

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

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

**For the three-month and six-month periods ended 30 June 2020 (Unaudited)**

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**Charoen Pokphand Foods Public Company Limited  
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**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2020 (Unaudited)**

These 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 2020.

## **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 2020 and 31 December 2019 only those with changes during the six-month period ended 30 June 2020 were as follows:

<u>Name of the entity</u>	<u>Type of business</u>	<u>Country of incorporation</u>	<u>Ownership interest (%)</u>	
			<u>30 June 2020</u>	<u>31 December 2019</u>
<i>Newly incorporated direct subsidiary</i>				
1) CP Foods Capital Limited	Investment	British Virgin Islands	100.00	-
<i>Newly incorporated indirect subsidiaries</i>				
1) CP Foods Trading LLC <sup>(1)</sup>	Importer and exporter of meat products	Russia	100.00	-
2) Dongying Chia Tai Aqua Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	China	52.24	-
3) RBPI Elite Seeds LLC <sup>(3)</sup>	Production of elite seeds	Russia	75.82	-
4) Yipeng, LLC <sup>(4)</sup>	Restaurant	United States of America	99.99	-

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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			30 June 2020	31 December 2019
<i>Subsidiaries with change in interests</i>				
<i>Indirect subsidiaries</i>				
1) Dak Galbi Group Co., Ltd. <sup>(5)</sup>	Restaurant	Thailand	59.99	41.35
2) C.P. Aquaculture (Dongfang) Co., Ltd. <sup>(2)</sup>	Shrimp hatchery business	China	52.24	100.00
3) C.P. Aquaculture (Zhanjiang) Co., Ltd. <sup>(2)</sup>	Shrimp hatchery business	China	52.24	100.00
4) Lianyungang Chia Tai Agro-industry Development Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	China	36.57	27.30
5) PetRepublic Ltd. <sup>(6)</sup>	Production and sale of pet food	Poland	60.00	66.67
6) Rui Mu Foods Co., Ltd. <sup>(7)</sup>	Layer chicken business	Taiwan	26.52	20.28
7) Sheng Da Foods Co., Ltd. <sup>(7)</sup>	Layer chicken business	Taiwan	14.92	19.89
8) Zhangzhou C.P. Chia Tai Aquaculture Co., Ltd. <sup>(2)</sup>	Shrimp farming	China	52.24	100.00

<sup>(1)</sup> A subsidiary of Stesha LLC

<sup>(2)</sup> A subsidiary of C.P. Pokphand Co., Ltd.

<sup>(3)</sup> A subsidiary of Russia Baltic Pork Invest AS

<sup>(4)</sup> A subsidiary of Berice LLC

<sup>(5)</sup> A subsidiary of CPF Restaurant and Food Chain Co., Ltd.

<sup>(6)</sup> A subsidiary of CPF Poland S.A.

<sup>(7)</sup> A subsidiary of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.

During the six-month period ended 30 June 2020, 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 (“interim financial statements”) 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 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 of the Company and its subsidiaries for the year ended 31 December 2019.

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## Notes to the interim financial statements

### For the three-month and six-month periods ended 30 June 2020 (Unaudited)

The Group has initially applied Thai Financial Reporting Standards (“TFRS”) - Financial instruments standards, comprising TAS 32 *Financial Instruments: Presentation*, TFRS 7 *Financial Instruments: Disclosures*, TFRS 9 *Financial Instruments*, Thai Financial Reporting Interpretations Committee (“TFRIC”) 16 *Hedges of a Net Investment in a Foreign Operation* and TFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* (collectively referred to as “Financial instruments standards”), and TFRS 16 *Leases* and disclosed impact from changes in accounting policies in note 3.

## 2.2 Use of judgements, estimates and accounting policies

In preparing these interim financial statements, judgements 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 described in the financial statements for the year ended 31 December 2019, except for the new significant judgements and key sources of estimation uncertainty related to the application of new TFRS and COVID-19 outbreak as described in note 3 and 4, respectively.

## 3 Changes in accounting policies

From 1 January 2020, the Group has initially applied TFRS - Financial instruments standards and TFRS 16. Impact of changes in accounting policies on shareholders’ equity are as follows:

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	Unappropriated retained earnings	Other components of equity	Unappropriated retained earnings	Other components of equity
At 31 December 2019 - as reported	103,579	(21,772)	53,294	2,822
<i>Increase (decrease) due to:</i>				
Adoption of TFRS - Financial instruments standards				
Classification and measurement of financial instruments	-	6,595	-	440
Impairment losses on financial assets	(90)	-	(42)	-
Related tax	21	(130)	8	(88)
Adoption of TFRS 16 - net of tax	(2,106)	-	(5)	-
	(2,175)	6,465	(39)	352
<b>At 1 January 2020 - restated</b>	<b>101,404</b>	<b>(15,307)</b>	<b>53,255</b>	<b>3,174</b>

### A. TFRS - Financial instruments standards

The Group has adopted TFRS - Financial instruments standards by adjusting the cumulative effects to retained earnings and other components of equity on 1 January 2020. Therefore, the Group did not adjust the information presented for 2019.

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. The impact from adoption of TFRS - Financial instruments standards are as follows:

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1) Classification and measurement of financial assets and financial liabilities

TFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification under TFRS 9 is based on the cash flow characteristics of the financial asset and the business model in which they are managed. TFRS 9 eliminates the previous classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105.

Under TFRS 9, interest income and interest expenses recognised from all financial assets and financial liabilities measured at amortised cost shall be calculated using effective interest rate method.

Under TFRS 9, derivatives are measured at FVTPL. Where the Group applies a hedge accounting, which is appropriate based upon the specific criteria in accordance with the requirements of TFRS, the impact of recording the derivatives is offset to the extent that the hedging relationship is effective, the portion of the gain or loss on the cash flow hedging instrument that is determined to be an effective hedge shall be recognised within other comprehensive income by presenting in a separate item and is reclassified to profit or loss when hedged items affects profit or loss. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Previously, the Group recognised gain or loss on remeasurement of the derivatives depending on the nature of the item being hedged.

The following table shows classification and measurement under TFRS 9 of each class of the Group's financial assets and financial liabilities at 1 January 2020.

*(Unit: Million Baht)*

<b>Consolidated financial statements</b>			
Classification and measurement under TFRS 9 at 1 January 2020			
	Fair value - applied hedge accounting	Fair value through other comprehensive income	Amortised cost - net
<b>Financial assets</b>			
Cash and cash equivalents	-	-	32,094
Current investments	-	-	1,402
Accounts receivable - trade and others	-	-	32,996
Short-term loans to joint ventures	-	-	188
Accrued dividend income	-	-	165
Other current assets	-	-	4,796
Investments in equity securities	-	12,685	-
Long-term loan to associate	-	-	29
Restricted deposits at financial institutions	-	-	865
Derivative assets	59	-	-
<b>Total</b>	<b>59</b>	<b>12,685</b>	<b>72,535</b>
<b>Financial liabilities</b>			
Bank overdrafts and short-term borrowings			
from financial institutions	-	-	72,204
Bills of exchange	-	-	21,818
Accounts payable - trade and others	-	-	32,188
Short-term borrowing from joint venture	-	-	657
Accrued expenses	-	-	13,001
Other current liabilities	-	-	13,527
Long-term liabilities	-	-	239,001
Derivative liabilities	1,118	-	-
<b>Total</b>	<b>1,118</b>	<b>-</b>	<b>392,396</b>

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(Unit: Million Baht)

	Separate financial statements		
	Classification and measurement under TFRS 9 at 1 January 2020		
	Fair value - applied hedge accounting	Fair value through other comprehensive income	Amortised cost - net
<b>Financial assets</b>			
Cash and cash equivalents	-	-	1,066
Accounts receivable - trade and others	-	-	2,455
Short-term loans to subsidiaries	-	-	43,075
Accrued dividend income	-	-	2,690
Other current assets	-	-	42
Investments in equity securities	-	663	-
Long-term loan to subsidiary	-	-	600
Derivative assets	10	-	-
<b>Total</b>	<b>10</b>	<b>663</b>	<b>49,928</b>
<b>Financial liabilities</b>			
Bank overdrafts and short-term borrowings from financial institutions	-	-	2,853
Bills of exchange	-	-	16,339
Accounts payable - trade and others	-	-	1,169
Short-term borrowing from subsidiary	-	-	6,500
Accrued expenses	-	-	150
Other current liabilities	-	-	1,416
Long-term borrowings	-	-	95,623
Derivative liabilities	208	-	-
<b>Total</b>	<b>208</b>	<b>-</b>	<b>124,050</b>

The Group and the Company intend to hold non-marketable equity securities for the long-term strategic purposes. The Group has designated them as measured at FVOCI. The accumulated gain (loss) on measurement of these investments will not be reclassified to profit or loss upon disposal of the investment.

