893	2,001
Rental, service and other income	-	-	8	8
Gain on sale of fixed assets	-	-	-	57
<b>Associates, joint ventures and related companies</b>				
Sale of goods	40,412	30,151	731	431
Rental, service and other income	131	151	2	2
Dividend income	94	70	56	39
Software application income	23	20	-	-
Training and seminar income	10	18	-	-
Interest income	6	3	-	-

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**For the three-month and nine-month periods ended 30 September 2017 (Unaudited)**

*For the nine-month period ended 30 September (Continued)*

(Unit: Million Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
<b>(b) Expenses and others</b>				
<b>Significant influence entity</b>				
Purchase of raw materials and goods	7,638	7,171	2,213	2,096
Trademark license fees	808	65	4	3
Technical service fees	633	1,429	32	33
<b>Subsidiaries</b>				
Purchase of raw materials and goods	-	-	2,664	3,863
Software application fees	-	-	127	137
Rental and service fees	-	-	47	47
Training and seminar fees	-	-	30	24
Other expenses	-	-	21	37
Loss on sale of fixed assets	-	-	4	-
<b>Associates, joint ventures and related companies</b>				
Purchase of raw materials and goods	45,553	37,395	444	437
Construction costs of buildings, structures and others	1,446	1,063	94	115
Rental and service fees	1,215	1,142	252	229
Purchase of equipment and others	196	127	92	50
Software application fees	22	22	-	-
Trademark license fees	36	25	-	-
Interest expenses	6	5	-	-
Technical service fees	4	-	-	-
Loss on sale of fixed assets	2	-	-	-
Insurance premium	-	152	-	57
Other expenses	1,115	888	102	81

**4.2 Balances with related parties as at 30 September 2017 and 31 December 2016 were as follows:**

**4.2.1 Accounts receivable - trade and others**

(Unit: Million Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Significant influence entity	1	1	-	-
Subsidiaries	-	-	1,046	1,354
Associates and joint ventures	3,607	3,271	22	38
Related companies	7,272	6,048	189	133
<b>Total</b>	<b>10,880</b>	<b>9,320</b>	<b>1,257</b>	<b>1,525</b>

# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

### 4.2.2 Short-term loans

(Unit: Million Baht)

	<b>Consolidated financial statements</b>		
	Outstanding balance		
	30 September 2017	31 December 2016	Average balance
Joint venture	196	-	79
Associate	2	-	2
<b>Total</b>	<b>198</b>	<b>-</b>	<b>81</b>

(Unit: Million Baht)

	<b>Separate financial statements</b>		
	Outstanding balance		
	30 September 2017	31 December 2016	Average balance
Subsidiaries	39,006	34,583	29,833
<b>Total</b>	<b>39,006</b>	<b>34,583</b>	<b>29,833</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.

### 4.2.3 Accrued dividend income

(Unit: Million Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Subsidiaries	-	-	3,825	-
Associates	218	177	-	-
Related companies	62	-	38	-
<b>Total</b>	<b>280</b>	<b>177</b>	<b>3,863</b>	<b>-</b>

### 4.2.4 Accrued interest income

(Unit: Million Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Subsidiaries	-	-	250	97
<b>Total</b>	<b>-</b>	<b>-</b>	<b>250</b>	<b>97</b>

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**Notes to the interim financial statements**

**For the three-month and nine-month periods ended 30 September 2017 (Unaudited)**

**4.2.5 Long-term loans**

	(Unit: Million Baht)		
	<b>Separate financial statements</b>		
	Outstanding balance		
	30 September 2017	31 December 2016	Average balance
<b>Subsidiaries</b>	<b>18,174</b>	<b>6,880</b>	<b>17,897</b>
Less current portion	-	(867)	
<b>Net</b>	<b>18,174</b>	<b>6,013</b>	

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

**4.2.6 Accounts payable - trade and others**

	<b>Consolidated</b>		(Unit: Million Baht)	
	<b>financial statements</b>		<b>Separate</b>	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Significant influence entity	564	366	108	54
Subsidiaries	-	-	187	136
Associates and joint ventures	353	282	5	5
Related companies	2,821	4,033	87	70
<b>Total</b>	<b>3,738</b>	<b>4,681</b>	<b>387</b>	<b>265</b>

**4.2.7 Short-term borrowings**

	(Unit: Million Baht)		
	<b>Consolidated financial statements</b>		
	Outstanding balance		
	30 September 2017	31 December 2016	Average balance
Joint ventures	547	291	474
<b>Total</b>	<b>547</b>	<b>291</b>	<b>474</b>

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

# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

### 4.3 Balances of loans/borrowings and interest rates

Balances of loans/borrowings and interest rates as at 30 September 2017 and 31 December 2016 are summarised as follows:

Consolidated financial statements						
(Unit: Million Baht)						
	Balance with fixed interest rate		Balance with floating interest rate		Average interest rate (%)	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Short-term loan to associate	-	-	2	-	4.95	-
Short-term loan to joint venture	196	-	-	-	4.85	-
Short-term borrowings from joint ventures	547	291	-	-	2.00	2.00
Separate financial statements						
(Unit: Million Baht)						
	Balance with fixed interest rate		Balance with floating interest rate		Average interest rate (%)	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Short-term loans to subsidiaries	-	9,254	39,006	25,329	7.13	7.38
Long-term loans to subsidiaries	17,893	6,880	281	-	6.58	5.26

### 4.4 Key management personnel compensations

Key management personnel compensations consist of:

