

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 2021 (Unaudited)

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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 statutory financial statements, and were approved and authorised for issue by the executive directors on 13 August 2021.

1 Basis of preparation of the interim financial statements

The condensed interim financial statements are presented in the same format as the annual financial statements together with notes to the interim financial statements 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 focus on new activities, events and circumstances to avoid repetition of information previously reported in annual financial statements. Accordingly, these interim financial statements should be read in conjunction with the financial statements of Charoen Pokphand Foods Public Company Limited, the “Company” and the Company and its subsidiaries (together referred to the “Group”) for the year ended 31 December 2020.

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 2020.

2 Acquisitions of subsidiary

Share acquisition of C.P. Aquaculture (India) Private Limited (“CPA”)

During the second quarter of 2021, the Company and CPF (India) Private Limited (“CPF India”) acquired the ordinary shares of CPA from Charoen Pokphand Group Co., Ltd. (“CPG”), a significant influence entity of the Company, and C.T. Progressive (Investment) Limited (“C.T. Progressive”), which is a related party of the Company, in aggregate of 43.30% of total issued and paid-up shares of CPA for a total consideration of Baht 1,469 million.

CPA is incorporated in India and principally engages in production and sale of shrimp feed, shrimp hatchery and sale of shrimp processing.

The Group obtained control of CPA on 2 April 2021 (“Acquisition date”). The Company paid Baht 1,041 million to CPG for the acquisition of 30.80% ordinary shares when combined with the interests previously held of 31.70%, as a result, the Company held 62.50% interests of issued and paid-up share capital in CPA and on 24 June 2021, CPF India paid Baht 428 million to C.T. Progressive for the acquisition of 12.50% ordinary shares, as a result, the Group held 75.00% interests of issued and paid-up share capital in CPA.

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

Consideration transferred

(Unit: Million Baht)

	<u>Fair value</u>
Cash	<u>1,469</u>

Identifiable assets acquired and liabilities assumed

Cash and cash equivalents	115
Accounts receivable - trade and others	79
Inventories	568
Other current assets	137
Property, plant and equipment	3,763
Other non-current assets	55
Short-term borrowings from financial institutions	(510)
Accounts payable - trade and others	(253)
Other current liabilities	(69)
Long-term borrowings	(441)
Deferred tax liabilities	(351)
Provisions and others	(70)
Net assets	<u>3,023</u>
<i>Less non-controlling interests</i>	(756)
Total net assets received	<u>2,267</u>
Fair value of equity interests in CPA prior to acquisition	(1,076)
Goodwill	278
Consideration transferred	1,469
Cash received from acquisition of subsidiary	(115)
Net consideration paid for acquisition of subsidiary	<u><u>1,354</u></u>

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As at the acquisition date, the Group had to measure the fair value of equity interests in CPA prior to acquisition. The measurement resulted in gain on changes in fair value which was recognised as “Gain on changes in fair value of investment in an associate” in the consolidated statements of income for the period ended 30 June 2021. Details as follows:

	<i>(Unit: Million Baht)</i>
Fair value of equity interests in CPA prior to acquisition	1,076
Less investment in CPA accounted for equity method in the Group at the acquisition date	<u>(589)</u>
Gain on changes in fair value of investment in an associate	<u>487</u>

As at 30 June 2021, the Group is still assessing the final fair value assessment of the net assets acquired in accordance with TFRS No. 3. In this regards, the Group has provisionally estimated the fair value of the identifiable assets and liabilities assumed from the business combination for accounting record. However, if the Group obtains any new information within one year from the acquisition date about facts and circumstances that existed at the acquisition date, the Group will adjust the above provisional fair values, or recognise any additional assets or liabilities existed at the acquisition date, then the acquisition accounting will be revised.