### 2) Impairment - Financial assets

TFRS 9 requires forward-looking 'expected credit loss' (ECL) model whereas previously the Group estimates allowance for doubtful account by analysing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The impairment model applies to financial assets measured at amortised cost, except for investments in equity instruments.

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The Group has determined that the application of TFRS 9's impairment requirements at 1 January 2020 results in an additional allowance for impairment loss as follows:

	<i>(Unit: Million Baht)</i>	
	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
<b>Allowance for impairment losses at 31 December 2019</b>		
Allowance for doubtful account - Accounts receivable - trade and others	1,042	5
<i>Additional impairment loss recognised at 1 January 2020 on:</i>		
- Accounts receivable - trade and others	90	42
<b>Allowance for impairment losses at 1 January 2020</b>	<b>1,132</b>	<b>47</b>

The Group has opted to recognise the increase of impairment loss as an adjustment to retained earnings as at 1 January 2020.

**B. TFRS 16 Leases**

From 1 January 2020, the Group has initially adopted TFRS 16 on contracts previously identified as leases according to TAS 17 *Leases* and TFRIC 4 *Determining whether an arrangement contains a lease* using the modified retrospective approach.

Previously under TAS 17, the Group, as a lessee, recognised payments made under operating leases and relevant lease incentives in profit or loss on a straight-line basis over the term of the lease. Under TFRS 16, the Group recognised right-of-use assets and lease liabilities for every contracts (except leases with less than 12 months of lease term and low value assets) which is the similar method as finance leases under the superseded TAS 17. In addition, TFRS16 requires the Group to assesses whether a contract is, or contains, a lease. If a contract contains lease and non-lease components, the Group allocates the consideration in the contract based on stand-alone selling price (transaction price).

As a result of the above requirements under TFRS16, the nature of expenses related to those leases was changed because the Group recognised depreciation of right-of-use assets and finance cost on lease liabilities.

On transition, the Group also elected to use the following recognition exemptions:

- do not recognise right-of-use assets and lease liabilities for leases with less than 12 months of lease term and low value assets;
- use hindsight when determining the lease term;
- apply a single discount rate to a portfolio of leases with similar characteristics;
- rely on previous assessments whether leases are onerous as an alternative to performing an impairment review; and
- exclude initial direct costs from measuring the right-of-use asset

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	<i>(Unit: Million Baht)</i>	
	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
<b><i>Impact from the adoption of TFRS 16</i></b>		
<b><i>At 1 January 2020</i></b>		
Decrease in prepaid expenses	(44)	(25)
Decrease in investments in associates	(509)	-
Decrease in property, plant and equipment	(3,105)	-
Decrease in leasehold rights	(8,520)	-
Increase in right-of-use assets	37,504	423
Increase (decrease) in deferred tax assets	447	(5)
Increase in lease liabilities	28,364	398
Decrease in retained earnings	(2,106)	(5)
Decrease in non-controlling interests	(485)	-
<b><i>Measurement of lease liability</i></b>		
<b><i>At 1 January 2020</i></b>		
Operating lease commitment as disclosed at 31 December 2019	41,182	692
Recognition exemption for short-term leases	(378)	(30)
Recognition exemption for leases of low-value assets	(16)	(1)
Extension and termination options reasonably certain to be exercised	420	-
Variable lease payments based on an index or a rate	(79)	(27)
	<u>41,129</u>	<u>634</u>
Discounted using the incremental borrowing rate	(12,765)	(236)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2020	28,364	398
Finance lease liabilities recognised at 31 December 2019	2,795	-
<b>Lease liabilities recognised at 1 January 2020</b>	<b><u>31,159</u></b>	<b><u>398</u></b>
Weighted-average incremental borrowing rate (% per annum)	6.54	2.49

Right-of-use assets and lease liabilities shown above were presented as part of livestock business and aquaculture business segments.

## 4 Impact of COVID-19 outbreak

Due to the COVID-19 outbreak, Thailand and many other countries have enacted several protective measures against the outbreak, e.g. the order to temporarily shut down operating facilities or reduce operating hours, the lockdown of the risky area, the prohibition to entry the country, social distancing, etc. This has significantly affected world economy, production, supply chain of goods and business operation of many entities in wide areas. The management is closely monitoring the situation, providing co-operation to the government to ensure the sufficiency of food consumption for people and building confidence of the safety of the Group's staff and fully attempt to minimise the impact on the business as much as possible.

At 30 June 2020, the situation of COVID-19 outbreak is still ongoing, resulting in estimation uncertainty on the potential impact, therefore, the Group elected to apply accounting guidance on temporary accounting relief measures for additional accounting options in response to impact from the situation of COVID-19 outbreak on the following:

### (a) Impairment of assets

The Group considered impairment of trade and other accounts receivable under simplified approach using historical loss rate and did not take factors with high uncertainty on the COVID-19 situation into account.



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There was high uncertainty under COVID-19 situation; hence, the Group elected to exclude it as impairment indicator for property, plant and equipment, investment properties, intangible assets, and to exclude the COVID-19 situation, which may affect future financial forecasts, from the impairment testing factors of goodwill, intangible assets with an indefinite useful life and intangible assets under installation.

#### (b) Lease modifications

The Group was granted a rent concession as a result of the COVID-19 situation. The Group gradually deducted lease liabilities, reversed depreciation of right-of-use assets and interest on lease liabilities in proportion to the reduced rental, and recognised the differences from the reduced rental in profit or loss.

#### (c) Fair value measurement

The Group elected to measure investment in non-marketable equity securities at 30 June 2020 using fair values at 1 January 2020.

#### (d) Deferred tax assets

The Group elected to exclude the factor of COVID-19 situation in considering sufficiency of future taxable profits to review the amount of deferred tax assets at 30 June 2020.

## 5 Related party transactions

The entity which holds significant influence over the Company is Charoen Pokphand Group Company Limited which directly and indirectly owned 48.42% of the Company's voting rights as of the latest closing date of shareholder register book on 2 June 2020.

There were no material changes in the pricing policies during the six-month period ended 30 June 2020.

### 5.1 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 financial statements		(Unit: Million Baht) Separate financial statements	
	2020	2019	2020	2019
(a) <b>Income</b>				
<b>Significant influence entity</b>				
Sale of goods	-	1	-	-
Software application income	1	1	-	-
<b>Subsidiaries</b>				
Dividend income	-	-	5,260	4,181
Sale of goods	-	-	1,122	653
Interest income	-	-	235	1,141
Rental, service and other income	-	-	2	2
Gain on sale of fixed assets	-	-	-	2
Gain on sale of investments	-	-	804	-

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	<b>Consolidated financial statements</b>		<i>(Unit: Million Baht)</i> <b>Separate financial statements</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>(a) Income (continued)</b>				
<b>Associates, joint ventures and related companies</b>				
Sale of goods	19,020	15,967	854	273
Rental, service and other income	68	65	1	1
Dividend income	12	19	121	9
Software application income	15	17	-	-
Interest income	3	4	-	-
Training and seminar income	1	2	-	-
Gain on sale of fixed assets	-	1	-	-
<b>(b) Expenses and others</b>				
<b>Significant influence entity</b>				
Purchase of raw materials and goods	2,583	2,332	640	624
Trademark license fees	982	741	82	79
Technical service fees	6	121	-	-
<b>Subsidiaries</b>				
Purchase of raw materials and goods	-	-	554	750
Interest expenses	-	-	59	-
Software application fees	-	-	37	41
Rental and service fees	-	-	2	14
Training and seminar fees	-	-	6	5
Other expenses	-	-	12	11
<b>Associates, joint ventures and related companies</b>				
Purchase of raw materials and goods	20,859	17,888	117	131
Construction costs of buildings, structures and others	773	733	32	41
Rental and service fees	307	466	33	65
Purchase of right-of-use assets	132	-	23	-
Purchase of equipment and others	28	95	3	16
Training and seminar fees	26	42	2	4
Software application fees	22	18	-	-
Trademark license fees	13	26	-	-
Interest expenses	4	3	-	-
Other expenses	440	393	31	32

