

**Charoen Pokphand Foods Public Company Limited
and its Subsidiaries**
Condensed notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2019 (Unaudited)

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These condensed notes form an integral part of the interim 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 August 2019.

1 General information

Charoen Pokphand Foods Public Company Limited, the “Company”, is incorporated in Thailand.

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 June 2019 and 31 December 2018 only those with changes during the six-month period ended 30 June 2019 were as follows:

| Name of the entity | Type of business | Country of incorporation | Ownership interest (%) | |
|---|---|--------------------------|------------------------|------------------|
| | | | 30 June 2019 | 31 December 2018 |
| <i>Newly incorporated direct subsidiary</i> | | | | |
| 1) Homegrown Shrimp (USA) LLC. | Shrimp farming | United States of America | 100.00 | - |
| <i>Newly incorporated indirect subsidiaries</i> | | | | |
| 1) CP Aqua Company Limited ⁽¹⁾ | Investment in aquaculture business | Hong Kong | 51.57 | - |
| 2) Chia Tai Feed (Hengyang) Co., Ltd. ⁽¹⁾ | Production and sale of animal feed | China | 51.57 | - |
| 3) CPF Canada Holding Corp. ⁽⁵⁾ | Investment in integrated swine business | Canada | 100.00 | - |
| <i>Indirect subsidiaries from shares acquisition</i> | | | | |
| 1) AHM Lifestyles - Creative Hospitality Co., Ltd. ⁽²⁾ | Restaurant | Vietnam | 45.99 | - |
| 2) Lotus Aquaculture Lanka (Private) Limited ⁽³⁾ | Shrimp hatchery, farm and cold storage | Sri Lanka | 75.00 | - |

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| Name of the entity | Type of business | Country of incorporation | Ownership interest (%) | |
|---|--|--------------------------|------------------------|------------------|
| | | | 30 June 2019 | 31 December 2018 |
| <i>Subsidiaries with change in interests</i> | | | | |
| <i>Direct subsidiary</i> | | | | |
| 1) CPF (Thailand) Public Company Limited | Agro-industrial and integrated food | Thailand | 99.99 | 99.98 |
| <i>Direct and indirect subsidiary</i> | | | | |
| 1) C.P. Pokphand Co., Ltd. | Investment in agro-industrial and food | Bermuda | 51.57 | 50.43 |
| <i>Indirect subsidiary</i> | | | | |
| 1) Charoen Pokphand Foods Canada Inc. ⁽⁴⁾ | Import and export of food products | Canada | 100.00 | 70.00 |
| <i>Liquidated indirect subsidiary</i> | | | | |
| 1) Shanghai Han Tong International Trading Co., Ltd. ⁽¹⁾ | Sale of processed poultry meat | China | - | 35.30 |

⁽¹⁾ A subsidiary of C.P. Pokphand Co., Ltd.

⁽²⁾ A subsidiary of C.P. Vietnam Corporation

⁽³⁾ A subsidiary of CPF (India) Private Limited

⁽⁴⁾ A subsidiary of CPF Investment Limited

⁽⁵⁾ A subsidiary of CPF Netherlands B.V.

During the six-month period ended 30 June 2019, CPF Investment Limited, a 100.00% owned subsidiary of the Company, acquired 289.21 million ordinary shares of C.P. Pokphand Co., Ltd. (“CPP”) from the Stock Exchange of Hong Kong with total consideration of U.S. Dollar 25.51 million or approximately Baht 806.56 million. Subsequent to the share acquisition, the Group has increased its shareholding in CPP and its subsidiaries of 1.14%.

During the six-month period ended 30 June 2019, the Group did not dispose any investments in subsidiaries.

2 Basis of preparation of the interim financial statements

2.1 Statement of compliance

The interim financial statements presented in the same format as the annual financial statements. The notes to the interim financial statements are presented on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions 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 2018. 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 2018.

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2.2 Use of judgements, estimates and accounting policies

In preparing these interim financial statements, judgments and estimates are made by management in applying the Group's accounting policies. Actual results may differ from these estimates. The accounting policies, methods of computation and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2018, except for revenue recognition which requires additional judgement in determining the timing of the transfer of control according to the requirements of TFRS 15 *Revenue from Contracts with Customers* which the Group has initially adopted as disclosed in note 3.

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for current period in preparing these interim financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 20.

Measurement of fair values

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

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

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

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

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

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3 Change in accounting policy

The Group has initially applied TFRS 15 *Revenue from Contracts with Customers* (“TFRS 15”) from 1 January 2019. TFRS 15 establishes a comprehensive framework for determining how much and when revenue is recognised. It replaced TAS 18 *Revenue* (“TAS 18”) and related interpretations.

Before TFRS15 becomes effective, revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. However 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.

The Group has adopted 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). Accordingly, the Group has not applied the requirements under TFRS 15 to comparative information.

Summary of the impact, net of tax, from adopting TFRS 15 is as follows:

| <i>As at 1 January 2019</i> | Consolidated financial statements | <i>(Unit: Million Baht)</i> Separate financial statements |
|---------------------------------------|--|---|
| Decrease in retained earnings | 264 | 31 |
| Decrease in non-controlling interests | 92 | - |

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The following tables summarise the impacts of initial application of TFRS 15 on the consolidated and separate financial statements.

(Unit: Million Baht)

| Statement of financial position As at 30 June 2019 | Consolidated financial statements | | | Separate financial statements | | |
|---|-----------------------------------|-------------|--|-------------------------------|-------------|--|
| | Amounts as reported | Adjustments | Amounts without adoption of TFRS 15 | Amounts as reported | Adjustments | Amounts without adoption of TFRS 15 |
| <i>Assets</i> | | | | | | |
| Accounts receivable - trade and others | 37,556 | 2,654 | 40,210 | 2,859 | 125 | 2,984 |
| Current biological assets | 35,812 | (1,160) | 34,652 | 1,016 | (78) | 938 |
| Other current assets | 6,186 | (764) | 5,422 | 598 | - | 598 |
| Deferred tax assets | 3,799 | (48) | 3,751 | 1,755 | (7) | 1,748 |
| | | 682 | | | 40 | |
| <i>Liabilities</i> | | | | | | |
| Accounts payable - trade and others | 35,682 | 451 | 36,133 | 1,245 | 14 | 1,259 |
| Other current liabilities | 12,320 | (139) | 12,181 | 1,528 | - | 1,528 |
| | | 312 | | | 14 | |
| <i>Shareholders' equity</i> | | | | | | |
| Unappropriated retained earnings | 97,471 | 252 | 97,723 | 53,855 | 26 | 53,881 |
| Currency translation differences | (27,430) | (5) | (27,435) | - | - | - |
| Non-controlling interests | 49,948 | 123 | 50,071 | - | - | - |
| | | 370 | | | 26 | |
| Total | | 682 | | | 40 | |

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(Unit: Million Baht)

| | Consolidated financial statements | | | Separate financial statements | | |
|---|-----------------------------------|-------------|--|-------------------------------|-------------|--|
| | Amounts as reported | Adjustments | Amounts without adoption of TFRS 15 | Amounts as reported | Adjustments | Amounts without adoption of TFRS 15 |
| Statement of income for the three-month periods ended 30 June 2019 | | | | | | |
| Revenue from sale of goods | 133,897 | 6,139 | 140,036 | 6,429 | 130 | 6,559 |
| Cost of sales of goods | 115,284 | 6,099 | 121,383 | 6,108 | 135 | 6,243 |
| Gross profit | 18,613 | 40 | 18,653 | 321 | (5) | 316 |
| Profit before income tax expense (income) | 6,403 | 40 | 6,443 | 2,431 | (5) | 2,426 |
| Income tax expense (income) | 1,172 | (4) | 1,168 | (119) | (1) | (120) |
| Profit for the period | 5,231 | 44 | 5,275 | 2,550 | (4) | 2,546 |

