

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

Note	Contents
1	General information
2	Basis of preparation of the interim financial statements
3	Changes in accounting policies
4	Impact of COVID-19 outbreak
5	Acquisition of subsidiary
6	Related party transactions
7	Investments in subsidiaries
8	Investments in associates
9	Investments in joint ventures
10	Property, plant and equipment
11	Leases
12	Interest-bearing liabilities
13	Treasury shares
14	Subordinated perpetual debentures
15	Segment information and disaggregation of revenue
16	Earnings per share
17	Dividends
18	Financial instruments
19	Commitments with non-related parties
20	Guarantees
21	Others
22	Event after the reporting period

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 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 12 November 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 September 2020 and 31 December 2019 only those with changes during the nine-month period ended 30 September 2020 were as follows:

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

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			30 September 2020	31 December 2019
<i>Indirect subsidiaries from shares acquisition</i>				
1) Dak Galbi Group Co., Ltd. ⁽⁵⁾	Restaurant	Thailand	59.99	41.35
2) Charoen Pokphand Holdings (Malaysia) Sdn. Bhd. ⁽⁶⁾	Investment in integrated poultry businesses	Malaysia	100.00	49.75
2.1) Avian Farm (Malaysia) Sdn. Bhd.	Livestock farming	Malaysia	100.00	49.75
2.2) Charoen Pokphand Feedmills (B’worth) Sdn. Bhd.	Production and sale of processing meat and livestock farming	Malaysia	100.00	49.75
2.3) Charoen Pokphand Feedmills (M) Sdn. Bhd.	Production and sale of processing meat and livestock farming	Malaysia	100.00	49.75
2.4) Charoen Pokphand Jaya Farm (M) Sdn. Bhd.	Production and sale of processing meat and livestock farming	Malaysia	100.00	49.75
2.5) Linggi Poultry Farm (M) Sdn. Bhd.	Property lease-out	Malaysia	100.00	49.75
2.6) PK Agro-Industry Products (M) Sdn. Bhd.	Production and sale of animal feed, processed food and livestock farming	Malaysia	100.00	49.75
2.7) Teck Huat Farming Sdn. Bhd.	Livestock farming	Malaysia	100.00	49.75
<i>Indirect subsidiaries with change in interests</i>				
1) C.P. Aquaculture (Dongfang) Co., Ltd. ⁽¹⁾	Shrimp hatchery business	China	52.24	100.00
2) C.P. Aquaculture (Zhanjiang) Co., Ltd. ⁽¹⁾	Shrimp hatchery business	China	52.24	100.00
3) Lianyungang Chia Tai Agro-industry Development Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	36.57	27.30
4) PetRepublic Ltd. ⁽⁷⁾	Production and sale of pet food	Poland	60.00	66.67
5) Rui Mu Foods Co., Ltd. ⁽⁸⁾	Layer chicken business	Taiwan	26.52	20.28
6) Sheng Da Foods Co., Ltd. ⁽⁸⁾	Layer chicken business	Taiwan	14.92	19.89
7) Zhangzhou C.P. Chia Tai Aquaculture Co., Ltd. ⁽¹⁾	Shrimp farming	China	52.24	100.00

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

⁽²⁾ A subsidiary of Stesha LLC

⁽³⁾ A subsidiary of Russia Baltic Pork Invest AS

⁽⁴⁾ A subsidiary of Berice LLC

⁽⁵⁾ A subsidiary of CPF Restaurant and Food Chain Co., Ltd.

⁽⁶⁾ A subsidiary of CPF Investment Limited

⁽⁷⁾ A subsidiary of CPF Poland S.A.

⁽⁸⁾ A subsidiary of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.

During the nine-month period ended 30 September 2020, the Group did not dispose any investments in subsidiaries.

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

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.

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.

In addition, the Federation of Accounting Professions has issued a number of revised TFRS which are effective for annual financial periods beginning on or after 1 January 2021. The Group has not early adopted these standards in preparing these interim financial statements. The Group is assessing the potential impact on the financial statements of these revised TFRS.

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.