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				(Unit: Million Baht)	
		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>(a) Income</b>					
<b>Significant influence entity</b>					
Sale of goods	-	1	-	-	
Software application income	1	1	-	-	
<b>Subsidiaries</b>					
Dividend income	-	-	5,260	6,611	
Sale of goods	-	-	1,922	1,238	
Interest income	-	-	975	2,316	
Gain on sale of investments	-	-	804	-	
Rental, service and other income	-	-	3	3	
Gain on sale of fixed assets	-	-	-	2	
<b>Associates, joint ventures and related companies</b>					
Sale of goods	36,361	31,139	1,185	463	
Rental, service and other income	118	107	2	2	
Dividend income	78	86	121	9	
Software application income	32	33	-	-	
Interest income	6	8	-	-	
Training and seminar income	2	3	-	-	
Gain on sale of fixed assets	-	35	-	-	
<b>(b) Expenses and others</b>					
<b>Significant influence entity</b>					
Purchase of raw materials and goods	5,110	4,657	1,255	1,208	
Trademark license fees	1,954	1,075	156	81	
Technical service fees	11	285	-	9	
<b>Subsidiaries</b>					
Purchase of raw materials and goods	-	-	1,059	1,145	
Interest expenses	-	-	120	-	
Software application fees	-	-	74	82	
Rental and service fees	-	-	4	28	
Training and seminar fees	-	-	8	9	
Other expenses	-	-	19	18	

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	<b>Consolidated financial statements</b>		<i>(Unit: Million Baht)</i> <b>Separate financial statements</b>	
	2020	2019	2020	2019
<b>(b) Expenses and others (continued)</b>				
<b>Associates, joint ventures and related companies</b>				
Purchase of raw materials and goods	39,068	32,953	231	259
Construction costs of buildings, structures and others	1,392	1,338	61	63
Purchase of trademark	349	-	-	-
Rental and service fees	636	919	61	136
Purchase of right-of-use assets	380	-	101	-
Training and seminar fees	273	104	5	13
Purchase of equipment and others	100	121	8	23
Software application fees	39	32	-	-
Trademark license fees	32	43	-	-
Interest expense	7	6	-	-
Other expenses	871	795	55	54

**5.2 Balances with related parties as at 30 June 2020 and 31 December 2019 were as follows:**

**5.2.1 Accounts receivable - trade and others**

	<b>Consolidated financial statements</b>		<i>(Unit: Million Baht)</i> <b>Separate financial statements</b>	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Significant influence entity	1	2	-	-
Subsidiaries	-	-	529	659
Associates and joint ventures	4,270	5,182	25	39
Related companies	8,566	7,371	1,316	530
<b>Total</b>	<b>12,837</b>	<b>12,555</b>	<b>1,870</b>	<b>1,228</b>

**5.2.2 Short-term loans**

	<i>(Unit: Million Baht)</i> <b>Consolidated financial statements</b>		
	Outstanding balance		
	30 June 2020	31 December 2019	Average balance
Joint ventures	174	188	139
<b>Total</b>	<b>174</b>	<b>188</b>	<b>139</b>

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

	(Unit: Million Baht)		
	<b>Separate financial statements</b>		
	Outstanding balance		
	30 June 2020	31 December 2019	Average balance
Subsidiaries	15,298	43,075	27,311
<b>Total</b>	<b>15,298</b>	<b>43,075</b>	<b>27,311</b>

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.

**5.2.3 Advance payments for purchase of goods**

	<b>Consolidated</b>		(Unit: Million Baht)	
	<b>financial statements</b>		<b>Separate</b>	
			<b>financial statements</b>	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Joint ventures	53	8	-	-
Related companies	2,329	3,685	-	-
<b>Total</b>	<b>2,382</b>	<b>3,693</b>	<b>-</b>	<b>-</b>

**5.2.4 Accrued dividend income**

	<b>Consolidated</b>		(Unit: Million Baht)	
	<b>financial statements</b>		<b>Separate</b>	
			<b>financial statements</b>	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Subsidiaries	-	-	-	2,690
Associates	134	128	-	-
Related companies	-	37	-	-
<b>Total</b>	<b>134</b>	<b>165</b>	<b>-</b>	<b>2,690</b>

**5.2.5 Accrued interest income**

	<b>Consolidated</b>		(Unit: Million Baht)	
	<b>financial statements</b>		<b>Separate</b>	
			<b>financial statements</b>	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Joint ventures	1	1	-	-
<b>Total</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>

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**5.2.6 Long-term loans**

	<i>(Unit: Million Baht)</i>		
	<b>Consolidated financial statements</b>		
	Outstanding balance		
	30 June 2020	31 December 2019	Average balance
Associate	45	29	41
<b>Total</b>	<b>45</b>	<b>29</b>	<b>41</b>

  

	<i>(Unit: Million Baht)</i>		
	<b>Separate financial statements</b>		
	Outstanding balance		
	30 June 2020	31 December 2019	Average balance
Subsidiary	570	600	580
<b>Total</b>	<b>570</b>	<b>600</b>	<b>580</b>

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.

**5.2.7 Accounts payable - trade and others**

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Significant influence entity	568	429	130	63
Subsidiaries	-	-	75	97
Associates and joint ventures	498	497	4	6
Related companies	4,403	4,664	50	84
<b>Total</b>	<b>5,469</b>	<b>5,590</b>	<b>259</b>	<b>250</b>

**5.2.8 Short-term borrowings**

	<i>(Unit: Million Baht)</i>		
	<b>Consolidated financial statements</b>		
	Outstanding balance		
	30 June 2020	31 December 2019	Average balance
Joint venture	758	657	727
<b>Total</b>	<b>758</b>	<b>657</b>	<b>727</b>

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**5.2.8 Short-term borrowings (continued)**

	<i>(Unit: Million Baht)</i>		
	<b>Separate financial statements</b>		
	<b>Outstanding balance</b>		
	30 June 2020	31 December 2019	Average balance
Subsidiaries	6,268	6,500	6,250
<b>Total</b>	<b>6,268</b>	<b>6,500</b>	<b>6,250</b>

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

**5.2.9 Lease liabilities**

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Subsidiary	-	-	63	-
Related companies	2,816	-	240	-
<b>Total</b>	<b>2,816</b>	<b>-</b>	<b>303</b>	<b>-</b>

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

Balances of loans/borrowings and interest rates as at 30 June 2020 and 31 December 2019 are summarised as follows:

	<b>Consolidated financial statements</b>					
	<i>(Unit: Million Baht)</i>					
	<b>Balance with fixed interest rate</b>		<b>Balance with floating interest rate</b>		<b>Average interest rate (%)</b>	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Short-term loans to joint ventures	174	188	-	-	4.85	4.74
Long-term loan to associate	45	29	-	-	2.81	3.51
Short-term borrowing from joint venture	758	657	-	-	2.00	2.00

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**5.3 Balances of loans/borrowings and interest rates (continued)**

	<b>Separate financial statements</b>					
	<i>(Unit: Million Baht)</i>					
	Balance with fixed interest rate		Balance with floating interest rate		Average interest rate (%)	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Short-term loans to subsidiaries	-	-	15,298	43,075	5.88	6.88
Long-term loan to subsidiary	570	600	-	-	5.00	5.00
Short-term borrowing from subsidiaries	6,268	6,500	-	-	3.62	3.85