Operating results of CPA for the period from 2 April 2021 to 30 June 2021 included in the consolidated statement of income for six-month period ended 30 June 2021 has significant details as follows:

	<i>(Unit: Million Baht)</i>
	For the six-month period ended 30 June 2021
Revenue from sale of goods	936
Loss for the period attributable to equity holders of the Company	(86)

If the acquisition of CPA had occurred on 1 January 2021, management estimates that revenue from sale of goods and profit of the Group in the consolidated financial statements for the six-month period ended 30 June 2021 would have been as follows:

	<i>(Unit: Million Baht)</i>
	For the six-month period ended 30 June 2021
Revenue from sale of goods	249,456
Profit for the period attributable to equity holders of the Company	11,643

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3 Related party transactions

The entity which holds significant influence over the Company is Charoen Pokphand Group Company Limited which directly and indirectly owned 46.49% of the Company's voting rights as of the latest closing date of shareholder register book on 18 May 2021.

There were no material changes in the pricing policies during the six-month period ended 30 June 2021.

3.1 Significant transactions with related parties for the six-month period ended 30 June

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2021	2020	2021	2020
(a) Income				
Significant influence entity				
Software application income	1	1	-	-
Subsidiaries				
Dividend income	-	-	5,452	5,260
Sale of goods	-	-	2,714	1,922
Interest income	-	-	646	975
Gain on sale of investments	-	-	266	804
Rental, service and other income	-	-	3	3
Gain on sale of fixed assets	-	-	2	-
Associates, joint ventures and related companies				
Sale of goods	21,369	36,361	792	1,185
Rental, service and other income	99	118	1	2
Dividend income	64	78	87	121
Software application income	43	32	-	-
Interest income	5	6	-	-
Training and seminar income	2	2	-	-
(b) Expenses and others				
Significant influence entity				
Purchase of raw materials and goods	5,015	5,110	1,043	1,255
Trademark license fees	2,137	1,954	156	156
Technical service fees	48	11	-	-
Subsidiaries				
Purchase of raw materials and goods	-	-	663	1,059
Software application fees	-	-	89	74
Interest expenses	-	-	72	120
Training and seminar fees	-	-	10	8
Rental and service fees	-	-	5	4
Cost of right-of-use assets	-	-	1	-
Other expenses	-	-	27	19

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(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
(b) Expenses and others (Continued)				
Associates, joint ventures and related companies				
Purchase of raw materials and goods	26,166	39,068	691	231
Construction costs of buildings, structures and others	808	1,392	5	61
Rental and service fees	363	596	31	61
Cost of right-of-use assets	238	380	42	101
Purchase of equipment and others	140	100	12	8
Trademark license fees	125	32	-	-
Training and seminar fees	118	273	3	5
Software application fees	87	79	-	-
Interest expenses	16	7	-	-
Purchase of trademarks	-	349	-	-
Other expenses	882	871	53	55

3.2 Balances with related parties as at 30 June 2021 and 31 December 2020 were as follows:

3.2.1 Accounts receivable - trade and others

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Significant influence entity	1	1	-	-
Subsidiaries	-	-	506	523
Associates and joint ventures	5,118	4,680	32	37
Related companies	3,904	3,772	1,048	593
Total	9,023	8,453	1,586	1,153

3.2.2 Short-term loans to related parties

(Unit: Million Baht)

	Separate financial statements		
	Outstanding balance		
	30 June 2021	31 December 2020	Average balance
Subsidiaries	15,625	20,024	20,986
Total	15,625	20,024	20,986

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3.2.3 Advance payments for purchase of goods

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Associates and joint ventures	46	41	-	-
Related companies	1,310	725	-	-
Total	1,356	766	-	-

3.2.4 Accrued dividend income

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Subsidiary	-	-	390	-
Associates	523	3,729	-	-
Related company	40	38	-	-
Total	563	3,767	390	-

3.2.5 Long-term loans to related parties

(Unit: Million Baht)

	Consolidated financial statements		
	Outstanding balance		
	30 June 2021	31 December 2020	Average balance
Associate	49	49	49
Total	49	49	49

	Separate financial statements		
	Outstanding balance		
	30 June 2021	31 December 2020	Average balance
Subsidiary	570	570	570
Total	570	570	570

As at 30 June 2021, the loans bear interest at 2.81% to 5.88% per annum (31 December 2020: 2.81% to 5.88% per annum). The Group and the Company compute the average balance from the outstanding balances of the loans at the end of each month excluding accrued interest income.