	<b>Consolidated financial statements</b>		<i>(Unit: Million Baht)</i> <b>Separate financial statements</b>	
	2017	2016	2017	2016
<i>For the three-month period ended 30 September</i>				
Short-term employee benefits	142	118	66	55
Post-employment under defined benefit plans	3	3	1	1
<b>Total</b>	<b>145</b>	<b>121</b>	<b>67</b>	<b>56</b>

# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2017	2016	2017	2016
<i><b>For the nine-month period ended 30 September</b></i>				
Short-term employee benefits	425	347	211	163
Post-employment under defined benefit plans	8	9	3	3
<b>Total</b>	<b>433</b>	<b>356</b>	<b>214</b>	<b>166</b>
<i><b>As at 30 September</b></i>				
Employee benefit obligations	301	257	116	86
<b>Total</b>	<b>301</b>	<b>257</b>	<b>116</b>	<b>86</b>

### 4.5 Commitments

As at 30 September 2017 and 31 December 2016 the Group had commitments with related parties as follows:

#### 4.5.1 Capital commitments

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
<i>Contracted but not provided for</i>				
Mainly represents contracts for construction of buildings and structures, and purchase of machinery and others	<b>568</b>	<b>389</b>	<b>7</b>	<b>80</b>

#### 4.5.2 Commitments under operating lease agreements

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Within one year	968	940	278	291
Over one year but within five years	1,774	1,790	274	379
Over five years	369	373	-	-
<b>Total</b>	<b>3,111</b>	<b>3,103</b>	<b>552</b>	<b>670</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 during 2017 to 2026.



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**4.6 Significant agreements**


As at 30 September 2017 the Group had the following significant agreements with related parties:


**4.6.1 Technical service agreements**

The Company and certain subsidiaries have technical service agreements with a significant influence entity, Charoen Pokphand Group Company Limited (“CPG”). Under the terms of the agreements, CPG agrees to research and develop the raw material ingredients for the production of animal feeds for the Company and subsidiaries. In this regard, the Company and subsidiaries are committed to pay the technical service fee, which is calculated from the feed production quantity dependent upon the types of feed as stipulated in the agreements, to CPG. The minimum service fee ranges from Baht 0.1 million to Baht 1.3 million per month. These agreements are in effect starting from 1 January 2017 to 31 December 2017.

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

**4.6.2 Trademark agreements**

A subsidiary (CPF Trading Company Limited) has trademark agreement with CPG for the right to use  trademark. In this regard, the subsidiary is committed to pay the trademark license fees to CPG at the rates as stipulated in the agreement. 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 as stipulated in the agreements. These agreements are effective starting from 1 January 2017 to 31 December 2017.

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.

**4.6.3 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.

# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

### 4.6.4 Service agreements for import and export transactions

The Company and certain subsidiaries have service agreements with a related company, C.P. Intertrade Co., Ltd. ("CPI"). Under the terms of the agreements, CPI agrees to provide documentation services and others relating to import and export transactions of the Company and subsidiaries. In this regard, the Company and subsidiaries are committed to pay the service fees to CPI at the agreed rate stipulated in the agreements. These agreements are in effect since 1 July 2017 to 30 June 2019.

### 4.6.5 Software application agreements

A subsidiary (CPF IT Center Co., Ltd.) has information technology service and software application agreements with local and foreign related companies. The 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

## 5 Accounts receivable - trade and others

		(Unit: Million Baht)			
		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Related parties	4	10,880	9,320	1,257	1,525
Other parties		24,051	22,141	2,886	2,033
<b>Total</b>		<b>34,931</b>	<b>31,461</b>	<b>4,143</b>	<b>3,558</b>
Less allowance for doubtful accounts		(808)	(782)	(6)	(7)
<b>Net</b>		<b>34,123</b>	<b>30,679</b>	<b>4,137</b>	<b>3,551</b>

		(Unit: Million Baht)			
		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2017	2016	2017	2016
<b>Bad and doubtful debts expense (reversal of allowance for doubtful accounts) for the :</b>					
- three-month period ended 30 September		<b>39</b>	<b>53</b>	<b>-</b>	<b>(3)</b>
- nine-month period ended 30 September		<b>78</b>	<b>154</b>	<b>-</b>	<b>12</b>

# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

### For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

The outstanding balances of doubtful accounts receivable - trade and others that the Group and the Company have considered and already provided the allowance for doubtful accounts as at 30 September 2017 and 31 December 2016 classified by aging were as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30 September	31 December	30 September	31 December
	2017	2016	2017	2016
Periods over credit terms:				
Over 3 months to 6 months	109	130	-	1
Over 6 months to 12 months	128	103	-	-
Over 12 months	571	549	6	6
<b>Total</b>	<b>808</b>	<b>782</b>	<b>6</b>	<b>7</b>

## 6 Investments held as available for sale

Movements during the nine-month period ended 30 September were as follows:

	<b>Consolidated</b>	
	<b>financial statements</b>	
	2017	2016
At 1 January	5,265	3,659
Acquisition/additional investment	-	1,334
Transfer from investment in other companies	240	-
Changes in fair value	214	267
Currency translation differences	(227)	(118)
<b>At 30 September</b>	<b>5,492</b>	<b>5,142</b>
<b>At 31 December</b>		<b>5,265</b>

### Details of investments held as available for sale

Investments held as available for sale as at 30 September 2017 and 31 December 2016 were as follows:

	Ownership interest (both direct and indirect) (%)		<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>		<b>financial statements</b>	
	30	31	30	31	30	31
	September	December	September	December	September	December
	2017	2016	2017	2016	2017	2016
<b>Marketable security</b>						
- at fair value						
True Corporation Public Company Limited - at cost	2.21	2.21	7,926	8,153	-	-
Zhejiang Huatong Meat Products Co., Ltd.	3.74	-	240	-	-	-
Changes in fair value			(2,674)	(2,888)	-	-
<b>Total</b>			<b>5,492</b>	<b>5,265</b>	<b>-</b>	<b>-</b>

# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

### Carrying amount and fair value of financial instruments carried at fair value

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

	Carrying amount	(Unit: Million Baht)			
		Consolidated financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
<b>30 September 2017</b>					
<i>Non-current</i>					
Equity security held as available for sale	5,492	5,492	-	-	5,492

## 7 Investments in subsidiaries

Movements during the nine-month period ended 30 September were as follows:

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	2017	2016	2017	2016
At 1 January	-	-	120,795	86,938
Acquisitions/additional investments	-	-	12,124	13,061
<b>At 30 September</b>	<b>-</b>	<b>-</b>	<b>132,919</b>	<b>99,999</b>
<b>At 31 December</b>		<b>-</b>		<b>120,795</b>

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**For the three-month and nine-month periods ended 30 September 2017 (Unaudited)**

*Details of investments in subsidiaries and dividend income*

Investments in subsidiaries as at 30 September 2017 and 31 December 2016, and dividend income for the nine-month period ended 30 September 2017 and 2016 were as follows:

(Unit: Million Baht)

	Separate financial statements											
	Ownership interest (%)		Paid-up share capital		Cost method		Accumulated impairment		At cost - net		Dividend income for nine months ended	
	30	31	30	31	30	31	30	31	30	31	30	30
	September 2017	December 2016	September 2017	December 2016	September 2017	December 2016	September 2017	December 2016	September 2017	December 2016	September 2017	September 2016
<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	87	119
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>87</b>	<b>119</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	-	626
CPF (Thailand) Public Company Limited	99.98	99.98	10,512	9,110	29,401	22,393	-	-	29,401	22,393	-	3,188
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	10,215	5,355
Chester Food Co., Ltd.	99.99	99.99	80	80	450	450	-	-	450	450	-	-
CPF Food Research & Development Center Co., Ltd.	99.99	99.99	250	125	250	125	-	-	250	125	-	-
Bellisio Investment, LLC	100.00	100.00	20,925	20,925	20,925	20,925	-	-	20,925	20,925	-	-

# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

### For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

#### 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 for nine months ended	
	30	31	30	31	30	31	30	31	30	31	30	30
	September 2017	December 2016	September 2017	December 2016	September 2017	December 2016	September 2017	December 2016	September 2017	December 2016	September 2017	September 2016
C.P. Aquaculture (Beihai) Co., Ltd.	100.00	100.00	602	602	602	602	-	-	602	602	-	-
C.P. Aquaculture (Dongfang) Co., Ltd.	100.00	100.00	755	755	755	755	-	-	755	755	-	-
C.P. Aquaculture (Hainan) Co., Ltd.	100.00	100.00	126	126	126	126	-	-	126	126	-	-
C.P. Aquaculture (Zhanjiang) Co., Ltd.	100.00	-	333	-	333	-	-	-	333	-	-	-
C.P. Standart Gida Sanayi ve Ticaret A.S.	49.03	5.63	4,406	3,409	1,587	618	-	-	1,587	618	-	-
Charoen Pokphand Foods Kenya Co., Ltd.	99.99	99.99	8	8	8	8	(4)	(4)	4	4	-	-
Charoen Pokphand Foods (Overseas) LLC.	10.21	10.21	2,819	2,819	1,394	1,394	(938)	(938)	456	456	-	-
Charoen Pokphand Foods Philippines Corporation	27.78	27.78	3,954	3,954	1,055	1,055	-	-	1,055	1,055	-	-
CPF Investment Limited	100.00	100.00	48,335	44,663	48,335	44,663	-	-	48,335	44,663	-	-
CPF Tanzania Limited	58.26	58.26	224	224	129	129	(125)	(125)	4	4	-	-
C.P. Foods Holdings Limited	100.00	100.00	1	1	1	1	-	-	1	1	-	-
C.P. Foods International Limited	100.00	100.00	1	1	1	1	-	-	1	1	-	-
CPF Netherlands B.V.	99.99	99.99	12,541	12,541	12,926	12,926	-	-	12,926	12,926	-	-
CPF Poland S.A. Organizacja	66.67	-	27	-	17	-	-	-	17	-	-	-
<b>Total</b>					<b>128,795</b>	<b>116,671</b>	<b>(1,067)</b>	<b>(1,067)</b>	<b>127,728</b>	<b>115,604</b>	<b>10,215</b>	<b>9,169</b>
<b>Grand Total</b>					<b>133,986</b>	<b>121,862</b>	<b>(1,067)</b>	<b>(1,067)</b>	<b>132,919</b>	<b>120,795</b>	<b>10,302</b>	<b>9,288</b>

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## Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

### 8 Investments in associates

Movements during the nine-month period ended 30 September were as follows:

	<b>Consolidated financial statements</b>		<i>(Unit: Million Baht)</i> <b>Separate financial statements</b>	
	2017	2016	2017	2016
At 1 January	75,786	65,312	335	335
Share of profit	5,459	4,603	-	-
Dividend income	(3,336)	(3,033)	-	-
Acquisitions/additional investments	10,124	4,012	-	-
Disposals	(4,410)	(1,529)	-	-
Currency translation differences	(163)	(291)	-	-
Others	6	(45)	-	-
<b>At 30 September</b>	<b>83,466</b>	<b>69,029</b>	<b>335</b>	<b>335</b>
<b>At 31 December</b>		<b>75,786</b>		<b>335</b>

The Group accounts for the investment in ordinary shares of an associate (CP ALL Public Company Limited), which is a listed company in the Stock Exchange of Thailand, in the consolidated interim financial statements by the equity method. As at 30 September 2017, the fair value of this investment was Baht 209,150 million (*31 December 2016: Baht 197,935 million*).