**5.4 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>	
	2020	2019	2020	2019
<b><i>For the three-month period ended 30 June</i></b>				
Short-term employee benefits	327	311	49	40
Post-employment under defined benefit plans	6	42	1	11
<b>Total</b>	<b>333</b>	<b>353</b>	<b>50</b>	<b>51</b>
<b><i>For the six-month period ended 30 June</i></b>				
Short-term employee benefits	629	629	95	74
Post-employment under defined benefit plans	13	45	2	12
<b>Total</b>	<b>642</b>	<b>674</b>	<b>97</b>	<b>86</b>
<b><i>As at 30 June</i></b>				
Provisions for employee benefits	557	421	96	93
<b>Total</b>	<b>557</b>	<b>421</b>	<b>96</b>	<b>93</b>



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**5.5 Commitments**

As at 30 June 2020 and 31 December 2019, the Group had commitments with related parties as follows:

***Capital commitments***

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
<i>Contracted but not provided for</i>				
Mainly represents contracts for construction of buildings and structures, and purchase of machinery and others	<b>1,116</b>	<b>703</b>	<b>2</b>	<b>7</b>

**5.6 Significant agreements**

Significant agreements with related parties that had changes during the six-month period ended 30 June 2020 were as follows:

**5.6.1 Agreements for the acquisition of assets**

During the year 2019, Chia Tai Investment Co., Ltd. (“CTI”), a 52.24% indirectly owned subsidiary of the Company, entered into agreements with related companies (Yueyang C.T. Agricultural Husbandry Co., Ltd., Heilongjiang Chia Tai Enterprise Co., Ltd. and Hengyang Chia Tai Co., Ltd.) to acquire assets relating to production and sale of animal feed business in China for total consideration of Renminbi 58 million or equivalent to approximately Baht 260 million.

As at 30 June 2020, CTI had partially acquired the assets for total amount of Renminbi 22 million or equivalent to approximately Baht 99 million.

**5.6.2 Agreement for the acquisition of trademark**

During the six-month period ended 30 June 2020, CPF Restaurant and Food Chain Co., Ltd., a 99.99% indirectly owned subsidiary of the Company, entered into an agreement with a related company, Star Marketing Co., Ltd., to acquire a trademark for total consideration of Baht 349 million.

**5.6.3 Share Purchase Agreement**

During the year 2019, the Company 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 425 million or equivalent to approximately Baht 1,946 million. As at 31 December 2019, the Company classified these investments in subsidiaries to non-current assets classified as held for sale in the separate statement of financial position.

As at 30 June 2020, the transaction has been completed. The Company recognised gain on sale of investment amounting Baht 804 million in the separate statements of income.

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**6 Investments in subsidiaries**

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

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
At 1 January	-	-	191,466	151,976
Acquisitions/additional investments	-	-	21,029	9,764
Impairment losses	-	-	-	(495)
Classified as non-current asset held for sale	-	-	-	(1,248)
<b>At 30 June</b>	<u>-</u>	<u>-</u>	<u>212,495</u>	<u>159,997</u>
<b>At 31 December</b>		<u>-</u>		<u>191,466</u>

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*Details of investments in subsidiaries and dividend income*

Investments in subsidiaries as at 30 June 2020 and 31 December 2019 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		Cost method		Accumulated		At cost - net		Dividend income	
	(%)		capital				impairment				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
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<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	160	131
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>160</b>	<b>131</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	-	-
CPF (Thailand) Public												
Company Limited	99.99	99.99	15,289	15,289	48,510	48,510	-	-	48,510	48,510	-	-
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	30,000	9,000	30,000	9,000	-	-	30,000	9,000	5,100	6,480
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	500	500	500	500	-	-	500	500	-	-
Bellisio Investment, LLC	100.00	100.00	26,991	26,991	26,991	26,991	-	-	26,991	26,991	-	-

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**For the three-month and six-month periods ended 30 June 2020 (Unaudited)**

*Details of investments in subsidiaries and dividend income (continued)*

(Unit: Million Baht)

	Separate financial statements											
	Ownership interest		Paid-up		Cost method		Accumulated		At cost - net		Dividend income	
	( <i>%)</i>		share capital				impairment				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
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
C.P. Aquaculture (Hainan) Co., Ltd.	100.00	100.00	126	126	126	126	-	-	126	126	-	-
C.P. Standart Gida Sanayi ve Ticaret A.S.	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	(1,085)	(1,085)	309	309	-	-
Charoen Pokphand Foods Philippines Corporation	23.81	23.81	4,487	4,487	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	37,663	37,663	38,148	38,148	-	-	38,148	38,148	-	-
CPF Poland S.A.	66.67	66.67	185	141	124	95	-	-	124	95	-	-
Homegrown Shrimp (USA) LLC	100.00	100.00	209	209	209	209	-	-	209	209	-	-
CP Foods Capital Limited	100.00	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>					<b>208,526</b>	<b>187,497</b>	<b>(1,222)</b>	<b>(1,222)</b>	<b>207,304</b>	<b>186,275</b>	<b>5,100</b>	<b>6,480</b>
<b>Grand Total</b>					<b>213,717</b>	<b>192,688</b>	<b>(1,222)</b>	<b>(1,222)</b>	<b>212,495</b>	<b>191,466</b>	<b>5,260</b>	<b>6,611</b>

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**7 Investments in associates**

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

	<i>Note</i>	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
At 1 January		105,893	96,126	335	335
Share of profit		3,178	3,837	-	-
Share of other comprehensive income (expense)		(1,009)	-	-	-
Dividend income		(4,621)	(3,729)	-	-
Acquisitions/additional investments		3,489	1,443	5,377	-
Disposals		(1,571)	(2,725)	(179)	-
Impact from change in accounting policy	3	(509)	-	-	-
Currency translation differences		64	(365)	-	-
Others		-	(66)	-	-
<b>At 30 June</b>		<b>104,914</b>	<b>94,521</b>	<b>5,533</b>	<b>335</b>
<b>At 31 December</b>			<b>105,893</b>		<b>335</b>

The Group accounts for the investment in ordinary shares of an associate, CP ALL Public Company Limited (“CPALL”), which is a listed company in the Stock Exchange of Thailand, in the consolidated interim financial statements by the equity method. As at 30 June 2020, the fair value of this investment was Baht 206,317 million (31 December 2019: Baht 219,824 million).

During the six-month period ended 30 June 2020, the Company entered into an agreement to acquire 90 million shares of CPALL from a subsidiary (C.P. Merchandising Co., Ltd.) amounting to Baht 5,377 million by offsetting the consideration of the shares with short-term loan to subsidiary. In addition, the Group and the Company sold portions of the investment in associates with the carrying amount of Baht 1,571 million and Baht 179 million respectively (2019: the Group had a carrying amount of investment of Baht 2,725 million) with gain on sale of investments amounting of Baht 1,575 million and Baht 30 million, respectively (2019: the Group had a gain on sale of investment of Baht 4,509 million).

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*Details of investments in associates and dividend income*

Investments in associates as at 30 June 2020 and 31 December 2019 and dividend income for the six-month period ended 30 June were as follows:

(Unit: Million Baht)

Consolidated financial statements															(Unit: Million Baht)	
	Country of operation	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	31	30	31	30	31	30	31	30	31	30	31	30	30	
		June	December	June	December	June	December	June	December	June	December	June	December	June	June	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	
<i>Marketable security</i>																
CP ALL Public Company Limited	Thailand	33.89	33.86	8,983	8,983	83,985	81,914	98,394	98,848	-	-	98,394	98,848	3,801	3,624	
<b>Total</b>						<b>83,985</b>	<b>81,914</b>	<b>98,394</b>	<b>98,848</b>	<b>-</b>	<b>-</b>	<b>98,394</b>	<b>98,848</b>	<b>3,801</b>	<b>3,624</b>	
<i>Non-marketable securities</i>																
Nava 84 Co., Ltd.	Thailand	25.00	25.00	1,203	1,203	159	159	163	163	-	-	163	163	-	-	
Ross Breeders Siam Co., Ltd.	Thailand	49.99	49.99	70	70	35	35	122	132	-	-	122	132	42	51	
Siam Rivea Co., Ltd.	Thailand	29.99	29.99	60	60	18	18	10	17	-	-	10	17	-	-	
C.P. Retail Holding Co., Ltd.	Thailand	20.00	-	630	-	126	-	-	-	-	-	-	-	-	-	
Arbor Acres Thailand Co., Ltd.	Thailand	49.88	49.98	4	4	2	2	155	187	-	-	155	187	85	45	
BHJ Kalino Food AB*	Sweden	15.08	15.08	5	5	24	24	26	28	-	-	26	28	4	4	
C.P. Aquaculture (India) Private Limited	India	31.70	31.70	192	192	176	176	638	658	-	-	638	658	-	-	
Charoen Pokphand Holdings (Malaysia) Sdn. Bhd.	Malaysia	49.75	49.75	353	353	176	176	1,242	1,275	-	-	1,242	1,275	-	-	