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(Unit: Million Baht)

| | Consolidated financial statements | | | Separate financial statements | | |
|---|--|-------------|--|--------------------------------------|-------------|--|
| | Amounts as reported | Adjustments | Amounts without adoption of TFRS 15 | Amounts as reported | Adjustments | Amounts without adoption of TFRS 15 |
| Statement of income for the six-month periods ended 30 June 2019 | | | | | | |
| Revenue from sale of goods | 259,183 | 12,339 | 271,522 | 11,915 | 262 | 12,177 |
| Cost of sales of goods | 222,898 | 12,301 | 235,199 | 11,361 | 268 | 11,629 |
| Gross profit | 36,285 | 38 | 36,323 | 554 | (6) | 548 |
| Profit before income tax expense (income) | 12,267 | 38 | 12,305 | 3,371 | (6) | 3,365 |
| Income tax expense (income) | 1,859 | 7 | 1,866 | (125) | (1) | (126) |
| Profit for the period | 10,408 | 31 | 10,439 | 3,496 | (5) | 3,491 |

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4 Related party transactions

The entity which holds significant influence over the Company is Charoen Pokphand Group Company Limited which directly and indirectly owned 48.93% of the Company's voting rights as of the latest closing date of shareholder register book on 8 May 2019.

There were no material changes in the pricing policies during the six-month period ended 30 June 2019.

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

For the three-month period ended 30 June

| | Consolidated | | <i>(Unit: Million Baht)</i> | |
|---|-----------------------------|-------------|-----------------------------|-------------|
| | financial statements | | Separate | |
| | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> |
| (a) Income | | | | |
| Significant influence entity | | | | |
| Sale of goods | 1 | - | - | - |
| Software application income | 1 | 1 | - | - |
| Subsidiaries | | | | |
| Dividend income | - | - | 4,181 | 3,636 |
| Interest income | - | - | 1,141 | 1,094 |
| Sale of goods | - | - | 653 | 609 |
| Rental, service and other income | - | - | 2 | 2 |
| Gain on sale of fixed assets | - | - | 2 | - |
| Associates, joint ventures and related companies | | | | |
| Sale of goods | 15,967 | 16,508 | 273 | 338 |
| Rental, service and other income | 65 | 40 | 1 | - |
| Dividend income | 19 | 47 | 9 | 13 |
| Software application income | 17 | 7 | - | - |
| Interest income | 4 | 10 | - | - |
| Training and seminar income | 2 | 3 | - | - |
| Gain on sale of fixed assets | 1 | 1 | - | 1 |

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

| | Consolidated | | <i>(Unit: Million Baht)</i> | |
|---|-----------------------------|-------------|-----------------------------|-------------|
| | financial statements | | Separate | |
| | 2019 | 2018 | financial statements | 2018 |
| (b) Expenses and others | | | | |
| Significant influence entity | | | | |
| Purchase of raw materials and goods | 2,332 | 2,712 | 624 | 737 |
| Trademark license fees | 741 | 360 | 79 | 2 |
| Technical service fees | 121 | 174 | - | 12 |
| Rental and service fees | - | 1 | - | - |
| Subsidiaries | | | | |
| Purchase of raw materials and goods | - | - | 750 | 1,090 |
| Software application fees | - | - | 41 | 38 |
| Rental and service fees | - | - | 14 | 13 |
| Training and seminar fees | - | - | 5 | 14 |
| Other expenses | - | - | 11 | 8 |
| Associates, joint ventures and related companies | | | | |
| Purchase of raw materials and goods | 17,888 | 19,281 | 131 | 135 |
| Construction costs of buildings, structures and others | 733 | 595 | 41 | 190 |
| Rental and service fees | 466 | 470 | 65 | 77 |
| Purchase of equipment and others | 95 | 43 | 16 | 11 |
| Training and seminar fees | 42 | 51 | 4 | 6 |
| Trademark license fees | 26 | 18 | - | - |
| Technical service fees | 10 | - | - | - |
| Software application fees | 8 | 8 | - | - |
| Interest expenses | 3 | 3 | - | - |
| Other expenses | 393 | 406 | 32 | 26 |

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For the six-month period ended 30 June

| | | Consolidated financial statements | | <i>(Unit: Million Baht)</i> Separate financial statements | |
|------------|---|--|-------------|---|-------------|
| | | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> |
| (a) | Income | | | | |
| | Significant influence entity | | | | |
| | Sale of goods | 1 | - | - | - |
| | Software application income | 1 | 1 | - | - |
| | Subsidiaries | | | | |
| | Dividend income | - | - | 6,611 | 5,751 |
| | Interest income | - | - | 2,316 | 2,102 |
| | Sale of goods | - | - | 1,238 | 1,066 |
| | Rental, service and other income | - | - | 3 | 5 |
| | Gain on sale of fixed assets | - | - | 2 | - |
| | Associates, joint ventures and related companies | | | | |
| | Sale of goods | 31,139 | 32,223 | 463 | 558 |
| | Rental, service and other income | 107 | 93 | 2 | 1 |
| | Dividend income | 86 | 47 | 9 | 13 |
| | Gain on sale of fixed assets | 35 | 1 | - | 1 |
| | Software application income | 33 | 14 | - | - |
| | Interest income | 8 | 20 | - | - |
| | Training and seminar income | 3 | 5 | - | - |
| (b) | Expenses and others | | | | |
| | Significant influence entity | | | | |
| | Purchase of raw materials and goods | 4,657 | 5,499 | 1,208 | 1,341 |
| | Trademark license fees | 1,075 | 605 | 81 | 3 |
| | Technical service fees | 285 | 358 | 9 | 20 |
| | Rental and service fees | - | 1 | - | - |
| | Subsidiaries | | | | |
| | Purchase of raw materials and goods | - | - | 1,145 | 1,587 |
| | Software application fees | - | - | 82 | 76 |
| | Rental and service fees | - | - | 28 | 28 |
| | Training and seminar fees | - | - | 9 | 19 |
| | Other expenses | - | - | 18 | 13 |

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For the six-month period ended 30 June (continued)

| | Consolidated | | <i>(Unit: Million Baht)</i> | |
|---|-----------------------------|-------------|-----------------------------|-------------|
| | financial statements | | Separate | |
| | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> |
| (b) Expenses and others (continued) | | | | |
| Associates, joint ventures and related companies | | | | |
| Purchase of raw materials and goods | 32,953 | 36,800 | 259 | 252 |
| Construction costs of buildings, structures and others | 1,338 | 1,478 | 63 | 219 |
| Rental and service fees | 919 | 898 | 136 | 159 |
| Purchase of equipment and others | 121 | 85 | 23 | 17 |
| Training and seminar fees | 104 | 122 | 13 | 18 |
| Trademark license fees | 43 | 35 | - | - |
| Technical service fees | 17 | - | - | - |
| Software application fees | 15 | 15 | - | - |
| Interest expense | 6 | 5 | - | - |
| Other expenses | 795 | 725 | 54 | 46 |

4.2 Balances with related parties as at 30 June 2019 and 31 December 2018 were as follows:

4.2.1 Accounts receivable - trade and others

| | Consolidated | | <i>(Unit: Million Baht)</i> | |
|-------------------------------|-----------------------------|----------------------|-----------------------------|---------------------|
| | financial statements | | Separate | |
| | <u>30 June</u> | <u>31 December</u> | <u>30 June</u> | <u>31 December</u> |
| | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> |
| Significant influence entity | 2 | 3 | - | 1 |
| Subsidiaries | - | - | 755 | 1,003 |
| Associates and joint ventures | 4,499 | 4,553 | 23 | 46 |
| Related companies | 10,861 | 12,051 | 369 | 466 |
| Total | <u>15,362</u> | <u>16,607</u> | <u>1,147</u> | <u>1,516</u> |