During the nine-month period ended 30 September 2017, a subsidiary sold a portion of the investment in an associate with the carrying amount of Baht 4,410 million (*2016: Baht 1,529 million*) with gain on sale of investment amounting to Baht 7,792 million (*2016: Baht 2,126 million*), which is presented in the consolidated statement of income.

# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

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### Details of investments in associates and dividend income

Investments in associates as at 30 September 2017 and 31 December 2016, and dividend income for the nine-month period ended 30 September 2017 and 2016 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 for nine months ended	
	30	31	30	31	30	31	30	31	30	31	30	31	30	30
	September 2017	December 2016	September 2017	December 2016	September 2017	December 2016	September 2017	December 2016	September 2017	December 2016	September 2017	December 2016	September 2017	September 2016
<b>Marketable security</b>														
CP ALL Public Company Limited	34.87	35.24	8,983	8,983	65,432	59,061	76,654	69,144	-	-	76,654	69,144	3,176	2,817
<b>Total</b>					<b>65,432</b>	<b>59,061</b>	<b>76,654</b>	<b>69,144</b>	<b>-</b>	<b>-</b>	<b>76,654</b>	<b>69,144</b>	<b>3,176</b>	<b>2,817</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	110	102	-	-	110	102	20	7
Siam Rivea Co., Ltd.	29.99	29.99	5	5	2	2	2	2	-	-	2	2	-	-
Arbor Acres Thailand Co., Ltd.	49.98	49.98	4	4	2	2	160	134	-	-	160	134	49	44
BHJ Kalino Food AB ("BHJ") *	15.08	15.08	5	5	24	24	29	29	-	-	29	29	2	2
C.P. Aquaculture (India) Private Limited	31.70	31.70	192	192	176	176	794	712	-	-	794	712	-	-
Charoen Pokphand Holdings (Malaysia) Sdn. Bhd.	49.75	49.75	353	353	176	176	1,333	1,352	-	-	1,333	1,352	-	-



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**For the three-month and nine-month periods ended 30 September 2017 (Unaudited)**

*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 for nine months ended	
	(%)													
	30	31	30	31	30	31	30	31	30	31	30	31	30	30
	September	December	September	December	September	December	September	December	September	December	September	December	September	September
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Chia Tai Conti (Cixi) Investment Management Co., Ltd.	25.21	25.21	5	5	8	3	6	2	-	-	6	2	-	-
Cixi Zhuda Investment Center Limited Partnership **	0.50	-	3	-	-	-	-	-	-	-	-	-	-	-
Conti Chia Tai International Limited	25.21	25.21	767	767	1,052	1,052	1,561	1,481	-	-	1,561	1,481	-	163
Ningxia Xiao Ming Animal Husbandry Co., Ltd. **	8.34	8.34	293	293	749	749	735	748	-	-	735	748	6	-
Qingdao Yi Bang Bio Engineering Co., Ltd. **	6.05	6.05	147	147	1,358	1,358	1,403	1,378	-	-	1,403	1,378	34	-
Zhan Jiang Deni Carburetor Co., Ltd. ***	14.12	14.12	581	581	424	424	516	539	-	-	516	539	49	-
<b>Total</b>					<b>4,165</b>	<b>4,160</b>	<b>6,812</b>	<b>6,642</b>	<b>-</b>	<b>-</b>	<b>6,812</b>	<b>6,642</b>	<b>160</b>	<b>216</b>
<b>Grand total</b>					<b>69,597</b>	<b>63,221</b>	<b>83,466</b>	<b>75,786</b>	<b>-</b>	<b>-</b>	<b>83,466</b>	<b>75,786</b>	<b>3,336</b>	<b>3,033</b>

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

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

#### **For the three-month and nine-month periods ended 30 September 2017 (Unaudited)**

\* 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 interim financial statements.

\*\* Ningxia Xiao Ming Animal Husbandry Co., Ltd. (“Ningxia Xiao Ming”), Qingdao Yi Bang Bio Engineering Co., Ltd. (“Qingdao Yi Bang”) and Cixi Zhuda Investment Center Limited Partnership (“Cixi Zhuda”) are associates in which 16.54%, 12.00%, and 1.00% respectively of the total issued and paid-up share capital were held by Chia Tai (China) Investment Co., Ltd. (“CTI”), a 50.43% indirectly owned subsidiary. Therefore, the Group accounted for its investments in Ningxia Xiao Ming, Qingdao Yi Bang and Cixi Zhuda using the equity method based on 8.34%, 6.05%, and 0.5% shareholding in the consolidated interim financial statements respectively. In this regard, CTI exercises significant influence in Ningxia Xiao Ming, Qingdao Yi Bang, and Cixi Zhuda by having representatives in the board of directors and involving in setting the policy and making the significant decisions for Ningxia Xiao Ming, Qingdao Yi Bang, and Cixi Zhuda. 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 interim financial statements.