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

(Unit: Million Baht)

Consolidated financial statements															
Country of operation		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 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	30 June 2019
Chia Tai Conti (Cixi) Investment Management Co., Ltd.	China	26.12	26.12	15	15	8	8	4	5	-	-	4	5	-	-
Cixi Zhuda Investment Centre Limited Partnership **	China	0.52	0.52	7	7	-	-	-	-	-	-	-	-	-	-
Conti Chia Tai International Limited	China	26.12	26.12	767	767	1,052	1,052	1,433	1,977	-	-	1,433	1,977	689	-
Ningxia Xiao Ming Animal Husbandry Co., Ltd. **	China	8.40	8.40	362	362	749	749	763	745	-	-	763	745	-	5
Qingdao Yi Bang Bio Engineering Co., Ltd. **	China	6.27	6.27	147	147	1,358	1,358	1,438	1,346	-	-	1,438	1,346	-	-
Zhan Jiang Deni Carburetor Co., Ltd. ***	China	14.12	14.12	669	669	424	424	526	512	-	-	526	512	-	-
<b>Total</b>						<b>4,307</b>	<b>4,181</b>	<b>6,520</b>	<b>7,045</b>	<b>-</b>	<b>-</b>	<b>6,520</b>	<b>7,045</b>	<b>820</b>	<b>105</b>
<b>Grand total</b>						<b>88,292</b>	<b>86,095</b>	<b>104,914</b>	<b>105,893</b>	<b>-</b>	<b>-</b>	<b>104,914</b>	<b>105,893</b>	<b>4,621</b>	<b>3,729</b>

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\* BHJ Kalino Food AB (“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 Centre Limited Partnership (“Cixi Zhuda”) are associates in which 16.07%, 12.00%, and 1.00%, respectively of the total issued and paid-up share capital were held by Chia Tai Investment Co., Ltd. (“CTI”), a 52.24% indirectly owned subsidiary as at 30 June 2020. Therefore, the Group accounted for its investments in Ningxia Xiao Ming, Qingdao Yi Bang and Cixi Zhuda using the equity method based on 8.40%, 6.27%, and 0.52% shareholding in the consolidated interim financial statements, respectively. In this regard, CTI exercises significant influence in these companies by having representatives in the board of directors and involving in setting the policy and making the significant decisions for them. Therefore, the Group classified the aforementioned investments as investments in associates.

\*\*\* Zhan Jiang Deni Carburetor Co., Ltd. (“Zhanjiang Deni”) is an associate in which 28.00% of the total issued and paid-up share capital were held by Chia Tai Enterprises International Limited (“CTEI”), a 50.43% directly and indirectly owned subsidiary. In this regard, the Group accounted for its investment in Zhanjiang Deni using the equity method based on 14.12% shareholding in the consolidated interim financial statements.



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

(Unit: Million Baht)

Separate financial statements													
	Country of operation	Ownership interest		Paid-up share capital		Cost method		Accumulated impairment		At cost - net		Dividend income for six months ended	
		( <i>%</i> )											
		30	31	30	31	30	31	30	31	30	31	30	30
		June	December	June	December	June	December	June	December	June	December	June	June
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<i>Marketable security</i>													
CP ALL Public Company Limited	Thailand	0.97	-	8,983	-	5,198	-	-	-	5,198	-	113	-
<b>Total</b>						<b>5,198</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,198</b>	<b>-</b>	<b>113</b>	<b>-</b>
<i>Non-marketable securities</i>													
Nava 84 Co., Ltd.	Thailand	25.00	25.00	1,203	1,203	159	159	-	-	159	159	-	-
C.P. Aquaculture (India) Private Limited	India	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>
<b>Grand Total</b>						<b>5,533</b>	<b>335</b>	<b>-</b>	<b>-</b>	<b>5,533</b>	<b>335</b>	<b>113</b>	<b>-</b>

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**8 Investments in joint ventures**

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

	<b>Consolidated financial statements</b>		<i>(Unit: Million Baht)</i> <b>Separate financial statements</b>	
	2020	2019	2020	2019
At 1 January	19,434	9,596	4,360	4,360
Share of profit	1,085	381	-	-
Dividend income	(282)	(181)	-	-
Previously held interest in joint venture before status change to subsidiary	(29)	-	-	-
Acquisitions/additional investments	259	55	-	-
Currency translation differences	(179)	(223)	-	-
Others	(2)	-	-	-
<b>At 30 June</b>	<b>20,286</b>	<b>9,628</b>	<b>4,360</b>	<b>4,360</b>
<b>At 31 December</b>		<b>19,434</b>		<b>4,360</b>

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***Details of investments in joint ventures and dividend income***

Investments in joint ventures as at 30 June 2020 and 31 December 2019 and dividend income for the six-month period ended 30 June were as follows:

(Unit: Million Baht)

Consolidated financial statements															
	Country of operation	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 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	30 June 2019
<i>Non-marketable securities</i>															
CP-Meiji Co., Ltd. (“CP-Meiji”) *	Thailand	59.99	59.99	500	500	1,200	1,200	2,665	2,414	-	-	2,665	2,414	-	180
Dak Galbi Group Co., Ltd.	Thailand	-	41.35	-	133	-	55	-	36	-	-	-	36	-	-
Andhra Pradesh Broodstock Multiplicationcentre Private Limited **	India	74.99	74.99	132	132	98	98	91	92	-	-	91	92	-	-
Beijing Chia Tai Feedmill Co., Ltd.	China	26.12	26.12	157	157	128	128	250	231	-	-	250	231	-	-
Camamor Produtos Marinhos S.A.	Brazil	40.00	40.00	103	103	566	566	420	496	-	-	420	496	-	-
CP-MP Logistics Joint Stock Company	Vietnam	32.43	32.43	16	16	8	8	6	7	-	-	6	7	-	-
Handan Chia Tai Feed Co., Ltd.	China	26.12	26.12	56	56	-	-	21	20	-	-	21	20	-	1
Henan East Chia Tai Co., Ltd.	China	26.12	26.12	170	170	225	225	249	231	-	-	249	231	-	-
HyLife Group Holdings Ltd. **	Canada	50.10	50.10	1,555	1,555	9,995	9,736	10,223	9,736	-	-	10,223	9,736	282	-
ECI Metro Investment Co., Ltd.	China	25.21	25.21	378	378	1,296	1,296	2,873	2,666	-	-	2,873	2,666	-	-

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## Notes to the interim financial statements

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### Details of investments in joint ventures and dividend income (continued)

(Unit: Million Baht)

Consolidated financial statements															
	Country of operation	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	31	30	31	30	31	30	31	30	31	30	31	30	30
		June	December	June	December	June	December	June	December	June	December	June	December	June	June
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
SuperDrob S.A.	Poland	49.45	49.45	4,708	4,708	3,794	3,794	3,483	3,501	-	-	3,483	3,501	-	-
Westbridge Foods Holding B.V. **	Netherlands	50.00	50.00	1	1	6	6	5	4	-	-	5	4	-	-
Total						17,316	17,112	20,286	19,434	-	-	20,286	19,434	282	181