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4.2.2 Short-term loans

| | | <i>(Unit: Million Baht)</i> | | |
|--|---------------|--|---------------------|--------------------|
| | | Consolidated financial statements | | |
| | | Outstanding balance | | |
| | | 30 June 2019 | 31 December 2018 | Average balance |
| | Joint venture | 28 | 17 | 79 |
| | Total | 28 | 17 | 79 |

| | | <i>(Unit: Million Baht)</i> | | |
|--|--------------|--------------------------------------|---------------------|--------------------|
| | | Separate financial statements | | |
| | | Outstanding balance | | |
| | | 30 June 2019 | 31 December 2018 | Average balance |
| | Subsidiaries | 44,776 | 60,622 | 48,868 |
| | Total | 44,776 | 60,622 | 48,868 |

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

4.2.3 Advance payments for purchase of goods

| | | <i>(Unit: Million Baht)</i> | | | |
|--|-------------------|--|---------------------|--|---------------------|
| | | Consolidated financial statements | | Separate financial statements | |
| | | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 |
| | Joint venture | 18 | 78 | - | - |
| | Related companies | 8,684 | 5,580 | - | - |
| | Total | 8,702 | 5,658 | - | - |

4.2.4 Accrued dividend income

| | | <i>(Unit: Million Baht)</i> | | | |
|--|-------------------|--|---------------------|--|---------------------|
| | | Consolidated financial statements | | Separate financial statements | |
| | | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 |
| | Subsidiaries | - | - | 7,083 | 3,203 |
| | Associates | 153 | 161 | - | - |
| | Related companies | - | 40 | - | 25 |
| | Total | 153 | 201 | 7,083 | 3,228 |

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4.2.5 Accrued interest income

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--------------|--|---------------------|--|---------------------|
| | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 |
| Subsidiaries | - | - | 492 | - |
| Total | - | - | 492 | - |

4.2.6 Long-term loans

(Unit: Million Baht)

| | Consolidated financial statements | | |
|--------------|--|---------------------|--------------------|
| | Outstanding balance | | |
| | 30 June 2019 | 31 December 2018 | Average balance |
| Associate | - | 6 | - |
| Total | - | 6 | - |

(Unit: Million Baht)

| | Separate financial statements | | |
|--------------|--------------------------------------|---------------------|--------------------|
| | Outstanding balance | | |
| | 30 June 2019 | 31 December 2018 | Average balance |
| Subsidiaries | 19,724 | 15,673 | 18,297 |
| Total | 19,724 | 15,673 | 18,297 |

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

4.2.7 Accounts payable - trade and others

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|-------------------------------|--|---------------------|--|---------------------|
| | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 |
| Significant influence entity | 524 | 257 | 145 | 57 |
| Subsidiaries | - | - | 71 | 48 |
| Associates and joint ventures | 436 | 405 | 4 | 6 |
| Related companies | 4,202 | 4,243 | 71 | 123 |
| Total | 5,162 | 4,905 | 291 | 234 |

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4.2.8 Short-term borrowings

(Unit: Million Baht)

| | Consolidated financial statements | | |
|----------------|--|---------------------|--------------------|
| | Outstanding balance | | |
| | 30 June 2019 | 31 December 2018 | Average balance |
| Joint ventures | 617 | 661 | 624 |
| Total | 617 | 661 | 624 |

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

4.3 Balances of loans/borrowings and interest rates

Balances of loans/borrowings and interest rates as at 30 June 2019 and 31 December 2018 are summarised as follows:

| | Consolidated financial statements | | | | | |
|---|--|------------------------|--|------------------------|------------------------------|------------------------|
| | (Unit: Million Baht) | | | | | |
| | Balance with fixed interest rate | | Balance with floating interest rate | | Average interest rate (%) | |
| | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 |
| Short-term loans to joint venture | 28 | 17 | - | - | 4.85 | 4.85 |
| Long-term loans to associate | - | 6 | - | - | - | 4.95 |
| Short-term borrowings from joint ventures | 617 | 661 | - | - | 2.00 | 2.00 |

| | Separate financial statements | | | | | |
|----------------------------------|--------------------------------------|------------------------|--|------------------------|------------------------------|------------------------|
| | (Unit: Million Baht) | | | | | |
| | Balance with fixed interest rate | | Balance with floating interest rate | | Average interest rate (%) | |
| | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 |
| Short-term loans to subsidiaries | - | - | 44,776 | 60,622 | 7.13 | 7.13 |
| Long-term loans to subsidiaries | 6,277 | 6,328 | 13,447 | 9,345 | 5.81 | 6.25 |

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4.4 Key management personnel compensations

Key management personnel compensations consist of:

| | Consolidated | | <i>(Unit: Million Baht)</i> | |
|--|-----------------------------|-------------------|-----------------------------|-------------------|
| | financial statements | | Separate | |
| | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> |
| <i>For the three-month period ended 30 June</i> | | | | |
| Short-term employee benefits | 311 | 367 | 40 | 57 |
| Post-employment under defined benefit plans | <u>42</u> | <u>5</u> | <u>11</u> | <u>1</u> |
| Total | <u>353</u> | <u>372</u> | <u>51</u> | <u>58</u> |
| <i>For the six-month period ended 30 June</i> | | | | |
| Short-term employee benefits | 629 | 687 | 74 | 106 |
| Post-employment under defined benefit plans | <u>45</u> | <u>7</u> | <u>12</u> | <u>2</u> |
| Total | <u>674</u> | <u>694</u> | <u>86</u> | <u>108</u> |
| <i>As at 30 June</i> | | | | |
| Provisions for employee benefits | 421 | 451 | 93 | 98 |
| Total | <u>421</u> | <u>451</u> | <u>93</u> | <u>98</u> |

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4.5 Commitments

As at 30 June 2019 and 31 December 2018, the Group had commitments with related parties as follows:

4.5.1 Capital commitments

| | <i>(Unit: Million Baht)</i> | | | |
|--|-----------------------------|---------------------|-----------------------------|---------------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 |
| <i>Contracted but not provided for</i> | | | | |
| Mainly represents contracts for construction of buildings and structures, and purchase of machinery and others | 1,030 | 593 | 33 | 59 |

4.5.2 Commitments under operating lease agreements

| | <i>(Unit: Million Baht)</i> | | | |
|-------------------------------------|-----------------------------|---------------------|-----------------------------|---------------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 |
| Within one year | 1,001 | 1,228 | 216 | 273 |
| Over one year but within five years | 1,890 | 2,207 | 211 | 277 |
| Over five years | 317 | 415 | - | - |
| Total | 3,208 | 3,850 | 427 | 550 |

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 2019 to 2027.

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4.6 Significant agreements

As at 30 June 2019, the Group had the following significant agreements with related parties:

4.6.1 Technical service agreements

Certain foreign subsidiaries have technical service agreement with a significant influence entity, Charoen Pokphand Group Company Limited (“CPG”) for the right to obtain technical service as stipulated in the agreement. In this regard, the foreign subsidiaries are committed to pay service fees to CPG in accordance with the terms and conditions at the rates stipulated in the agreements.

4.6.2 Trademark agreements

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

The Company and certain local subsidiaries have trademark agreements with CPG, for the right to use trademarks as stipulated in the agreements. In this regard, the Company and subsidiaries are committed to pay trademark license fees to CPG in accordance with the terms and conditions at the rate as stipulated in the agreements. These agreements are effective starting from 1 April 2019 to 31 December 2022.

A subsidiary has a trademark agreement with a related company, Star Marketing Co., Ltd. (“STAR”), for the right to use trademarks as stipulated in the agreement. In this regard, the subsidiary is committed to pay trademark license fee to STAR in accordance with the terms and conditions at the rates as stipulated in the agreement. This agreement is effective starting from 1 April 2019 to 31 December 2023.