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**Notes to the interim financial statements**

**For the three-month and nine-month periods ended 30 September 2017 (Unaudited)**

*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 for nine months ended	
	30	31	30	31	30	31	30	31	30	31	30	30
	September 2017	December 2016	September 2017	December 2016	September 2017	December 2016	September 2017	December 2016	September 2017	December 2016	September 2017	September 2016
<i>Non-marketable securities</i>												
Nava 84 Co., Ltd.	25.00	25.00	1,203	1,203	159	159	-	-	159	159	-	-
C.P. Aquaculture (India) Private Limited	31.70	31.70	192	192	176	176	-	-	176	176	-	-
<b>Total</b>					<b>335</b>	<b>335</b>	<b>-</b>	<b>-</b>	<b>335</b>	<b>335</b>	<b>-</b>	<b>-</b>

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**Notes to the interim financial statements**

**For the three-month and nine-month periods ended 30 September 2017 (Unaudited)**

**9 Investments in joint ventures**

Movements during the nine-month period ended 30 September were as follows:

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
At 1 January	4,582	4,419	-	-
Share of profit	371	304	-	-
Dividend income	(41)	(184)	-	-
Acquisitions/additional investments	1,888	-	1,882	-
Currency translation differences	(43)	(104)	-	-
<b>At 30 September</b>	<b>6,757</b>	<b>4,435</b>	<b>1,882</b>	<b>-</b>
<b>At 31 December</b>		<b>4,582</b>		<b>-</b>

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**Notes to the interim financial statements**

**For the three-month and nine-month periods ended 30 September 2017 (Unaudited)**

*Details of investments in joint ventures*

Investments in joint ventures as at 30 September 2017 and 31 December 2016 and dividend income for the nine-month period ended 30 September 2017 and 2016 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 for nine months ended	
	(%)													
	30 September 2017	31 December 2016	30 September 2017	31 December 2016	30 September 2017	31 December 2016	30 September 2017	31 December 2016	30 September 2017	31 December 2016	30 September 2017	31 December 2016	30 September 2017	30 September 2016
<b>Non-marketable securities</b>														
CP-Meiji Co., Ltd. ("CP-Meiji") *	59.99	59.99	500	500	1,200	1,200	1,866	1,656	-	-	1,866	1,656	-	-
Beijing Chia Tai Feedmill Co., Ltd.	25.21	25.21	157	157	128	128	206	192	-	-	206	192	-	-
Handan Chia Tai Feed Co., Ltd.	25.21	25.21	56	56	-	-	20	20	-	-	20	20	2	2
Jilin Chia Tai Enterprise Co., Ltd.	25.21	25.21	261	261	211	211	217	216	-	-	217	216	-	16
Henan East Chia Tai Co., Ltd.	25.21	25.21	170	170	225	225	253	262	-	-	253	262	39	39
ECI Metro Investment Co., Ltd.	25.21	25.21	378	378	1,296	1,296	2,355	2,236	-	-	2,355	2,236	-	127
SuperDrob Zakłady Drobiarsko - Mięsne S.A.	33.00	-	2,825	-	1,882	-	1,832	-	-	-	1,832	-	-	-
Westbridge Foods Holding B.V. **	50.00	-	1	-	6	-	8	-	-	-	8	-	-	-
<b>Total</b>					<b>4,948</b>	<b>3,060</b>	<b>6,757</b>	<b>4,582</b>	<b>-</b>	<b>-</b>	<b>6,757</b>	<b>4,582</b>	<b>41</b>	<b>184</b>

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

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

### **For the three-month and nine-month periods ended 30 September 2017 (Unaudited)**

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

\*\* Westbridge Foods Holding B.V. is a joint venture because each investor has joint control over significant financial and operating decisions and has right to the net assets of Westbridge Foods Holding B.V. The Group accounts for investments in joint ventures using the equity method in the consolidated interim financial statements.

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**Notes to the interim financial statements**

**For the three-month and nine-month periods ended 30 September 2017 (Unaudited)**

*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				for nine months ended	
	30	31	30	31	30	31	30	31	30	31	30	30
	September	December	September	December	September	December	September	December	September	December	September	September
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<i>Non-marketable securities</i>												
SuperDrob Zakłady Drobiarsko												
- Mięsne S.A.	33.00	-	2,825	-	1,882	-	-	-	1,882	-	-	-
<b>Total</b>					<b>1,882</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,882</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

### 10 Investments in related companies

Movements during the nine-month period ended 30 September were as follows:

	<b>Consolidated financial statements</b>		<i>(Unit: Million Baht)</i> <b>Separate financial statements</b>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
At 1 January	1,605	1,608	678	678
Currency translation differences	(48)	(27)	-	-
<b>At 30 September</b>	<b><u>1,557</u></b>	<b><u>1,581</u></b>	<b><u>678</u></b>	<b><u>678</u></b>
<b>At 31 December</b>		<b><u>1,605</u></b>		<b><u>678</u></b>

#### *Details of investments in related companies*

Investments in related companies as at 30 September 2017 and 31 December 2016 were as follows:

	<i>(Unit: Million Baht)</i> Ownership interest (both direct and indirect) (%)		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>30 September 2017</u>	<u>31 December 2016</u>	<u>30 September 2017</u>	<u>31 December 2016</u>	<u>30 September 2017</u>	<u>31 December 2016</u>
<b>Non-marketable securities</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	1,166	1,214	528	528
<b>Total</b>			<b><u>1,557</u></b>	<b><u>1,605</u></b>	<b><u>678</u></b>	<b><u>678</u></b>



# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

### 11 Property, plant and equipment

Acquisitions, disposals and transfers of property, plant and equipment during the nine-month period ended 30 September were as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	2017		2016	
	Acquisitions and transfers in - at cost/ net book value	Disposals and transfers out - net book value	Acquisitions and transfers in - at cost/ net book value	Disposals and transfers out - net book value
Land	1,517	30	129	49
Buildings and building improvements and utilities system	7,467	94	9,506	325
Machinery and equipment	10,572	64	7,924	248
Others	1,196	41	980	42
Assets under construction and installation	17,160	14,136	13,261	13,324
<b>Total</b>	<b>37,912</b>	<b>14,365</b>	<b>31,800</b>	<b>13,988</b>

(Unit: Million Baht)

	Separate financial statements			
	2017		2016	
	Acquisitions and transfers in - at cost/ net book value	Disposals and transfers out - net book value	Acquisitions and transfers in - at cost/ net book value	Disposals and transfers out - net book value
Land	-	-	-	42
Buildings and building improvements and utilities system	366	5	690	151
Machinery and equipment	508	1	415	131
Others	52	-	26	1
Assets under construction and installation	769	610	593	984
<b>Total</b>	<b>1,695</b>	<b>616</b>	<b>1,724</b>	<b>1,309</b>

# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

### 12 Accounts payable - trade and others

		(Unit: Million Baht)			
		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Related parties	4	3,738	4,681	387	265
Other parties		24,337	26,881	1,183	1,093
<b>Total</b>		<b>28,075</b>	<b>31,562</b>	<b>1,570</b>	<b>1,358</b>

### 13 Subordinated perpetual debentures

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

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

In the third quarter of 2017, the Company paid interest expense to the debenture holders amount of Baht 378 million. As at 30 September 2017, interest expenses which the debenture holders have the right to receive; had the interest payment been announced, is amounting to Baht 60 million.

The issuance cost net of income tax and interest expense net of income tax of Baht 60 million and 301 million respectively is deducted from unappropriated retained earnings in the statements of financial position as at 30 September 2017.

# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

### 14 Share capital

*For the nine-month period ended 30 September*

		(Unit: Million Shares/Million Baht)			
		Consolidated financial statements/ Separate financial statements			
	Par value per share (in Baht)	2017		2016	
		Number of shares	Amount	Number of shares	Amount
<b>Authorised</b>					
At 1 January					
- ordinary shares	1	7,743	7,743	7,743	7,743
Issue of new shares					
- ordinary shares	1	1,549	1,549	-	-
<b>At 30 September</b>					
<b>- ordinary shares</b>	<b>1</b>	<b>9,292</b>	<b>9,292</b>	<b>7,743</b>	<b>7,743</b>
<b>Issued and paid-up</b>					
At 1 January					
- ordinary shares	1	7,743	7,743	7,743	7,743
Issue of new shares					
- ordinary shares	1	868	868	-	-
<b>At 30 September</b>					
<b>- ordinary shares</b>	<b>1</b>	<b>8,611</b>	<b>8,611</b>	<b>7,743</b>	<b>7,743</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 authorised share capital of the Company from the existing authorised share capital of Baht 7,742,941,932 to Baht 9,291,530,318 by issuing 1,548,588,386 new ordinary shares with a par value of Baht 1 per share, offering to the existing shareholders of the Company in the proportion to their respective shareholdings (Rights Offering) for 5 existing ordinary shares to 1 newly issued ordinary share at the offering price of Baht 25 per share. A fraction of shares which is less than one share as a result of the calculation shall be disregarded. The share subscription period was from 24 July 2017 to 31 July 2017.

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

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

# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

### 15 Treasury shares

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
<b>Ordinary shares of the Company held by subsidiaries</b>				
At 1 January	1,135	1,135	-	-
Increase	1,774	-	-	-
<b>Total</b>	<b>2,909</b>	<b>1,135</b>	<b>-</b>	<b>-</b>

### 16 Segment information

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

#### *Information about reportable segments*

The Group comprises the following main segments:

Segment 1 : Livestock business

Segment 2 : Aquaculture business

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

	<i>(Unit: Million Baht)</i> <b>Consolidated financial statements</b>			
	Three-month period ended 30 September		Nine-month period ended 30 September	
	2017	2016	2017	2016
<b><i>Segment revenue</i></b>				
Livestock business	104,611	101,872	314,479	291,177
Aquaculture business	21,826	20,677	57,545	53,662
<b>Total</b>	<b>126,437</b>	<b>122,549</b>	<b>372,024</b>	<b>344,839</b>
<b><i>Segment results</i></b>				
Livestock business	4,009	7,819	7,762	24,364
Aquaculture business	2,596	1,743	5,969	2,782
<b>Total allocated segment results</b>	<b>6,605</b>	<b>9,562</b>	<b>13,731</b>	<b>27,146</b>
Unallocated segment results	(349)	(2,828)	1,318	(9,068)
<b>Profit for the period</b>	<b>6,256</b>	<b>6,734</b>	<b>15,049</b>	<b>18,078</b>

# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

### *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

Details of the geographic segment financial information of the geographical area of the Group as at 30 September 2017 and 31 December 2016 and for the three-month and nine-month periods ended 30 September were as follows:

*(Unit: Million Baht)*

	<b>Consolidated financial statements</b>			
	Three-month period ended 30 September		Nine-month period ended 30 September	
	2017	2016	2017	2016
<b><i>Revenue from external customers</i></b>				
Thailand	37,439	39,123	112,035	112,726
Asia	70,287	71,503	203,577	196,322
Europe	12,747	10,490	36,669	32,031
America	5,734	985	18,641	2,821
Others	230	448	1,102	939
<b>Total</b>	<b>126,437</b>	<b>122,549</b>	<b>372,024</b>	<b>344,839</b>