\* 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, HyLife Group Holdings Ltd., 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, HyLife Group Holdings Ltd., 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													
Country of operation	Ownership interest		Paid-up share		Cost method		Accumulated		At cost - net		Dividend income for		
	(%)		capital				impairment				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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	
<i>Non-marketable securities</i>													
Camamor Produtos													
Marinhos S.A.	Brazil	40.00	40.00	103	103	566	566	-	-	566	566	-	-
SuperDrob S.A.	Poland	49.45	49.45	4,708	4,708	3,794	3,794	-	-	3,794	3,794	-	-
<b>Total</b>						<b>4,360</b>	<b>4,360</b>	-	-	<b>4,360</b>	<b>4,360</b>	-	-

# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2020 (Unaudited)

### 9 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)*

	<b>Consolidated financial statements</b>			
	2020		2019	
	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	282	25	342	-
Buildings and building improvements and utility systems	3,967	1,599	4,584	303
Machinery and equipment	4,596	456	5,793	447
Others	684	56	627	59
Assets under construction and installation	12,000	9,223	8,842	8,968
<b>Total</b>	<b>21,529</b>	<b>11,359</b>	<b>20,188</b>	<b>9,777</b>

*(Unit: Million Baht)*

	<b>Separate financial statements</b>			
	2020		2019	
	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
Buildings and building improvements and utility systems	102	11	335	241
Machinery and equipment	311	10	153	108
Others	13	-	18	3
Assets under construction and installation	147	382	250	426
<b>Total</b>	<b>573</b>	<b>403</b>	<b>756</b>	<b>778</b>

During the six-month period ended 30 June 2020, the Group and the Company had land revalued by the independent professional valuers using Market Comparison Approach. Therefore, the Group and the Company recognised the increase in value of land in the consolidated and separate financial statements totalling Baht 11,741 million and Baht 2,837 million, respectively. As at 30 June 2020, value of the Group and the Company's land totalling Baht 45,549 million and Baht 9,221 million, respectively (31 December 2019: Baht 33,489 million and Baht 6,383 million, respectively).

# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2020 (Unaudited)

### Fair value measurement

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

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

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

## 10 Leases

Movement of right-of-use assets is as follows:

	Note	Consolidated		(Unit: Million Baht)	
		financial statements		Separate financial statements	
<b>Right-of-use assets</b>					
At 1 January 2020	3		37,504		423
Additions			2,751		126
Less lease termination			(303)		-
Less depreciation			(2,242)		(105)
Currency translation differences			(77)		-
<b>At 30 June 2020</b>			<b>37,633</b>		<b>444</b>
		Consolidated		(Unit: Million Baht)	
		financial statements		Separate financial statements	
<b>For the period ended 30 June 2020</b>		Three-month period	Six-month period	Three-month period	Six-month period
<b>Recognised in profit or loss</b>					
Interest on lease liabilities	509		1,138	3	6
Expenses relating to short-term leases	534		933	26	49
Expenses relating to leases of low-value assets	5		11	1	1
Variable lease payments based on sales	13		33	-	3

Total cash outflow for leases presented in the consolidated and separate statement of cash flows for the six-month period ended 30 June 2020 were Baht 4,356 million and Baht 188 million, respectively.

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**11 Interest-bearing liabilities**

11.1 On 5 June 2020, the Company issued Baht 25,000 million unsubordinated and unsecured debentures No. 1/2020 in registered name and with debenture holder representative. The debentures are divided into:

- The first series of Baht 8,408 million with the term of 4 years, bearing interest at the fixed rate of 3.00% per annum.
- The second series of Baht 7,164 million with the term of 7 years, bearing interest at the fixed rate of 3.40% per annum.
- The third series of Baht 2,725 million with the term of 4 years, bearing interest at the fixed rate of 3.00% per annum.
- The fourth series of Baht 2,643 million with the term of 7 years, bearing interest at the fixed rate of 3.40% per annum.
- The fifth series of Baht 940 million with the term of 12 years, bearing interest at the fixed rate of 3.75% per annum.
- The sixth series of Baht 3,120 million with the term of 15 years, bearing interest at the fixed rate of 4.00% per annum.

The debentures had credit rating of “A+” rated by TRIS Rating Co., Ltd. on 31 March 2020 and were registered with the Thai Bond Market Association on 5 June 2020.

11.2 On 13 May 2020, the Board of Directors of the Company passed a resolution to approve CP Foods Capital Limited (“CPFC”), a 100.00% owned subsidiary of the Company, to issue and offer U.S. Dollar 275 million 0.5% Exchangeable Bonds due 2025 (“EBs”). The EBs holders can exchange the EBs into a pro rata share of the Exchange Property with a sponsor undertaking from the Company. The Exchange Property, at the EBs issue date, shall initially comprise 234 million ordinary shares of the Company. Under the terms and conditions of the EBs, the EB holders have the options to (1) exchange the EBs into ordinary shares of the Company, or (2) put the EBs to CPFC on the date falling 2 years from the issue date of the EBs, or (3) hold the EBs until maturity, whereby in the case of (2) and (3) CPFC will repay the EB holders in cash. In accordance with the terms and conditions of the EBs, where the EB holders exercise the exchange right, and the aggregate number of ordinary shares of the Company to be delivered to such EB holders by CPFC exceeds the specified threshold, CPFC can redeem the EBs in respect of such number of ordinary shares of the Company which exceed the specified threshold using cash of equivalent value. The initial exchange ratio of the EBs is 170,435 (rounded up) of ordinary shares of the Company for each U.S. Dollar 200,000 principal amount of EBs (1 ordinary share of the Company equivalent to Baht 36.80 at the exchange rate U.S. Dollar 1: Baht 31.36). In addition, CPFC, as the EBs issuer, has option to redeem at 110.58% of their principal amount at the maturity date.

The issuance and offering of the EBs were completed and the EBs were listed on Singapore Stock Exchange on 18 June 2020.

As at 30 June 2020, the carrying amount of the EBs were U.S. Dollar 271 million or equivalent to Baht 8,366 million. The EBs are recognised as Convertible Bonds in the consolidated financial statements.



# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

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### 12 Treasury shares

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30	31	30	31
	June	December	June	December
	2020	2019	2020	2019
<b>Ordinary shares of the Company</b>				
At 1 January	-	-	-	-
Addition	2,161	-	2,161	-
<b>Total</b>	<b>2,161</b>	<b>-</b>	<b>2,161</b>	<b>-</b>
<b>Ordinary shares of the Company held by subsidiaries</b>	<b>2,909</b>	<b>2,909</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>5,070</b>	<b>2,909</b>	<b>2,161</b>	<b>-</b>

On 13 March 2020, the Board of Directors of the Company passed the resolution to approve the share repurchase program for financial management purpose in accordance with Section 66/1(2) of the Public Company Limited Act in the amount not exceeding Baht 10,000 million. The number of ordinary shares to be repurchased is not exceeding 400 million shares (par value of Baht 1 per share); equal to 4.65% of the total number of paid-up share capital of the Company. In this regard, the Company shall repurchase its ordinary shares through the main board of the Stock Exchange of Thailand during the period from 1 April 2020 to 30 September 2020. The Board of Directors shall determine the share resale procedures after 6 months from the completion date of share repurchase. However, the last date to resale such repurchase shares shall not be later than 30 September 2023.

As at 30 June 2020, the Company had repurchased its 71 million treasury shares amounting Baht 2,161 million.

# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

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### 13 Subordinated perpetual debentures

As at 30 June 2020, the Company classified subordinated perpetual debentures as part of equity in the consolidated and separate financial statements. TAS 32 *Financial instruments: Presentation*, explains the classification of perpetual debentures as financial liability. However, the Federation of Accounting Professions issued the Announcement of Federation of Accounting Professions dated 3 December 2019 regarding *additional transition for classification of perpetual bonds* as an additional guideline during the transition period.

The Company applies this announcement which, as at 1 January 2020, the Company classified the subordinated perpetual debentures as part of equity in the consolidated and separate financial statements. If, as at 30 June 2020, the Company classifies the subordinated perpetual debentures as financial liability, total liabilities of the Group and the Company will increase by Baht 15,000 million and total shareholders' equity will decrease by Baht 15,000 million.