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.

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 effective starting from 1 July 2019 to 30 June 2021.

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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.

4.6.6 Agreements for the acquisitions of investments and assets

During the six-month period ended 30 June 2019, Chia Tai (China) Investment Co., Ltd. (“CTI”), a 51.57% indirectly owned subsidiary of the Company, entered into agreements with related companies to acquire investments and assets relating to feed business in China. The details of the agreements are as follows:

- 1) CTI will acquire total investment in Hainan Chia Tai Animal Husbandry Co., Ltd. (“Hainan CT”) which principally engages in leasing out of assets used in the production and sale of animal feed in China from Chia Tai Animal Husbandry Investment (Beijing) Co., Ltd. with total consideration of Renminbi 69.47 million or equivalent to approximately Baht 310 million. In this regard, the completion of the acquisition is conditional upon the completion of conditions precedent as stipulated in the relevant agreements and related documents. Subsequent to the completion of the transaction, Hainan CT will become a 51.57% indirectly owned subsidiary of the Company.
- 2) CTI will acquire total investment in a new company to be established by Jilin Deda Feed Co., Ltd. (“Deda”) to receive the transfer of production and sale of animal feed business in China from Deda. CTI will acquire this investment from Chia Tai (China) Agro-Industrial Ltd. (“CTA”), Chia Tai SongLiao Co., Ltd. (“CTSL”) and Mass Success Enterprise Ltd. (“MSE”) whereby CTI has to pay consideration of Renminbi 66.08 million or equivalent to approximately Baht 295 million for CTA’s interest in the investment. CTSL and MSE are not related companies to the Group. In this regard, the completion of the acquisition is conditional upon the completion of conditions precedent as stipulated in the relevant agreements and related documents. Subsequent to the completion of the transaction, the newly established company by Deda will become a 51.57% indirectly owned subsidiary of the Company.
- 3) CTI will acquire assets used in the production and sale of animal feed business in China from Yueyang C.T. Agricultural Husbandry Co., Ltd., Heilongjiang Chia Tai Enterprise Co., Ltd. and Hengyang Chia Tai Co., Ltd. for total consideration of Renminbi 58.20 million or equivalent to approximately Baht 260 million.

As at 30 June 2019, the acquisitions of these investments and assets have not been completed.

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5 Accounts receivable - trade and others

(Unit: Million Baht)

| | <i>Note</i> | Consolidated financial statements | | Separate financial statements | |
|---|-------------|--|---------------|--|--------------|
| | | 30 June | 31 December | 30 June | 31 December |
| | | 2019 | 2018 | 2019 | 2018 |
| Related parties | 4 | 15,362 | 16,607 | 1,147 | 1,516 |
| Other parties | | 22,980 | 24,974 | 1,717 | 1,541 |
| Total | | 38,342 | 41,581 | 2,864 | 3,057 |
| Less allowance for doubtful accounts | | (786) | (832) | (5) | (6) |
| Net | | 37,556 | 40,749 | 2,859 | 3,051 |

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|---|------------|--|----------|
| | 2019 | 2018 | 2019 | 2018 |
| | Bad and doubtful debts expense for the | | | |
| - three-month period ended 30 June | 27 | 125 | - | - |
| - six-month period ended 30 June | 49 | 254 | - | 1 |

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 June 2019 and 31 December 2018 classified by aging were as follows:

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|----------------------------|--|-------------|--|-------------|
| | 30 June | 31 December | 30 June | 31 December |
| | 2019 | 2018 | 2019 | 2018 |
| Periods over credit terms: | | | | |
| Over 3 months to 6 months | 67 | 108 | - | - |
| Over 6 months to 12 months | 102 | 122 | - | - |
| Over 12 months | 617 | 602 | 5 | 6 |
| Total | 786 | 832 | 5 | 6 |

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6 Investments held as available for sale

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

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

(Unit: Million Baht)

| | Carrying amount | Consolidated financial statements | | | |
|--------------------------------------|-----------------|-----------------------------------|---------|---------|-------|
| | | Fair value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| 30 June 2019 | | | | | |
| <i>Non-current</i> | | | | | |
| Equity securities available for sale | 4,854 | 4,854 | - | - | 4,854 |

7 Investments in subsidiaries

Movements during the six-month period ended 30 June were as follows:

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|----------|-------------------------------|----------------|
| | 2019 | 2018 | 2019 | 2018 |
| | At 1 January | - | - | 151,976 |
| Acquisitions/additional investments | - | - | 9,764 | 2,202 |
| Impairment loss | - | - | (495) | - |
| Classified as non-current asset held for sale | - | - | (1,248) | - |
| At 30 June | - | - | 159,997 | 135,439 |
| At 31 December | | - | | 151,976 |

During the six-month period ended 30 June 2019, the Company entered into the Share Purchase Agreement to sell 100% equity capital held by the Company in C.P. Aquaculture (Beihai) Co., Ltd., to Chia Tai (China) Investment Co., Ltd., which is a foreign indirect subsidiary for a total consideration of Renminbi 35 million or equivalent to approximately Baht 153.58 million and entered into the Share Purchase Agreement to sell 100% equity capital held by the Company in C.P. Aquaculture (Dongfang) Co., Ltd., Zhangzhou C.P. Chia Tai Aquaculture Co., Ltd., and C.P. Aquaculture (Zhanjiang) Co., Ltd., to CP China Investment Limited which is a foreign indirect subsidiary for a total consideration of Renminbi 230.80 million or equivalent to approximately Baht 1,012.77 million, Renminbi 128.90 million or equivalent to approximately Baht 565.63 million and Renminbi 65.35 million or equivalent to approximately Baht 286.76 million, respectively.

As at 30 June 2019, these transactions have not been completed; therefore, the Company classified these investments in subsidiaries to non-current assets classified as held for sale in the separate statement of financial position and recognised loss on impairment of investments amounting Baht 495 million in the separate statements of income for the six-month period ended 30 June 2019.

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Details of investments in subsidiaries and dividend income

Investments in subsidiaries as at 30 June 2019 and 31 December 2018 and dividend income for the six-month period ended 30 June 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 six months ended | |
| | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 30 June 2018 |
| | | | | | | | | | | | | |
| Marketable securities | | | | | | | | | | | | |
| C.P. Pokphand Co., Ltd. | 4.98 | 4.98 | 7,973 | 7,973 | 4,691 | 4,691 | - | - | 4,691 | 4,691 | 131 | 36 |
| Chia Tai Enterprises International Limited | 4.98 | 4.98 | 840 | 840 | 500 | 500 | - | - | 500 | 500 | - | - |
| Total | | | | | 5,191 | 5,191 | - | - | 5,191 | 5,191 | 131 | 36 |
| Non-marketable securities | | | | | | | | | | | | |
| Bangkok Produce Merchandising Public Company Limited | 99.44 | 99.44 | 600 | 600 | 1,230 | 1,230 | - | - | 1,230 | 1,230 | - | - |
| CPF (Thailand) Public Company Limited | 99.99 | 99.98 | 15,289 | 12,900 | 48,510 | 38,955 | - | - | 48,510 | 38,955 | - | - |
| 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 | 6,480 | 5,715 |
| 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 | - | - |
| C.P. Aquaculture (Beihai) Co., Ltd. * | 100.00 | 100.00 | 602 | 602 | 602 | 602 | (449) | - | 153 | 602 | - | - |