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3.2.6 Accounts payable - trade and others

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Significant influence entity	1,444	1,167	158	71
Subsidiaries	-	-	63	62
Associates and joint ventures	6,234	4,573	6	7
Related companies	5,083	6,146	74	59
Total	12,761	11,886	301	199

3.2.7 Short-term borrowings from related parties

(Unit: Million Baht)

	Consolidated financial statements		
	Outstanding balance		
	30 June 2021	31 December 2020	Average balance
Joint ventures	794	414	722
Related companies	101	9	138
Total	895	423	860

(Unit: Million Baht)

	Separate financial statements		
	Outstanding balance		
	30 June 2021	31 December 2020	Average balance
Subsidiaries	-	13,251	2,630
Total	-	13,251	2,630

As at 30 June 2021, the borrowings bear interest at 4.00% to 5.00% per annum (*31 December 2020: 3.52% to 6.50% per annum*). The Group and the Company compute the average balance from the outstanding balances of the borrowings at the end of each month excluding accrued interest expense.

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3.2.8 Lease liabilities

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Subsidiary	-	-	18	42
Associates	572	553	-	-
Related companies	2,832	3,048	237	264
Total	3,404	3,601	255	306

3.3 Key management personnel compensations

Key management personnel compensations consist of:

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	2021	2020	2021	2020
<i>For the six-month period ended 30 June</i>				
Short-term employee benefits	779	629	121	95
Post-employment under defined benefit plans	13	13	2	2
Total	792	642	123	97
<i>As at 30 June</i>				
Provisions for employee benefits	614	557	96	96
Total	614	557	96	96

3.4 Commitments

As at 30 June 2021 and 31 December 2020, the Group had commitments with related parties as follows:

Capital commitments

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
<i>Contracted but not provided for</i> Mainly represents contracts for construction of buildings and structures, and purchase of machinery and others	549	318	2	2

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3.5 Significant agreements

Agreements for the disposition of assets

During the second quarter of 2021, CPF Trading Co., Ltd., a 99.99% indirectly owned subsidiary of the Company, entered into agreements to dispose certain assets relating to meat and food product distribution to retail customers, small-sized restaurants and small-sized hotels with Ek-Chai Distribution System Co., Ltd., which is an indirect associate of the Group, for total consideration of approximately Baht 862 million.

In this regard, fixed assets and tangible assets will be counted and their price will be adjusted based on the value of the assets as of the settlement and ownership transfer date.

As at 30 June 2021, the transaction has not been completed. The Group classified these assets to non-current assets classified as held for sale and liabilities included in disposal groups classified as held for sale in the consolidated statement of financial position.

4 Investments in subsidiaries and associates

Material movements for the six-month period ended 30 June 2021 were as follows:

	<u>Consolidated financial statements</u>	<i>(Unit: Million Baht)</i> <u>Separate financial statements</u>
<i>Subsidiaries</i>		
Purchase investment in C.P. Aquaculture (India) Private Limited	-	1,041
Increase capital in Homegrown Shrimp (USA) LLC	-	209
Dispose investment in CP Foods Singapore Pte Ltd.	-	(35)
<i>Associates</i>		
Purchase investment in CP ALL Public Company Limited	1,006	-
Dispose investment in CP ALL Public Company Limited	(646)	(633)

The Group accounts for the investment in ordinary shares of an associate, CP ALL Public Company Limited, which is a listed company in the Stock Exchange of Thailand, in the consolidated interim financial statements by the equity method. As at 30 June 2021, the fair value of this investment was Baht 182,890 million (31 December 2020: Baht 178,476 million).