*(Unit: Million Baht)*

	<b>Consolidated financial statements</b>	
	30 September 2017	31 December 2016
<b><i>Property, plant and equipment and other intangible assets (excluded goodwill)</i></b>		
Thailand	72,459	68,941
Asia	92,323	88,181
Europe	18,898	18,309
America	17,180	19,410
Others	-	24
<b>Total</b>	<b>200,860</b>	<b>194,865</b>

# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

### 17 Basic earnings per share

The calculations of basic earnings per share for the three-month and nine-month periods ended 30 September 2017 and 2016 were based on the profit for the periods attributable to ordinary shareholders of the Company less cumulative interest expense for the period net of income tax on subordinated perpetual debentures and the weighted average number of ordinary shares held by third parties outstanding during the three-month and nine month periods then ended as follows:

*For the three-month period ended 30 September*

	(Unit: Million Baht/Million shares)			
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2017	2016	2017	2016
<b>Profit for the period attributable to ordinary shareholders of the Company</b>	<b>4,914</b>	<b>5,184</b>	<b>3,643</b>	<b>3,232</b>
<i>Less: cumulative interest expense for the period net of income tax on subordinated perpetual debentures</i>	<i>(117)</i>	<i>-</i>	<i>(117)</i>	<i>-</i>
<b>Profit used in calculation of basic earnings per share</b>	<b>4,797</b>	<b>5,184</b>	<b>3,526</b>	<b>3,232</b>
<b>Weighted average number of ordinary shares held by third parties outstanding</b>				
Number of ordinary shares outstanding at beginning of period	7,743	7,743	7,743	7,743
Effect of shares issued	579	-	579	-
Treasury shares held by subsidiaries	(402)	(355)	-	-
<b>Net</b>	<b>7,920</b>	<b>7,388</b>	<b>8,322</b>	<b>7,743</b>
<b>Basic earnings per share (in Baht)</b>	<b>0.61</b>	<b>0.70</b>	<b>0.42</b>	<b>0.42</b>

# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

*For the nine-month period ended 30 September*

	<i>(Unit: Million Baht/Million shares)</i>			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Profit for the period attributable to ordinary shareholders of the Company</b>	<b>12,933</b>	<b>12,965</b>	<b>8,595</b>	<b>7,845</b>
<i>Less: cumulative interest expense for the period net of income tax on subordinated perpetual debentures</i>	<i>(361)</i>	<i>-</i>	<i>(361)</i>	<i>-</i>
<b>Profit used in calculation of basic earnings per share</b>	<b>12,572</b>	<b>12,965</b>	<b>8,234</b>	<b>7,845</b>
<b>Weighted average number of ordinary shares held by third parties outstanding</b>				
Number of ordinary shares outstanding at beginning of period	7,743	7,743	7,743	7,743
Effect of shares issued	193	-	193	-
Treasury shares held by subsidiaries	(371)	(355)	-	-
<b>Net</b>	<b>7,565</b>	<b>7,388</b>	<b>7,936</b>	<b>7,743</b>
<b>Basic earnings per share (in Baht)</b>	<b>1.66</b>	<b>1.75</b>	<b>1.04</b>	<b>1.01</b>

## 18 Dividends

Details of dividends for the nine-month period ended 30 September 2017 and 2016 were as follows:

Approval date to pay dividends	Rate per share (Baht)	Number of entitled shares (Shares)	Total (in million Baht)	Source
<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>	

# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

Approval date to pay dividends	Rate per share (Baht)	Number of entitled shares (Shares)	Total (in million Baht)	Source
<b>2016</b>				
29 April 2016	0.45	7,742,941,932	3,484	Dividends received from subsidiaries appropriated from taxable profits which were subject to 20% corporate income tax
11 August 2016	0.50	7,742,941,932	3,872	Dividends received from subsidiaries appropriated from taxable profits which were subject to 20% corporate income tax
<b>Total</b>			<b>7,356</b>	

## 19 Commitments with non-related parties

The Group had commitments with non-related parties as at 30 September 2017 and 31 December 2016 as follows:

### 19.1 Capital commitments

	<b>Consolidated financial statements</b>		<i>(Unit: Million Baht)</i> <b>Separate financial statements</b>	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
<i>Contracted but not provided for</i>				
Land, buildings and constructions	3,641	2,461	6	1
Machinery, equipment and others	2,506	1,753	38	37
<b>Total</b>	<b>6,147</b>	<b>4,214</b>	<b>44</b>	<b>38</b>



# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

### 19.2 Commitments under operating lease agreements

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30	31	30	31
	September	December	September	December
	2017	2016	2017	2016
<b><i>Future minimum lease payments under non-cancellable operating leases</i></b>				
Within one year	3,909	3,586	160	131
Over one year but within five years	10,639	9,555	107	127
Over five years	14,994	14,455	5	7
<b>Total</b>	<b>29,542</b>	<b>27,596</b>	<b>272</b>	<b>265</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 50 years expiring in 2017 to 2058.

### 19.3 Other commitments

The Company had a Cooperative Technical agreement with Maejo University (the “university”) whereby the university allowed the Company to use its land and constructions thereon in developing shrimp ponds and as the research and training center 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 30 September 2017 totaled Baht 35 million (31 December 2016: Baht 31 million).