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For the three-month and six-month periods ended 30 June 2019 (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 six months ended | |
| | 30 | 31 | 30 | 31 | 30 | 31 | 30 | 31 | 30 | 31 | 30 | 30 |
| | June 2019 | December 2018 | June 2019 | December 2018 | June 2019 | December 2018 | June 2019 | December 2018 | June 2019 | December 2018 | June 2019 | June 2018 |
| 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 | (46) | - | 287 | 333 | - | - |
| C.P. Standart Gida Sanayi ve Ticaret A.S. | 79.37 | 79.37 | 6,596 | 6,596 | 3,736 | 3,736 | - | - | 3,736 | 3,736 | - | - |
| 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 | 55,662 | 55,644 | 55,644 | - | - | 55,644 | 55,644 | - | - |
| 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 | - | - |
| 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 | - | - |

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Details of investments in subsidiaries and dividend income (continued)

(Unit: Million Baht)

| | Separate financial statements | | | | | | | | | | | | |
|--|-------------------------------|------------------|-----------------------|------------------|----------------|------------------|------------------------|------------------|----------------|------------------|--------------------------------------|--------------|---|
| | Ownership interest (%) | | Paid-up share capital | | Cost method | | Accumulated impairment | | At cost - net | | Dividend income for six months ended | | |
| | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 30 June 2018 | |
| Homegrown Shrimp (USA) LLC. | 100.00 | - | 209 | - | 209 | - | - | - | - | 209 | - | - | - |
| Zhangzhou C.P. Chia Tai Aquaculture Co., Ltd. * | 100.00 | 100.00 | 53 | 53 | 53 | 53 | - | - | 53 | 53 | - | - | - |
| Total | | | | | 157,624 | 147,860 | (1,570) | (1,075) | 156,054 | 146,785 | 6,480 | 5,715 | |
| Grand Total | | | | | 162,815 | 153,051 | (1,570) | (1,075) | 161,245 | 151,976 | 6,611 | 5,751 | |
| * Classified as non-current assets held for sale | | | | | (1,743) | - | 495 | - | (1,248) | - | - | - | - |
| Net | | | | | 161,072 | 153,051 | (1,075) | (1,075) | 159,997 | 151,976 | 6,611 | 5,751 | |

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8 Investments in associates

Movements during the six-month period ended 30 June were as follows:

| | Consolidated | | <i>(Unit: Million Baht)</i> | |
|-------------------------------------|-----------------------------|---------------|-----------------------------|-------------|
| | financial statements | | Separate | |
| | 2019 | 2018 | 2019 | 2018 |
| At 1 January | 96,126 | 84,226 | 335 | 335 |
| Share of profit | 3,837 | 3,750 | - | - |
| Dividend income | (3,729) | (3,500) | - | - |
| Acquisitions/additional investments | 1,443 | 8,644 | - | - |
| Disposals | (2,725) | (1,308) | - | - |
| Exchanges with Exchangeable Bonds | - | (1,577) | - | - |
| Currency translation differences | (365) | (93) | - | - |
| Others | (66) | 27 | - | - |
| At 30 June | 94,521 | 90,169 | 335 | 335 |
| At 31 December | | 96,126 | | 335 |

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 interim financial statements by the equity method. As at 30 June 2019, the fair value of this investment was Baht 256,704 million (31 December 2018: Baht 211,073 million).

During the six-month period ended 30 June 2019, the Group sold a portion of the investment in an associate with the carrying amount of Baht 2,725 million (2018: Baht 1,308 million) with gain on sale of investment amounting to Baht 4,509 million (2018: Baht 3,250 million).

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Details of investments in associates and dividend income

Investments in associates as at 30 June 2019 and 31 December 2018 and dividend income for the six-month period ended 30 June 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 six months ended | |
| | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 30 June 2018 |
| | | | | | | | | | | | | | | |
| Marketable security | | | | | | | | | | | | | | |
| CP ALL Public Company Limited | 33.32 | 34.17 | 8,983 | 8,983 | <u>74,006</u> | <u>74,776</u> | <u>87,628</u> | <u>89,228</u> | - | - | <u>87,628</u> | <u>89,228</u> | <u>3,624</u> | <u>3,344</u> |
| Total | | | | | <u>74,006</u> | <u>74,776</u> | <u>87,628</u> | <u>89,228</u> | - | - | <u>87,628</u> | <u>89,228</u> | <u>3,624</u> | <u>3,344</u> |
| Non-marketable securities | | | | | | | | | | | | | | |
| Nava 84 Co., Ltd. | 25.00 | 25.00 | 1,203 | 1,203 | 159 | 159 | 163 | 163 | - | - | 163 | 163 | - | - |
| Ross Breeders Siam Co., Ltd. | 49.99 | 49.99 | 70 | 70 | 35 | 35 | 112 | 140 | - | - | 112 | 140 | 51 | 27 |
| Siam Rivea Co., Ltd. | 29.99 | 29.99 | 60 | 5 | 18 | 2 | 18 | 2 | - | - | 18 | 2 | - | - |
| Arbor Acres Thailand Co., Ltd. | 49.98 | 49.98 | 4 | 4 | 2 | 2 | 138 | 143 | - | - | 138 | 143 | 45 | 91 |
| BHJ Kalino Food AB ("BHJ")* | 15.08 | 15.08 | 5 | 5 | 24 | 24 | 26 | 30 | - | - | 26 | 30 | 4 | 2 |
| C.P. Aquaculture (India) Private Limited | 31.70 | 31.70 | 192 | 192 | 176 | 176 | 674 | 685 | - | - | 674 | 685 | - | - |
| Charoen Pokphand Holdings (Malaysia) Sdn. Bhd. | 49.75 | 49.75 | 353 | 353 | 176 | 176 | 1,264 | 1,357 | - | - | 1,264 | 1,357 | - | - |

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Details of investments in associates and dividend income (continued)

(Unit: Million Baht)

| | Consolidated financial statements | | | | | | | | | | | | | |
|---|---|------------------------|--------------------------|------------------------|--------------------|------------------------|--------------------|------------------------|---------------------------|------------------------|--------------------|------------------------|---|--------------------|
| | Ownership interest (both direct and indirect) (%) | | Paid-up share capital | | Cost method | | Equity method | | Accumulated impairment | | At equity - net | | Dividend income for six months ended | |
| | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 30 June 2018 |
| | | | | | | | | | | | | | | |
| Chia Tai Conti (Cixi) Investment Management Co., Ltd. | 25.78 | 25.21 | 15 | 15 | 8 | 8 | 5 | 6 | - | - | 5 | 6 | - | - |
| Cixi Zhuda Investment Center Limited Partnership ** | 0.52 | 0.50 | 7 | 4 | - | - | - | - | - | - | - | - | - | - |
| Conti Chia Tai International Limited | 25.78 | 25.21 | 767 | 767 | 1,052 | 1,052 | 1,849 | 1,755 | - | - | 1,849 | 1,755 | - | - |
| Ningxia Xiao Ming Animal Husbandry Co., Ltd. ** | 8.29 | 8.10 | 362 | 362 | 749 | 749 | 728 | 727 | - | - | 728 | 727 | 5 | - |
| Qingdao Yi Bang Bio Engineering Co., Ltd. ** | 6.19 | 6.05 | 147 | 147 | 1,358 | 1,358 | 1,385 | 1,359 | - | - | 1,385 | 1,359 | - | 36 |
| Zhan Jiang Deni Carburetor Co., Ltd. *** | 14.12 | 14.12 | 669 | 669 | 424 | 424 | 531 | 531 | - | - | 531 | 531 | - | - |
| Total | | | | | 4,181 | 4,165 | 6,893 | 6,898 | - | - | 6,893 | 6,898 | 105 | 156 |
| Grand total | | | | | 78,187 | 78,941 | 94,521 | 96,126 | - | - | 94,521 | 96,126 | 3,729 | 3,500 |

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* BHJ is an associate in which 29.00% of the total issued and paid share capital were held by CPF Denmark A/S (“CPF DM”), a 52.00% indirectly owned subsidiary. In this regard, the Group accounted for its investment in BHJ using the equity method based on 15.08% shareholding in the consolidated 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 16.07%, 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 51.57% indirectly owned subsidiary as at 30 June 2019. Therefore, the Group accounted for its investments in Ningxia Xiao Ming, Qingdao Yi Bang and Cixi Zhuda using the equity method based on 8.29%, 6.19%, and 0.52% shareholding in the consolidated interim financial statements respectively. In this regard, CTI exercises significant influence in these company 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 interim financial statements.