Details of the Group's subsidiaries as at 30 June 2021 and 31 December 2020 only those with changes during the six-month period ended 30 June 2021 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 2021</u>	<u>31 December 2020</u>
<i>Newly incorporated indirect subsidiary</i>				
1) Chia Tai Food Industry (Suqian) Co., Ltd. ⁽¹⁾	Production and sale of processed food, processed meat and ready meals	China	52.25	-

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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			30 June 2021	31 December 2020
<i>Subsidiaries from share acquisition</i>				
<i>Indirect subsidiary</i>				
1) Suansomboon Co., Ltd. ⁽²⁾	Agricultural plant farming	Thailand	99.99	-
<i>Direct and indirect subsidiary</i>				
1) C.P. Aquaculture (India) Private Limited	Production and sale of shrimp feed, shrimp hatchery and sale of shrimp processing	India	75.00	31.70
<i>Subsidiaries with change in interests</i>				
<i>Indirect subsidiary</i>				
1) CP Foods Singapore Pte Ltd. ⁽³⁾	Importer and distributor of processed meat and ready meals	Singapore	99.99	100.00
<i>Direct and indirect subsidiary</i>				
1) C.P. Pokphand Co., Ltd.	Investment in agro-industrial and food	Bermuda	52.25	52.24
<i>Indirect subsidiaries that change names</i>				
1) Russia Baltic Pork Invest AS ⁽⁴⁾ (Formerly known as Russia Baltic Pork Invest ASA)	Investment	Norway	75.82	75.82
2) Pravdinsk Pig Production Joint Stock Company ⁽⁴⁾ (Formerly known as Pravdinsk Pig Production Closed Joint Stock Company)	Livestock farming	Russia	75.82	75.82
<i>Liquidated indirect subsidiary</i>				
1) Charoen Pokphand (USA), Inc. ⁽⁵⁾	Integrated poultry business	United States of America	-	99.97
2) Arden International, LLC ⁽⁶⁾	Integrated poultry business, production and distributor of ready meals	United States of America	-	100.00

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

⁽²⁾ A subsidiary of CPF (Thailand) Public Company Limited.

⁽³⁾ A subsidiary of C.P. Merchandising Co., Ltd.

⁽⁴⁾ A subsidiary of CPF Netherlands B.V.

⁽⁵⁾ A subsidiary of CPF Investment Limited

⁽⁶⁾ A subsidiary of Bellisio Investment, LLC

During the six-month period ended 30 June 2021, the Group did not dispose any investments in subsidiaries.

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5 Property, plant and equipment

		<i>(Unit: Million Baht)</i>	
	<i>Note</i>	Consolidated financial statements	Separate financial statements
<i>For the six-month period ended 30 June 2021</i>			
Acquisition - at cost		11,376	108
Acquired through business acquisitions	2	3,763	-
Disposals - net book value		(207)	(8)
Transfer to asset held for sale - net book value		(690)	-

6 Long-term borrowing

For the six-month period ended 30 June, the Company issued unsubordinated and unsecured debenture as follows:

				<i>(Unit: Million Baht)</i>			
				Consolidated		Separate	
<u>Debenture</u>	<u>Interest rates</u> <i>(% per annum)</i>	<u>Term</u> <i>(Year)</i>	<u>Maturity</u> <i>Year</i>	financial statements		financial statements	
				2021	2020	2021	2020
1/2021	1.75 - 3.80	2 - 12	2023 - 2033	30,000	-	30,000	-
Total				30,000	-	30,000	-

The debenture of Company was registered with the Thai Bond Market Association on 22 January 2021. The debenture of Company had a credit rating of “A+” rated by TRIS Rating Co., Ltd. on 31 March 2021.

In this regard, the Company must comply with the specific covenants of the above debenture such as to maintain debt to equity ratio throughout the terms of debentures, etc.

7 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 six-month period ended 30 June were as follows:

		<i>(Unit: Million Baht)</i>	
		Consolidated financial statements	
		2021	2020
Segment revenue			
Livestock business		210,898	245,295
Aquaculture business		38,086	36,645
Total		248,984	281,940

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

	<i>(Unit: Million Baht)</i>	
	Consolidated financial statements	
	2021	2020
<i>Segment results</i>		
Livestock business	20,928	22,166
Aquaculture business	1,896	3,293
Total allocated segment results	22,824	25,459
Unallocated segment results	(8,720)	(7,693)
Profit for the period	14,104	17,766

Information about geographic areas

Details of the geographic segment financial information of the Group for the six-month period ended 30 June were as follows:

	<i>(Unit: Million Baht)</i>	
	Consolidated financial statements	
	2021	2020
<i>Revenue from external customers</i>		
Thailand	78,635	73,511
Asia	128,572	170,689
Europe	27,805	25,133
America	13,151	12,153
Others	821	454
Total	248,984	281,940

Details of the geographic segment financial information of the Group as at 30 June 2021 and 31 December 2020 were as follow:

	<i>(Unit: Million Baht)</i>	
	Consolidated financial statements	
	30 June 2021	31 December 2020
<i>Property, plant and equipment, right-of-use assets and intangible assets (exclude goodwill)</i>		
Thailand	97,980	101,156
Asia	123,298	109,758
Europe	20,020	16,892
America	18,608	17,848
Total	259,906	245,654

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Disaggregation of revenue

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

(Unit: Million Baht)

Categories of main products	Consolidated financial statements					
	Aquaculture business		Livestock business		Total	
	Reportable segments					
	2021	2020	2021	2020	2021	2020
Animal feed	20,919	21,113	40,191	84,621	61,110	105,734
Animal farm products	13,644	12,136	124,164	118,772	137,808	130,908
Processed foods and ready meals	3,524	3,396	46,542	41,902	50,066	45,298
Total	38,087	36,645	210,897	245,295	248,984	281,940

(Unit: Million Baht)

Categories of main products	Separate financial statements	
	Reportable segment	
	Aquaculture business	
	2021	2020
Animal feed	6,610	6,094
Animal farm products	5,363	5,409
Processed foods and ready meals	1,336	1,121
Total	13,309	12,624

Contract Balances

As at 30 June 2021, the Group and the Company had contract liabilities of Baht 1,285 million and Baht 98 million, respectively (*31 December 2020: Baht 896 million and Baht 38 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 2021.

8 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:

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For the three-month period ended 30 June

	<i>(Unit: Million Baht/Million shares)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Profit for the period attributable to ordinary shareholders of the Company	4,737	6,028	5,410	5,620
<i>Less: cumulative interest expense for the period net of income tax on subordinated perpetual debentures</i>	<i>(150)</i>	<i>(149)</i>	<i>(150)</i>	<i>(149)</i>
Profit used in calculation of earnings per share (basic)	4,587	5,879	5,260	5,471
Interest expense on convertible bonds, net of tax	61	10	-	-
Profit used in calculation of earnings per share (diluted)	4,648	5,889	5,260	5,471
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)	-	-
Effect of own shares held	(198)	(14)	(198)	(14)
Number of ordinary shares outstanding (basic) at the end of period	7,987	8,171	8,413	8,597
Effect of conversion of convertible bonds	234	34	234	34
Number of ordinary shares outstanding (diluted) at the end of period	8,221	8,205	8,647	8,631
Basic earnings per share (in Baht)	0.57	0.72	0.63	0.64
Diluted earnings per share (in Baht)	0.57	0.72	0.61	0.64

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	<i>(Unit: Million Baht/Million shares)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Profit for the period attributable to ordinary shareholders of the Company	11,683	12,139	4,298	4,937
<i>Less: cumulative interest expense for the period net of income tax on subordinated perpetual debentures</i>	<i>(298)</i>	<i>(299)</i>	<i>(298)</i>	<i>(299)</i>
Profit used in calculation of earnings per share (basic)	11,385	11,840	4,000	4,638
Interest expense on convertible bonds, net of tax	120	10	-	-
Profit used in calculation of earnings per share (diluted)	11,505	11,850	4,000	4,638
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)	-	-
Effect of own shares held	(198)	(7)	(198)	(7)
Number of ordinary shares outstanding (basic) at the end of period	7,987	8,178	8,413	8,604
Effect of conversion of convertible bonds	234	17	234	17
Number of ordinary shares outstanding (diluted) at the end of period	8,221	8,195	8,647	8,621
Basic earnings per share (in Baht)	1.43	1.45	0.48	0.54
Diluted earnings per share (in Baht)	1.40	1.45	0.46	0.54

9 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
2021				
30 April 2021	0.60	8,413,568,585	5,048	Profit after deduction of taxable losses
Total			5,048	
2020				
1 April 2020	0.40	8,611,242,385	3,444	Profit after deduction of taxable losses
Total			3,444	

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10 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. It does not include fair value information for financial assets and financial liabilities measured at amortised cost if the carrying amount is a reasonable approximation of fair value.