### 19.4 Letters of credit

The certain subsidiaries had commitments under the issued letters of credit totaling Baht 1,554 million (31 December 2016: the Company and certain subsidiaries had commitments totaling Baht 1 million and Baht 1,177 million respectively).

### 19.5 Letters of guarantee

- The Company and certain subsidiaries had commitments with financial institutions for letters of guarantee issued by the financial institutions in favor of government agencies and others totaling Baht 1,190 million and Baht 1,845 million respectively (31 December 2016: Baht 17 million and Baht 3,133 million respectively). The letters of guarantee are principally covering the guarantee of taxes, duties and sale of goods.
- Certain foreign subsidiaries have commitments with foreign financial institutions for letters of financial guarantees issued for the customers in feed business of those subsidiaries totaling Baht 783 million (31 December 2016: Baht 1,108 million).

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

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

**For the three-month and nine-month periods ended 30 September 2017 (Unaudited)**

### **20 Guarantees**

As at 30 September 2017 certain foreign subsidiaries pledged their assets as collateral for their borrowings from financial institutions as follows:

20.1 Ordinary shares of the following foreign subsidiaries:

- (a) C.P. Pokphand Co., Ltd. totaling 5,984 million shares with fair value of Baht 16,087 million (*31 December 2016: 5,154 million ordinary shares with fair value of Baht 22,876 million*).
- (b) Pravdinsk Pig Production Closed Joint Stock Company totaling 51,000 shares with carrying value of Baht 181 million (*31 December 2016: 51,000 ordinary shares with carrying value of Baht 182 million*).
- (c) NNPP Limited Liability Company with an authorised share capital of Baht 280 million (*31 December 2016: Baht 283 million*).
- (d) NNPP-2 Limited Liability Company with an authorised share capital of Baht 347 million (*31 December 2016: Nil*).

20.2 Property, plant and equipment with net book value of Baht 9,163 million (*31 December 2016: Baht 8,708 million*).

20.3 Current assets and non-current assets mainly comprising of inventories and net accounts receivable and payable, with carrying value of Baht 3,935 million (*31 December 2016: Baht 5,825 million*).

### **21 Events after the reporting period**

On 4 October 2017 CPF Europe S.A. (“CPF EU”), a 99.99% indirectly owned foreign subsidiary of the Company, acquired 23,750 ordinary shares of Paulsen Food GmbH (“PF”) from Peter Paulsen Import-Export GmbH & Co. Handels KG (the “Seller”), representing 95% of total issued shares of PF (the “Acquisition”) at the amount of Euro 12 million or equivalent to approximately Baht 448 million which was fully paid.

PF is incorporated in Germany. PF and subsidiaries (“PF Group”) principally engages in the sale of meat to customers which 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 fair value of the net assets acquired is in the assessment process at the date of interim financial statements were authorised for issue.

# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

### 22 Thai Financial Reporting Standards not yet adopted

The interim financial statements are not prepared to provide the following revised Thai Financial Reporting Standards (“TFRS”) that have been issued as of the reporting date but are not yet effective. These revised TFRS become effective for annual financial periods beginning on or after 1 January 2018. The Group does not plan to early adopt these TFRS.

TFRS	Topic
TAS 1 (revised 2017)	Presentation of Financial Statements
TAS 2 (revised 2017)	Inventories
TAS 7 (revised 2017)	Statement of Cash Flows
TAS 8 (revised 2017)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2017)	Events after the Reporting Period
TAS 12 (revised 2017)	Income Taxes
TAS 16 (revised 2017)	Property, Plant and Equipment
TAS 17 (revised 2017)	Leases
TAS 18 (revised 2017)	Revenue
TAS 19 (revised 2017)	Employee Benefits
TAS 20 (revised 2017)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2017)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2017)	Borrowing Costs
TAS 24 (revised 2017)	Related Party Disclosures
TAS 26 (revised 2017)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2017)	Separate Financial Statements
TAS 28 (revised 2017)	Investments in Associates and Joint Ventures
TAS 33 (revised 2017)	Earnings per Share
TAS 34 (revised 2017)	Interim Financial Reporting
TAS 36 (revised 2017)	Impairment of Assets
TAS 37 (revised 2017)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2017)	Intangible Assets
TAS 40 (revised 2017)	Investment Property
TAS 41 (revised 2017)	Agriculture
TFRS 3 (revised 2017)	Business Combinations
TFRS 5 (revised 2017)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2017)	Operating Segments
TFRS 10 (revised 2017)	Consolidated Financial Statements
TFRS 11 (revised 2017)	Joint Arrangements
TFRS 12 (revised 2017)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2017)	Fair Value Measurement
TSIC 10 (revised 2017)	Government Assistance – No Specific Relation to Operating Activities
TSIC 15 (revised 2017)	Operating Leases – Incentives
TSIC 25 (revised 2017)	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2017)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 32 (revised 2017)	Intangible Assets – Web Site Costs
TFRIC 1 (revised 2017)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2017)	Determining whether an Arrangement contains a Lease

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

**Notes to the interim financial statements**

**For the three-month and nine-month periods ended 30 September 2017 (Unaudited)**

<b>TFRS</b>	<b>Topic</b>
TFRIC 5 (revised 2017)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 10 (revised 2017)	Interim Financial Reporting and Impairment
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 14 (revised 2017)	TAS 19 (revised 2017) Employee Benefits – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 17 (revised 2017)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2017)	Transfers of Assets from Customers
TFRIC 21 (revised 2017)	Levies

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