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Details of investments in associates and dividend income (continued)

(Unit: Million Baht)

| | Separate financial statements | | | | | | | | | | | |
|--|-------------------------------|----------|-----------------------|----------|-------------|------------|------------------------|----------|---------------|------------|--------------------------------------|----------|
| | Ownership interest (%) | | Paid-up share capital | | Cost method | | Accumulated impairment | | At cost - net | | Dividend income for six months ended | |
| | 30 | 31 | 30 | 31 | 30 | 31 | 30 | 31 | 30 | 31 | 30 | 30 |
| | June | December | June | December | June | December | June | December | June | December | June | June |
| 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | |
| <i>Non-marketable securities</i> | | | | | | | | | | | | |
| Nava 84 Co., Ltd. | 25.00 | 25.00 | 1,203 | 1,203 | 159 | 159 | - | - | 159 | 159 | - | - |
| C.P. Aquaculture (India) Private Limited | 31.70 | 31.70 | 192 | 192 | 176 | 176 | - | - | 176 | 176 | - | - |
| Total | | | | | 335 | 335 | - | - | 335 | 335 | - | - |

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9 Investments in joint ventures

Movements during the six-month period ended 30 June were as follows:

| | Consolidated financial statements | | <i>(Unit: Million Baht)</i> Separate financial statements | |
|---|--|---------------------|---|---------------------|
| | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> |
| At 1 January | 9,596 | 6,949 | 4,360 | 1,882 |
| Share of profit | 381 | 409 | - | - |
| Dividend income | (181) | (3) | - | - |
| Previously held interest in joint venture before status change to subsidiary | - | (217) | - | - |
| Acquisitions/additional investments | 55 | 2,471 | - | 2,471 |
| Currency translation differences | (223) | (144) | - | - |
| At 30 June | <u>9,628</u> | <u>9,465</u> | <u>4,360</u> | <u>4,353</u> |
| At 31 December | | <u>9,596</u> | | <u>4,360</u> |

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Details of investments in joint ventures and dividend income

Investments in joint ventures as at 30 June 2019 and 31 December 2018 and dividend income for the six-month period ended 30 June 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 six months ended | |
| | (<i>%</i>) | | | | | | | | | | | | | |
| | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 30 June 2018 |
| <i>Non-marketable securities</i> | | | | | | | | | | | | | | |
| CP-Meiji Co., Ltd. | | | | | | | | | | | | | | |
| ("CP-Meiji") * | 59.99 | 59.99 | 500 | 500 | 1,200 | 1,200 | 2,249 | 2,235 | - | - | 2,249 | 2,235 | 180 | - |
| Dak Galbi Group Co., Ltd. | 41.35 | - | 133 | - | 55 | - | 51 | - | - | 51 | - | - | - | - |
| Andhra Pradesh | | | | | | | | | | | | | | |
| Broodstock | | | | | | | | | | | | | | |
| Multiplicationcentre | | | | | | | | | | | | | | |
| Private Limited ** | 50.00 | 50.00 | 68 | 68 | 34 | 34 | 33 | 35 | - | - | 33 | 35 | - | - |
| Beijing Chia Tai | | | | | | | | | | | | | | |
| Feedmill Co., Ltd. | 25.78 | 25.21 | 157 | 157 | 128 | 128 | 226 | 224 | - | - | 226 | 224 | - | - |
| Camanor Produtos | | | | | | | | | | | | | | |
| Marinhos S.A. | 40.00 | 40.00 | 103 | 103 | 566 | 566 | 532 | 540 | - | - | 532 | 540 | - | - |
| CP-MP Logistics Joint | | | | | | | | | | | | | | |
| Stock Company | 32.19 | 31.80 | 16 | 16 | 8 | 8 | 8 | 8 | - | - | 8 | 8 | - | - |
| Handan Chia Tai Feed | | | | | | | | | | | | | | |
| Co., Ltd. | 25.78 | 25.21 | 56 | 56 | - | - | 18 | 19 | - | - | 18 | 19 | 1 | 3 |
| Henan East Chia Tai | | | | | | | | | | | | | | |
| Co., Ltd. | 25.78 | 25.21 | 170 | 170 | 225 | 225 | 261 | 255 | - | - | 261 | 255 | - | - |
| ECI Metro Investment | | | | | | | | | | | | | | |
| Co., Ltd. | 25.21 | 25.21 | 378 | 378 | 1,296 | 1,296 | 2,696 | 2,630 | - | - | 2,696 | 2,630 | - | - |

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Details of investments in joint ventures 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 six months ended | |
| | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 30 June 2018 |
| | | | | | | | | | | | | | | |
| SuperDrob S.A. | 49.45 | 49.45 | 4,708 | 4,708 | 3,794 | 3,794 | 3,550 | 3,646 | - | - | 3,550 | 3,646 | - | - |
| Westbridge Foods Holding B.V. ** | 50.00 | 50.00 | 1 | 1 | 6 | 6 | 4 | 4 | - | - | 4 | 4 | - | - |
| Total | | | | | 7,312 | 7,257 | 9,628 | 9,596 | - | - | 9,628 | 9,596 | 181 | 3 |

* 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 interim 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 has right 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 interim financial statements.

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Details of investments in joint ventures 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 six months ended | |
| | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 | 30 June 2018 |
| <i>Non-marketable securities</i> | | | | | | | | | | | | |
| Camanor Produtos Marinhos S.A. | 40.00 | 40.00 | 103 | 103 | 566 | 566 | - | - | 566 | 566 | - | - |
| SuperDrob S.A. | 49.45 | 49.45 | 4,708 | 4,708 | 3,794 | 3,794 | - | - | 3,794 | 3,794 | - | - |
| Total | | | | | 4,360 | 4,360 | - | - | 4,360 | 4,360 | - | - |

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Condensed notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2019 (Unaudited)

10 Property, plant and equipment

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

(Unit: Million Baht)

| | Consolidated financial statements | | | |
|---|---|---|---|---|
| | 2019 | | 2018 | |
| | 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 | 342 | - | 371 | 16 |
| Buildings and building improvements and utility systems | 4,584 | 303 | 4,783 | 113 |
| Machinery and equipment | 5,793 | 447 | 4,987 | 206 |
| Others | 627 | 59 | 646 | 26 |
| Assets under construction and installation | 8,842 | 8,968 | 12,471 | 8,778 |
| Total | 20,188 | 9,777 | 23,258 | 9,139 |

(Unit: Million Baht)

| | Separate financial statements | | | |
|---|---|---|---|---|
| | 2019 | | 2018 | |
| | 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 | - | - | 9 | - |
| Buildings and building improvements and utility systems | 335 | 241 | 361 | 28 |
| Machinery and equipment | 153 | 108 | 639 | 12 |
| Others | 18 | 3 | 22 | 1 |
| Assets under construction and installation | 250 | 426 | 724 | 916 |
| Total | 756 | 778 | 1,755 | 957 |

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11 Interest-bearing liabilities

On 30 May 2019, CPF (Thailand) Public Company Limited (“CPFTH”) a 99.99% owned subsidiary of the Company issued Baht 17,000 million unsubordinated and unsecured debentures No.1/2019 in registered name and with debenture holder representative. The debentures are divided into:

- The first series of Baht 4,000 million with the term of 4 years, bearing interest at the fixed rate of 2.91% per annum.
- The second series of Baht 2,000 million with the term of 6 years, bearing interest at the fixed rate of 3.34% per annum.
- The third series of Baht 500 million with the term of 8 years, bearing interest at the fixed rate of 3.65% per annum.
- The fourth series of Baht 4,000 million with the term of 10 years, bearing interest at the fixed rate of 4.00% per annum.
- The fifth series of Baht 6,500 million with the term of 12 years, bearing interest at the fixed rate of 4.18% per annum.