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	Carrying amount				Fair value			
	Hedging instruments	Financial instruments measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
<i>As at 30 June 2021</i>								
Financial assets								
Investment in equity securities								
- Marketable equity securities	-	2,342	-	2,342	2,342	-	-	2,342
- Non-marketable equity securities	-	9,317	-	9,317	-	-	9,317	9,317
Other current financial assets								
- Derivative assets	472	-	-	472	-	472	-	472
Total financial assets	472	11,659	-	12,131				
Financial liabilities								
Long-term borrowings								
- Debentures	-	-	195,290	195,290	-	206,026	-	206,026
- Exchangeable bonds	-	-	3,108	3,108	-	3,105	-	3,105
- Convertible bonds	-	-	8,873	8,873	-	8,985	-	8,985
- Long-term borrowings from financial institutions	-	-	104,639	104,639	-	103,170	-	103,170
Other financial liabilities								
- Derivative liabilities	1,350	-	-	1,350	-	1,350	-	1,350
Total financial liabilities	1,350	-	311,910	313,260				

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	Carrying amount				Fair value			
	Hedging instruments	Financial instruments measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
<i>As at 31 December 2020</i>								
Financial assets								
Investment in equity securities								
- Marketable equity securities	-	2,552	-	2,552	2,552	-	-	2,552
- Non-marketable equity securities	-	8,869	-	8,869	-	-	8,869	8,869
Other current financial assets								
- Derivative assets	155	-	-	155	-	155	-	155
Total financial assets	155	11,421	-	11,576				
Financial liabilities								
Long-term borrowings								
- Debentures	-	-	177,240	177,240	-	185,646	-	185,646
- Exchangeable bonds	-	-	2,885	2,885	-	2,827	-	2,827
- Convertible bonds	-	-	8,228	8,228	-	8,252	-	8,252
- Long-term borrowings from financial institutions	-	-	92,870	92,870	-	92,966	-	92,966
Other financial liabilities								
- Derivative liabilities	2,190	-	-	2,190	-	2,190	-	2,190
Total financial liabilities	2,190	-	281,223	283,413				

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	Carrying amount				Fair value			
	Hedging instruments	Financial instruments measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
<i>As at 30 June 2021</i>								
Financial assets								
Investment in equity securities								
- Non-marketable equity securities	-	688	-	688	-	-	688	688
Total financial assets	-	688	-	688				
Financial liabilities								
Long-term borrowings								
- Debentures	-	-	131,240	131,240	-	138,748	-	138,748
- Long-term borrowings from financial institutions	-	-	3,037	3,037	-	3,070	-	3,070
Other financial liabilities								
- Derivative liabilities	97	-	-	97	-	97	-	97
Total financial liabilities	97	-	134,277	134,374				

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	Carrying amount				Fair value			
	Hedging instruments	Financial instruments measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
<i>As at 31 December 2020</i>								
Financial assets								
Investment in equity securities								
- Non-marketable equity securities	-	663	-	663	-	-	663	663
Other current financial assets								
- Derivative assets	11	-	-	11	-	11	-	11
Total financial assets	11	663	-	674				
Financial liabilities								
Long-term borrowings								
- Debentures	-	-	101,240	101,240	-	107,305	-	107,305
- Long-term borrowings from financial institutions	-	-	2,858	2,858	-	3,041	-	3,041
Other financial liabilities								
- Derivative liabilities	309	-	-	309	-	309	-	309
Total financial liabilities	309	-	104,098	104,407				

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Financial instruments measured at Level 2 fair values

<u>Type</u>	<u>Valuation technique</u>
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.
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 Thailand and overseas 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.