### 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>			
	<b>Consolidated financial statements</b>			
	Three-month period ended 30 June		Six-month period ended 30 June	
	2020	2019	2020	2019
<b><i>Segment revenue</i></b>				
Livestock business	122,919	111,361	245,295	221,996
Aquaculture business	20,886	22,536	36,645	37,187
<b>Total</b>	<b>143,805</b>	<b>133,897</b>	<b>281,940</b>	<b>259,183</b>
<b><i>Segment results</i></b>				
Livestock business	12,276	4,475	22,166	9,121
Aquaculture business	2,195	2,057	3,293	2,681
<b>Total allocated segment results</b>	<b>14,471</b>	<b>6,532</b>	<b>25,459</b>	<b>11,802</b>
Unallocated segment results	(5,199)	(1,301)	(7,693)	(1,394)
<b>Profit for the period</b>	<b>9,272</b>	<b>5,231</b>	<b>17,766</b>	<b>10,408</b>

# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

### For the three-month and six-month periods ended 30 June 2020 (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 2020 and 31 December 2019 and for the three-month and six-month periods ended 30 June were as follows:

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated financial statements</b>			
	Three-month period ended 30 June		Six-month period ended 30 June	
	2020	2019	2020	2019
<b><i>Revenue from external customers</i></b>				
Thailand	35,995	36,441	73,511	71,307
Asia	89,720	77,245	170,689	148,041
Europe	11,491	14,169	25,133	27,243
America	6,348	5,762	12,153	12,022
Others	251	280	454	570
<b>Total</b>	<b>143,805</b>	<b>133,897</b>	<b>281,940</b>	<b>259,183</b>

	<i>(Unit: Million Baht)</i>	
	<b>Consolidated financial statements</b>	
	30 June 2020	31 December 2019
<b><i>Property, plant and equipment, right-of-use assets and other intangible assets, (excluded goodwill)</i></b>		
Thailand	101,793	83,402
Asia	128,070	102,177
Europe	16,424	16,939
America	18,571	17,838
<b>Total</b>	<b>264,858</b>	<b>220,356</b>

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*Disaggregation of revenue*

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

(Unit: Million Baht)

<b>Consolidated financial statements</b>						
Aquaculture business		Reportable segments Livestock business		Total		
2020	2019	2020	2019	2020	2019	
<b>For the three-month period ended 30 June</b>						
<b>Categories of main products</b>						
Animal feed	12,274	14,629	43,050	38,697	55,324	53,326
Animal farm products	6,796	6,243	59,371	51,211	66,167	57,454
Processed foods and ready meals	1,816	1,664	20,498	21,453	22,314	23,117
<b>Total</b>	<b>20,886</b>	<b>22,536</b>	<b>122,919</b>	<b>111,361</b>	<b>143,805</b>	<b>133,897</b>

**For the six-month period ended 30 June**

<b>Categories of main products</b>						
Animal feed	21,113	22,955	84,621	77,878	105,734	100,833
Animal farm products	12,136	11,012	118,772	101,076	130,908	112,088
Processed foods and ready meals	3,396	3,220	41,902	43,042	45,298	46,262
<b>Total</b>	<b>36,645</b>	<b>37,187</b>	<b>245,295</b>	<b>221,996</b>	<b>281,940</b>	<b>259,183</b>

(Unit: Million Baht)

<b>Separate financial statements</b>		
Reportable segment Aquaculture business		
2020	2019	
<b>For the three-month period ended 30 June</b>		
<b>Categories of main products</b>		
Animal feed	3,094	3,474
Animal farm products	3,179	2,471
Processed foods and ready meals	613	484
<b>Total</b>	<b>6,886</b>	<b>6,429</b>
<b>For the six-month period ended 30 June</b>		
<b>Categories of main products</b>		
Animal feed	6,094	6,568
Animal farm products	5,409	4,353
Processed foods and ready meals	1,121	994
<b>Total</b>	<b>12,624</b>	<b>11,915</b>

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## Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2020 (Unaudited)

### *Contract Balances*

As at 30 June 2020, the Group and the Company had contract liabilities of Baht 3,045 million and Baht 34 million, respectively (31 December 2019: Baht 2,825 million and Baht 21 million, respectively), 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 and the Company recognise 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 and separate statement of financial position as at 30 June 2020.

## 15 Earnings per share

The calculations of 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*

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2020	2019	2020	2019
<b>Profit for the period attributable to ordinary shareholders of the Company</b>	<b>6,028</b>	<b>4,105</b>	<b>5,620</b>	<b>2,550</b>
<i>Less: cumulative interest expense for the period net of income tax on subordinated perpetual debentures</i>	<i>(149)</i>	<i>(150)</i>	<i>(149)</i>	<i>(150)</i>
<b>Profit used in calculation of earnings per share</b>	<b>5,879</b>	<b>3,955</b>	<b>5,471</b>	<b>2,400</b>
<b>Weighted average number of ordinary shares held by third parties outstanding</b>				
Number of ordinary shares outstanding at beginning of period	8,611	8,611	8,611	8,611
Treasury shares held by subsidiaries	(426)	(426)	-	-
Effect of own shares held	(14)	-	(14)	-
<b>Net</b>	<b>8,171</b>	<b>8,185</b>	<b>8,597</b>	<b>8,611</b>
<b>Basic earnings per share (in Baht)</b>	<b>0.72</b>	<b>0.48</b>	<b>0.64</b>	<b>0.28</b>

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**For the three-month and six-month periods ended 30 June 2020 (Unaudited)**

*For the six-month period ended 30 June*

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2020	2019	2020	2019
<b>Profit for the period attributable to ordinary shareholders of the Company</b>	<b>12,139</b>	<b>8,384</b>	<b>4,937</b>	<b>3,496</b>
<i>Less: cumulative interest expense for the period net of income tax on subordinated perpetual debentures</i>	<i>(299)</i>	<i>(298)</i>	<i>(299)</i>	<i>(298)</i>
<b>Profit used in calculation of earnings per share</b>	<b>11,840</b>	<b>8,086</b>	<b>4,638</b>	<b>3,198</b>
<b>Weighted average number of ordinary shares held by third parties outstanding</b>				
Number of ordinary shares outstanding at beginning of period	8,611	8,611	8,611	8,611
Treasury shares held by subsidiaries	(426)	(426)	-	-
Effect of own shares held	(7)	-	(7)	-
<b>Net</b>	<b>8,178</b>	<b>8,185</b>	<b>8,604</b>	<b>8,611</b>
<b>Basic earnings per share (<i>in Baht</i>)</b>	<b>1.45</b>	<b>0.99</b>	<b>0.54</b>	<b>0.37</b>

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**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
<b>2020</b>				
1 April 2020	0.40	8,611,242,385	3,444	Profit after deduction of taxable losses.
<b>Total</b>			<b>3,444</b>	
<b>2019</b>				
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
<b>Total</b>			<b>2,583</b>	

**17 Financial Instruments**

***Carrying amounts and fair values***

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

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**Notes to the interim financial statements**

**For the three-month and six-month periods ended 30 June 2020 (Unaudited)**

(Unit: Million Baht)

	<b>Consolidated financial statements</b>					
<i>Balance as at 30 June 2020</i>	Fair value - applied hedge accounting	Fair value through other comprehensive income	Amortised cost - net	Total	Fair value	Fair value level
<b>Financial assets</b>						
Investments in equity securities						
- Marketable equity securities	-	3,130	-	3,130	3,130	1
- Non-marketable equity securities	-	9,073	-	9,073	9,073	3
Derivative assets	550	-	-	550	550	2
<b>Total financial assets</b>	<b>550</b>	<b>12,203</b>	<b>-</b>	<b>12,753</b>	<b>12,753</b>	
<b>Financial liabilities</b>						
Long-term borrowings						
- Debentures	-	-	169,299	169,299	177,376	2
- Exchangeable bonds	-	-	2,935	2,935	2,916	2
- Convertible bonds	-	-	8,366	8,366	8,589	2
Derivative liabilities	1,969	-	-	1,969	1,969	2
<b>Total financial liabilities</b>	<b>1,969</b>	<b>-</b>	<b>180,600</b>	<b>182,569</b>	<b>190,850</b>	



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(Unit: Million Baht)

	Separate financial statements					
	Fair value - applied hedge accounting	Fair value through other comprehensive income	Amortised cost - net	Total	Fair value	Fair value level
<b>Balance as at 30 June 2020</b>						
<b>Financial assets</b>						
Investments in equity securities						
- Non-marketable equity securities	-	663	-	663	663	3
Derivative assets	65	-	-	65	65	2
<b>Total financial assets</b>	<b>65</b>	<b>663</b>	<b>-</b>	<b>728</b>	<b>728</b>	
<b>Financial liabilities</b>						
Long-term borrowings						
- Debentures	-	-	107,940	107,940	113,306	2
Derivative liabilities	206	-	-	206	206	2
<b>Total financial liabilities</b>	<b>206</b>	<b>-</b>	<b>107,940</b>	<b>108,146</b>	<b>113,512</b>	

**Charoen Pokphand Foods Public Company Limited  
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**Financial instruments measured at Level 3 fair values**

<b>Type</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
Non-marketable equity securities	<i>Market comparison technique:</i> The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee. The estimate is adjusted for the effect of the non-marketable of the equity securities.	Adjusted market multiple (1.0 - 1.6 for 30 June 2020 and 1 January 2020).	The estimated fair value would increase (decrease) if the adjusted market multiple were higher (lower).