The debentures had credit rating of “A+” rated by TRIS Rating Co., Ltd. on 8 May 2019 and were registered with the Thai Bond Market Association on 30 May 2019.

12 Subordinated perpetual debentures

During the six-month period ended 30 June 2019, the Company paid interest expense to the subordinated perpetual debenture holders amount of Baht 372 million. The interest expense net of income tax of Baht 323 million is deducted from unappropriated retained earnings in the statements of financial position as at 30 June 2019.

As at 30 June 2019, the accumulated accrued interest expenses subsequent to the latest interest payment date was Baht 249 million.

13 Provisions for employee benefits

On 5 April 2019, the Labor Protection Act in Thailand was announced in Royal Gazette, Section 15 of the Labor Protection Act 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. The Group has therefore amended its retirement plan in the second quarter of 2019 in accordance with the changes in the Labor Protection Act.

As a result of the change in the plan, the Group recognised the increase in the provision for retirement benefits as at 30 June 2019 as well as past service cost during the three-month and six-month periods then ended in the consolidated and separate financial statements of Baht 1,812 million and Baht 560 million, respectively.

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Past service cost was recognised in the statements of income as follows:

| | Consolidated financial statements | <i>(Unit: Million Baht)</i> Separate financial statements |
|-------------------------|--|---|
| Cost of sale of goods | 944 | 294 |
| Distribution costs | 199 | 55 |
| Administrative expenses | 669 | 211 |
| Total | 1,812 | 560 |

14 Segment information and disaggregation of revenue

Information about reportable segments

The Group presents the following main segments:

- Segment 1 : Livestock business
- Segment 2 : Aquaculture business

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

| | <i>(Unit: Million Baht)</i> Consolidated financial statements | | | |
|--|---|----------------|-----------------------------------|----------------|
| | Three-month period ended 30 June | | Six-month period ended 30 June | |
| | 2019 | 2018 | 2019 | 2018 |
| <i>Segment revenue</i> | | | | |
| Livestock business | 111,361 | 115,179 | 221,996 | 221,231 |
| Aquaculture business | 22,536 | 21,174 | 37,187 | 35,638 |
| Total | 133,897 | 136,353 | 259,183 | 256,869 |
| <i>Segment results</i> | | | | |
| Livestock business | 4,475 | 5,719 | 9,121 | 5,544 |
| Aquaculture business | 2,057 | 1,830 | 2,681 | 3,079 |
| Total allocated segment results | 6,532 | 7,549 | 11,802 | 8,623 |
| Unallocated segment results | (1,301) | 408 | (1,394) | 2,577 |
| Profit for the period | 5,231 | 7,957 | 10,408 | 11,200 |

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Condensed notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2019 (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 presents 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 June 2019 and 31 December 2018 and for the three-month and six-month periods ended 30 June were as follows:

(Unit: Million Baht)

| | Consolidated financial statements | | | |
|---|--|----------------|-----------------------------------|----------------|
| | Three-month period ended 30 June | | Six-month period ended 30 June | |
| | 2019 | 2018 | 2019 | 2018 |
| <i>Revenue from external customers</i> | | | | |
| Thailand | 36,441 | 37,047 | 71,307 | 71,904 |
| Asia | 77,245 | 80,090 | 148,041 | 146,884 |
| Europe | 14,169 | 13,574 | 27,243 | 26,511 |
| America | 5,762 | 5,293 | 12,022 | 10,891 |
| Others | 280 | 349 | 570 | 679 |
| Total | 133,897 | 136,353 | 259,183 | 256,869 |

(Unit: Million Baht)

| | Consolidated financial statements | |
|---|--|---------------------|
| | 30 June 2019 | 31 December 2018 |
| <i>Property, plant and equipment and other intangible assets (excluded goodwill)</i> | | |
| Thailand | 82,412 | 82,362 |
| Asia | 91,142 | 93,690 |
| Europe | 17,111 | 16,795 |
| America | 17,633 | 18,566 |
| Total | 208,298 | 211,413 |

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Condensed notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2019 (Unaudited)

Disaggregation of revenue

Details of revenue disaggregated by categories of main products for the period of three-month and six-month ended 30 June were as follows:

(Unit: Million Baht)

| | Consolidated financial statements | | | | | |
|---|-----------------------------------|---------------|---|----------------|----------------|----------------|
| | Aquaculture business | | Reportable segments Livestock business | | Total | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| For the three-month period ended 30 June | | | | | | |
| Categories of main products | | | | | | |
| Animal feed | 14,629 | 13,993 | 38,697 | 44,854 | 53,326 | 58,847 |
| Animal farm products | 6,243 | 5,680 | 51,211 | 50,774 | 57,454 | 56,454 |
| Processed foods and ready meals | 1,664 | 1,501 | 21,453 | 19,551 | 23,117 | 21,052 |
| Total | 22,536 | 21,174 | 111,361 | 115,179 | 133,897 | 136,353 |

For the six-month period ended 30 June

| | | | | | | |
|------------------------------------|---------------|---------------|----------------|----------------|----------------|----------------|
| Categories of main products | | | | | | |
| Animal feed | 22,955 | 22,049 | 77,878 | 89,844 | 100,833 | 111,893 |
| Animal farm products | 11,012 | 10,725 | 101,076 | 92,168 | 112,088 | 102,893 |
| Processed foods and ready meals | 3,220 | 2,864 | 43,042 | 39,219 | 46,262 | 42,083 |
| Total | 37,187 | 35,638 | 221,996 | 221,231 | 259,183 | 256,869 |

(Unit: Million Baht)

| | Separate financial statements | |
|---|--|--------------|
| | Reportable segment Aquaculture business | |
| | 2019 | 2018 |
| For the three-month period ended 30 June | | |
| Categories of main products | | |
| Animal feed | 3,474 | 3,958 |
| Animal farm products | 2,471 | 2,336 |
| Processed foods and ready meals | 484 | 569 |
| Total | 6,429 | 6,863 |

For the six-month period ended 30 June

| | | |
|------------------------------------|---------------|---------------|
| Categories of main products | | |
| Animal feed | 6,568 | 6,937 |
| Animal farm products | 4,353 | 4,876 |
| Processed foods and ready meals | 994 | 997 |
| Total | 11,915 | 12,810 |

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Condensed notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2019 (Unaudited)

Contract Balances

As at 30 June 2019, the Group had contract liabilities of Baht 2,391 million (*31 December 2018: 3,069 million*), which represents the obligation to transfer goods to customers for which the consideration has been received.

The contract liabilities primarily relate to the advance consideration received from customers for sale of goods. The Group recognises such contract liabilities as revenue when transferring control of the goods to the customers. The outstanding balance of contract liabilities is included in the accounts “other current liabilities” in the consolidated statement of financial position as at 30 June 2019.