Financial instruments measured at Level 3 fair values

<u>Type</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Non-marketable equity securities	<i>Market comparison technique:</i> The valuation model is based on multiples derived from market information comparable to the investee. The estimate is adjusted for the effect of the non-marketability of the equity securities.	Adjusted multiple (0.8 - 1.7 for 30 June 2021 and 1.0 - 1.6 for 31 December 2020).	The estimated fair value would increase (decrease) if the adjusted multiple were higher (lower).

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Expected credit losses

(Unit: Million Baht)

	Consolidated financial statements			
	Accounts receivable - trade and others		Allowance for expected credit losses	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Within credit terms	27,628	24,172	445	318
Overdue 1 - 60 days	5,865	4,282	26	12
Overdue 60 - 120 days	688	666	21	17
More than 120 days	2,201	1,842	662	663
Total	36,382	30,962	1,154	1,010
Less allowance for expected credit losses	(1,154)	(1,010)		
Net	35,228	29,952		

(Unit: Million Baht)

	Separate financial statements			
	Accounts receivable - trade and others		Allowance for expected credit losses	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Within credit terms	1,881	1,553	-	-
Overdue 1 - 60 days	314	386	-	-
Overdue 60 - 120 days	91	124	-	-
More than 120 days	1,010	598	76	77
Total	3,296	2,661	76	77
Less allowance for expected credit losses	(76)	(77)		
Net	3,220	2,584		

11 Commitments with non-related parties

The Group had commitments with non-related parties as at 30 June 2021 and 31 December 2020 as follows:

11.1 Capital commitments

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	<i>Contracted but not provided for</i>			
Land, buildings and constructions	4,850	3,112	-	-
Machinery, equipment and others	5,801	2,485	275	275
Total	10,651	5,597	275	275

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11.2 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 2021 totalling Baht 16 million (*31 December 2020: Baht 18 million*).

11.3 Letters of credit

Certain subsidiaries had commitments under the issued letters of credit totalling Baht 1,699 million (*31 December 2020: Baht 2,051 million*).

11.4 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 11 million and Baht 1,540 million, respectively (*31 December 2020: Baht 16 million and Baht 2,490 million, respectively*). The letters of guarantee are principally covering the guarantee of taxes, duties and sale of goods.
- (b) Certain foreign subsidiaries had commitments with foreign financial institutions for letters of financial guarantees issued for the customers in feed business of those subsidiaries totalling Baht 299 million (*31 December 2020: Baht 305 million*).

11.5 Sponsor Undertaking

The Company has provided sponsor undertaking for the Exchangeable bond which was issued by a subsidiary, as disclosed in the annual financial statement.

12 Guarantees

As at 30 June 2021, certain foreign subsidiaries had secured borrowings from financial institutions which were pledged by various assets as collateral including property, plant and equipment with net book value of Baht 12,427 million (*31 December 2020: Baht 11,156 million*), current and non-current assets mainly comprising of leasehold rights, inventories and net accounts receivable and payable, with carrying amount of Baht 4,497 million (*31 December 2020: Baht 6,339 million*), ordinary shares of a foreign subsidiary of Baht 5,414 million (*31 December 2020: Baht 4,548 million*).

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13 Supplementary disclosure

During the fourth quarter of 2020, Chia Tai Investment Co., Ltd. (“CTI”) changed its status from a subsidiary of the Group to an associate, as disclosed in the annual financial statement.

In this regard, the transaction has significant impact to the changes of the consolidated statements of income. Additional disclosure of the comparative financial information, excluding CTI, for the three-month and six-month periods ended 30 June were as follows:

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Consolidated	
	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2021	2020 (Unreviewed)	2021	2020 (Unreviewed)
Revenue from sales of goods	129,638	111,993	248,984	222,994
Other income	2,051	1,446	2,798	3,292
Total income	131,689	113,439	251,782	226,286
Cost of sale of goods	108,401	90,908	203,956	180,973
Distribution and administration expenses	12,297	10,573	23,981	21,365
Finance cost	3,971	4,297	8,069	7,771
Losses (gains) on changes in fair value of biological assets	526	(961)	599	800
Other expense	10	-	-	264
Total expense	125,205	104,817	236,605	211,173
Profit before share of profit of associates and joint ventures and income tax expense	6,484	8,622	15,177	15,113