**Financial instruments measured at Level 2 fair values**

<b>Type</b>	<b>Valuation technique</b>
Forward exchange contracts	<i>Forward pricing:</i> The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.
Interest rate swaps	<i>Swap models:</i> The fair value is calculated as the present value of estimated future cash flows. Estimated of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap.
Derivatives	Derived by a model using a valuation technique that incorporating observable market data which is adjusted with counterparty credit risk (excluding own credit risk) and other risks to reflect true economic value.
Debentures	Determined based on quoted prices in the debenture markets traded in Thai and overseas markets by using the closing price at the end of the reporting period.
Exchangeable bonds (“EBs”)/ Convertible bonds (“CBs”)	Determined based on quoted prices in the EBs/CBs market traded in overseas by using the closing price at the end of the reporting period.

# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2020 (Unaudited)

### *Impairment loss*

Impairment on cash and cash equivalents was measured on a 12-month ECLs. The Group considers that cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Allowance for impairment loss for trade and other accounts receivable are measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the historical credit loss experience, adjusted for factors that are specific to the debtors and assessment of both the current and forecast general economic conditions.

	<i>(Unit: Million Baht)</i>	
	<b>Consolidated financial statements</b>	
	Accounts receivable - trade and others	Allowance for impairment losses
<i>At 30 June 2020</i>		
Within credit terms	27,751	24
Overdue 1 - 60 days	4,450	37
Overdue 60 - 120 days	704	40
More than 120 days	2,500	1,065
<b>Total</b>	<b>35,405</b>	<b>1,166</b>
Less allowance for impairment	(1,166)	
<b>Net</b>	<b>34,239</b>	

	<i>(Unit: Million Baht)</i>	
	<b>Separate financial statements</b>	
	Accounts receivable - trade and others	Allowance for impairment losses
<i>At 30 June 2020</i>		
Within credit terms	2,009	5
Overdue 1 - 60 days	361	1
Overdue 60 - 120 days	174	1
More than 120 days	961	56
<b>Total</b>	<b>3,505</b>	<b>63</b>
Less allowance for impairment	(63)	
<b>Net</b>	<b>3,442</b>	

**Charoen Pokphand Foods Public Company Limited  
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**18 Commitments with non-related parties**

The Group had commitments with non-related parties as at 30 June 2020 and 31 December 2019 as follows:

**18.1 Capital commitments**

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30	31	30	31
	June	December	June	December
	2020	2019	2020	2019
<i>Contracted but not provided for</i>				
Land, buildings and constructions	7,132	5,211	-	-
Machinery, equipment and others	4,415	4,376	277	546
<b>Total</b>	<b>11,547</b>	<b>9,587</b>	<b>277</b>	<b>546</b>

**18.2 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 2022. 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 June 2020 totalling Baht 19 million *(31 December 2019: Baht 14 million)*.

**18.3 Letters of credit**

Certain subsidiaries had commitments under the issued letters of credit totalling Baht 1,401 million *(31 December 2019: Baht 2,065 million)*.

**18.4 Letters of guarantee**

- (a) The Company and certain subsidiaries had commitments with financial institutions for letters of guarantee issued by the financial institutions in favour of government agencies and others totalling Baht 17 million and Baht 10,126 million, respectively *(31 December 2019: Baht 16 million and Baht 9,192 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 259 million *(31 December 2019: Baht 314 million)*.

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**19 Guarantees**

As at 30 June 2020, certain subsidiaries pledged their assets as collateral for their borrowings from financial institutions as follows:

19.1 Ordinary shares of the following foreign subsidiaries:

- (a) C.P. Pokphand Co., Ltd. totalling 1,234 million ordinary shares with fair value of Baht 3,298 million *(31 December 2019: 1,234 million ordinary shares with fair value of Baht 3,019 million)*.
- (b) Pravdinsk Pig Production-2 Limited Liability Company with an issued and paid-up capital of Baht 439 million *(31 December 2019: Baht 485 million)*.
- (c) NNPP Limited Liability Company with an issued and paid-up capital of Baht 210 million *(31 December 2019: Baht 232 million)*.
- (d) NNPP-2 Limited Liability Company with an issued and paid-up capital of Baht 391 million *(31 December 2019: Baht 433 million)*.
- (e) Charoen Pokphand Foods (Overseas) LLC with an issued and paid-up capital of Baht 38 million *(31 December 2019: Baht 42 million)*.

19.2 Property, plant and equipment with net book value of Baht 13,262 million *(31 December 2019: Baht 13,558 million)*.

19.3 Current and non-current assets mainly comprising of right-of-use assets, inventories and net accounts receivable and payable, with carrying amount of Baht 7,044 million *(31 December 2019: Baht 4,641 million)*.

**20 Others**

During the first quarter of 2020, the board of directors of the Company approved C.P. Merchandising Co., Ltd. (“CPM”), a 99.99% owned subsidiary of the Company, to acquire shares or economic interest of up to 20.00% of the total issued shares in:

- (a) Tesco Stores (Thailand) Limited (“Tesco Thailand”) holding 99.99% of the shares in Ek-Chai Distribution System Co., Ltd., which operates retail business under Tesco Lotus brand in Thailand; and
- (b) Tesco Stores (Malaysia) Sdn. Bhd. (“Tesco Malaysia”) which operates retail business under Tesco brand in Malaysia

Tesco Thailand and Tesco Malaysia are collectively referred to as “Tesco Asia Group”.

In this regard, the investment by CPM will be made indirectly through two special purpose vehicles being C.P. Retail Holding Co., Ltd. (the “Holding Company”) which wholly owns the share capital of C.P. Retail Development Co., Ltd. (the “Acquiring Entity”). The value of the investment by CPM in the Holding Company is approximately USD 1,500 million or equivalent to Baht 47,991 million. However, the completion of the acquisition is subjected to the satisfaction of the precedent conditions in accordance with the share sale and purchase agreement.

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

### **For the three-month and six-month periods ended 30 June 2020 (Unaudited)**

Upon the completion of the transaction, CPM will hold up to 20.00% of the total issued and paid shares in Tesco Asia Group and Tesco Asia Group will become an associate of the Group.

#### **21 Event after the reporting period**

CPF Investment Limited (“CPFI”), a subsidiary which 100% of its issued and paid-up share capital being owned by the Company, to acquire the remaining ordinary shares of an overseas associate (Charoen Pokphand Holdings (Malaysia) Sdn. Bhd. (“CPHM”)), from Standard Investment Pte. Ltd. equaled to 50.25% of total issued and paid-up share capital for total consideration of MYR 177 million or approximately Baht 1,258 million. As at 30 June 2020, CPFI paid the full amount for the shares, however, the share transfer has not been completed, consequently the amount is presented as other non-current assets.

On 31 July 2020, the transfer of CPHM shares had been completed, therefore, its status changed from an associate to a subsidiary of the Group. In this regard, at the date of the interim financial statements were authorised for issue, the final fair value of the net assets acquired is in the assessment process.