15 Basic earnings per share

The calculations of basic earnings per share for the three-month and six-month periods ended 30 June 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 six-month periods ended as follows:

For the three-month period ended 30 June

| | Consolidated | | Separate | |
|--|----------------------|----------------------|----------------------|----------------------|
| | financial statements | financial statements | financial statements | financial statements |
| | 2019 | 2018 | 2019 | 2018 |
| Profit for the period attributable to ordinary shareholders of the Company | 4,105 | 5,894 | 2,550 | 3,659 |
| <i>Less: cumulative interest expense for the period net of income tax on subordinated perpetual debentures</i> | <i>(150)</i> | <i>(158)</i> | <i>(150)</i> | <i>(158)</i> |
| Profit used in calculation of basic earnings per share | 3,955 | 5,736 | 2,400 | 3,501 |
| Weighted average number of ordinary shares held by third parties outstanding | | | | |
| Number of ordinary shares outstanding at beginning of period | 8,611 | 8,611 | 8,611 | 8,611 |
| Treasury shares held by subsidiaries | (426) | (426) | - | - |
| Net | 8,185 | 8,185 | 8,611 | 8,611 |
| Basic earnings per share (<i>in Baht</i>) | 0.48 | 0.70 | 0.28 | 0.41 |

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Condensed notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2019 (Unaudited)

For the six-month period ended 30 June

| | <i>(Unit: Million Baht/Million shares)</i> | | | |
|--|--|--------------|-----------------------------|--------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Profit for the period attributable to ordinary shareholders of the Company | 8,384 | 8,943 | 3,496 | 5,284 |
| <i>Less: cumulative interest expense for the period net of income tax on subordinated perpetual debentures</i> | <i>(298)</i> | <i>(306)</i> | <i>(298)</i> | <i>(306)</i> |
| Profit used in calculation of basic earnings per share | 8,086 | 8,637 | 3,198 | 4,978 |
| Weighted average number of ordinary shares held by third parties outstanding | | | | |
| Number of ordinary shares outstanding at beginning of period | 8,611 | 8,611 | 8,611 | 8,611 |
| Treasury shares held by subsidiaries | (426) | (426) | - | - |
| Net | 8,185 | 8,185 | 8,611 | 8,611 |
| Basic earnings per share (in Baht) | 0.99 | 1.06 | 0.37 | 0.58 |

16 Dividends

Details of dividends for the six-month period ended 30 June were as follows:

| Approval date to pay dividends | Rate per share (Baht) | Number of entitled shares (Shares) | Total (in million Baht) | Source |
|--------------------------------|-----------------------|------------------------------------|-------------------------|---|
| 2019 | | | | |
| 24 April 2019 | 0.30 | 8,611,242,385 | 2,583 | Dividends received from subsidiaries appropriated from taxable profits which were subject to 20% corporate income tax |
| Total | | | 2,583 | |
| 2018 | | | | |
| 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 |
| Total | | | 2,153 | |

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Condensed notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2019 (Unaudited)

17 Commitments with non-related parties

The Group had commitments with non-related parties as at 30 June 2019 and 31 December 2018 as follows:

17.1 Capital commitments

| | Consolidated | | (Unit: Million Baht) | |
|--|----------------------|--------------|----------------------|-----------|
| | financial statements | | Separate | |
| | 30 | 31 | 30 | 31 |
| | June | December | June | December |
| | 2019 | 2018 | 2019 | 2018 |
| <i>Contracted but not provided for</i> | | | | |
| Land, buildings and constructions | 2,997 | 2,407 | 1 | 2 |
| Machinery, equipment and others | 2,219 | 2,083 | 16 | 29 |
| Total | 5,216 | 4,490 | 17 | 31 |

17.2 Commitments under operating lease agreements

| | Consolidated | | (Unit: Million Baht) | |
|--------------------------------------|----------------------|---------------|----------------------|------------|
| | financial statements | | Separate | |
| | 30 | 31 | 30 | 31 |
| | June | December | June | December |
| | 2019 | 2018 | 2019 | 2018 |
| <i>Future minimum lease payments</i> | | | | |
| <i>under non-cancellable</i> | | | | |
| <i>operating leases</i> | | | | |
| Within one year | 4,575 | 4,331 | 99 | 119 |
| Over one year but within five years | 13,243 | 12,136 | 120 | 88 |
| Over five years | 16,351 | 13,984 | 2 | 2 |
| Total | 34,169 | 30,451 | 221 | 209 |

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.

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17.3 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 2019. Under the terms of the agreement, 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 agreement. The net book value of the Company’s assets in respect to the agreement as at 30 June 2019 totalling Baht 15 million (*31 December 2018: Baht 22 million*).

17.4 Letters of credit

Certain subsidiaries had commitments under the issued letters of credit totalling Baht 2,405 million (*31 December 2018: the Company and certain subsidiaries had commitments totalling Baht 3 million and Baht 1,559 million, respectively*).

17.5 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 16 million and Baht 10,282 million, respectively (*31 December 2018: Baht 17 million and Baht 9,350 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 356 million (*31 December 2018: Baht 482 million*).

18 Guarantees

As at 30 June 2019, certain subsidiaries pledged their assets as collateral for their borrowings from financial institutions as follows:

18.1 Ordinary shares of the following foreign subsidiaries:

- (a) C.P. Pokphand Co., Ltd. totaling 1,234 million ordinary shares with fair value of Baht 3,248 million (*31 December 2018: 1,234 million ordinary shares with fair value of Baht 3,415 million*).
- (b) Pravdinsk Pig Production-2 Limited Liability Company with an issued and paid-up capital of Baht 490 million (*31 December 2018: Baht 469 million*).
- (c) NNPP Limited Liability Company with an issued and paid-up capital of Baht 234 million (*31 December 2018: Baht 224 million*).
- (d) NNPP-2 Limited Liability Company with an issued and paid-up capital of Baht 437 million (*31 December 2018: Baht 417 million*).

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18.2 Property, plant and equipment with net book value of Baht 13,769 million (31 December 2018: Baht 13,021 million).

18.3 Current assets and non-current assets mainly comprising of leasehold right, inventories and net accounts receivable and payable, with carrying value of Baht 4,281 million (31 December 2018: Baht 4,434 million).

19 Other

On 20 April 2019, CPF Canada Holdings Corp., a 100.00% owned indirect subsidiary of the Company, entered into the Share Purchase Agreement (the “SPA”) to acquire the entire interest in HyLife Investments Ltd. (“HIL”) (the “Agreement”) which owns a 50.10% interest in HyLife Group Holdings Ltd. (“HyLife”) for a total consideration of CAD 498 million or equivalent to approximately Baht 11,845 million. However, the said total consideration shall be adjusted according to the actual financial data of HIL and HyLife on the date of completion of transaction as specified in the SPA. In this regard, the completion of the acquisition is conditional upon the receipt of approval from Canada’s agricultural approvals and merger control filing and the satisfaction of other conditions precedent as specified in the SPA.

In this regard, subsequent to the completion of the transaction, CPF Canada Holdings Corp. will be amalgamated with HIL, and become a new entity which will assume the name CPF Canada Holdings Corp., under the laws of British Columbia, Canada.

Subsequent to the completion of the transaction, CPF Canada Holdings Corp. will hold 50.10% of total issued and paid up shares of HyLife and HyLife will become a joint venture of the Group.

HyLife is incorporated in Canada and principally engages in integrated swine production business.

20 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS which are 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 2020 are as follows:

| TFRS | Topic |
|-------------|---|
| TFRS 7* | Financial Instruments: Disclosures |
| TFRS 9* | Financial Instruments |
| TFRS 16 | Leases |
| TAS 32* | Financial Instruments: Presentation |
| TFRIC 16* | Hedges of a Net Investment in a Foreign Operation |
| TFRIC 19* | Extinguishing Financial Liabilities with Equity Instruments |

* TFRS - Financial instruments standards

(a) TFRS - Financial instruments standards

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

**Charoen Pokphand Foods Public Company Limited
and its Subsidiaries**
Condensed notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2019 (Unaudited)

(b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases

Management is presently considering the potential impact of adopting and initially applying TFRS for Financial instruments standards and TFRS 16 on the consolidated and separate financial statements.