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

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:

	Consolidated financial statements		<i>(Unit: Million Baht)</i> Separate financial statements	
	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
At 1 January 2020 - restated	101,404	(15,307)	53,255	3,174

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:

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

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

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)

Consolidated 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
Financial assets			
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	-	-
Total	59	12,685	72,535
Financial liabilities			
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	-	-
Total	1,118	-	392,396

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

(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
Financial assets			
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	-	-
Total	10	663	49,928
Financial liabilities			
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	-	-
Total	208	-	124,050

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.

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

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:

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
Allowance for impairment losses at 31 December 2019		
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
Allowance for impairment losses at 1 January 2020	1,132	47

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

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
Impact from the adoption of TFRS 16		
At 1 January 2020		
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	37,462	423
Increase (decrease) in deferred tax assets	447	(5)
Increase in lease liabilities	28,322	398
Decrease in retained earnings	(2,106)	(5)
Decrease in non-controlling interests	(485)	-
Measurement of lease liability		
At 1 January 2020		
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)
	41,129	634
Discounted using the incremental borrowing rate	(12,807)	(236)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2020	28,322	398
Finance lease liabilities recognised at 31 December 2019	2,795	-
Lease liabilities recognised at 1 January 2020	31,117	398
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 September 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:

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

(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.

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 September 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 September 2020.

5 Acquisition of subsidiary

Share acquisition of Charoen Pokphand Holdings (Malaysia) Sdn. Bhd. (“CPHM”)

On 31 July 2020, CPF Investment Limited (“CPFI”), a subsidiary which 100% of its issued and paid-up share capital being owned by the Company, acquired the remaining ordinary shares of an overseas associate (Charoen Pokphand Holdings (Malaysia) Sdn. Bhd. (“CPHM”)), from Standard Investment Pte. Ltd. at the amount of MYR 177 million or approximately Baht 1,281 million.

CPHM is incorporated in Malaysia and principally engages in integrated poultry businesses.

The Group obtained control of CPHM on 31 July 2020 (“Acquisition date”) through the acquisition of 50.25% interests combined with the Group’s interests previously had 49.75%, as a result, the Group held 100.00% interests of issued and paid-up share capital in CPHM.

The Group has applied Thai Financial Reporting Standards (“TFRS”) No. 3 (revised 2019) *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:

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

Consideration transferred

(Unit: Million Baht)

	Fair value
Cash	1,281

Identifiable assets acquired and liabilities assumed

Cash and cash equivalents	257
Accounts receivable - trade and others	1,186
Inventories	756
Current biological assets	383
Other current assets	128
Property, plant and equipment	2,420
Right-of-use assets	344
Intangible assets	3
Deferred tax assets	55
Other non-current assets	167
Bank overdrafts and short-term borrowings from financial institutions	(1,488)
Accounts payable - trade and others	(507)
Current portion of long-term borrowings	(410)
Current portion of lease liabilities	(47)
Other current liabilities	(243)
Long-term borrowings	(351)
Lease liabilities	(205)
Deferred tax liabilities	(71)
Net assets	2,377
Fair value of equity interests in CPHM prior to acquisition	(1,269)
Surplus from the excess of consideration over identified net assets acquired	173
Consideration transferred	1,281
Cash received from acquisition of subsidiary	(257)
Net consideration paid for acquisition of subsidiary	1,024

As at the acquisition date, the Group had to measure the fair value of equity interests in CPHM prior to acquisition. The measurement resulted in loss on changes in fair value which was recognised as “Loss on changes in fair value of investment in an associate” in the consolidated statements of income for the period ended 30 September 2020. Details as follows:

(Unit: Million Baht)

Fair value of equity interests in CPHM prior to acquisition	1,269
Less investment in CPHM accounted for equity method in CPFI at the acquisition date	(1,322)
Loss on changes in fair value of investment in an associate	(53)

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

As at 30 September 2020, the Group is still assessing the final fair value assessment of the net assets acquired in accordance with TFRS No. 3 (revised 2018). 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 CPHM for the period from 31 July 2020 to 30 September 2020 included in the consolidated statement of income for the three-month and nine-month period ended 30 September 2020 has significant details as follows:

	<i>(Unit: Million Baht)</i>
	For the three-month and nine-month period ended 30 September 2020
Revenue from sale of goods	1,539
Profit for the period attributable to equity holders of the Company	75

If the acquisition of CPHM had occurred on 1 January 2020, management estimates that revenue from sale of goods and profit of the Group in the consolidated financial statements for the period ended 30 September 2020 would have been as follows:

	<i>(Unit: Million Baht)</i>	<i>(Unit: Million Baht)</i>
	For the three-month period ended 30 September 2020	For the nine-month period ended 30 September 2020
Revenue from sale of goods	158,676	445,137
Profit for the period attributable to equity holders of the Company	7,487	19,604

6 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 nine-month period ended 30 September 2020.

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

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

6.1 Significant transactions with related parties for the three-month and nine-month periods ended 30 September

For the three-month period ended 30 September

		<i>(Unit: Million Baht)</i>	
		Consolidated	Separate
		financial statements	financial statements
		2020	2019
		2020	2019
(a) Income			
Significant influence entity			
Sale of goods	-	1	-
Training and seminar income	-	1	-
Subsidiaries			
Sale of goods	-	-	1,456
Interest income	-	-	323
Rental, service and other income	-	-	1
Dividend income	-	-	2,179
Gain on sale of fixed assets	-	-	1
Associates, joint ventures and related companies			
Sale of goods	21,603	15,212	366
Rental, service and other income	76	45	1
Software application income	15	17	-
Interest income	2	3	-
Training and seminar income	2	3	-
(b) Expenses and others			
Significant influence entity			
Purchase of raw materials and goods	2,174	2,446	450
Trademark license fees	1,039	849	78
Technical service fees	23	144	-
Rental and service fees	-	1	-
Subsidiaries			
Purchase of raw materials and goods	-	-	367
Interest expenses	-	-	76
Software application fees	-	-	36
Rental and service fees	-	-	2
Training and seminar fees	-	-	2
Other expenses	-	-	14
Associates, joint ventures and related companies			
Purchase of raw materials and goods	19,323	15,980	198
Construction costs of buildings, structures and others	502	1,093	8
Rental and service fees	333	452	26

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

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

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

				<i>(Unit: Million Baht)</i>	
		Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
(b)	Expenses and others (continued)				
	Associates, joint ventures and related companies				
	Training and seminar fees	219	42	4	9
	Purchase of right-of-use assets	159	-	41	-
	Purchase of equipment and others	24	35	7	3
	Software application fees	17	17	-	-
	Trademark license fees	14	24	-	-
	Interest expenses	4	3	-	-
	Other expenses	426	420	34	32

For the nine-month period ended 30 September

				<i>(Unit: Million Baht)</i>	
		Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
(a)	Income				
	Significant influence entity				
	Software application income	1	1	-	-
	Sale of goods	-	2	-	-
	Training and seminar income	-	1	-	-
	Rental, service and other income	-	1	-	-
	Subsidiaries				
	Dividend income	-	-	5,260	8,790
	Sale of goods	-	-	3,378	1,979
	Interest income	-	-	1,298	3,414
	Gain on sale of investments	-	-	804	-
	Rental, service and other income	-	-	4	4
	Gain on sale of fixed assets	-	-	-	3
	Associates, joint ventures and related companies				
	Sale of goods	57,964	46,351	1,551	664
	Rental, service and other income	194	152	3	3
	Dividend income	78	86	121	9
	Software application income	47	50	-	-
	Interest income	8	11	-	-
	Training and seminar income	4	6	-	-
	Gain on sale of fixed assets	-	35	-	-
(b)	Expenses and others				
	Significant influence entity				
	Purchase of raw materials and goods	7,284	7,103	1,705	1,840
	Trademark license fees	2,993	1,924	234	158
	Technical service fees	34	429	-	9
	Rental and service fees	-	1	-	-

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

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

For the nine-month period ended 30 September (continued)

				<i>(Unit: Million Baht)</i>	
		Consolidated financial statements		Separate financial statements	
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
(b)	Expenses and others (continued)				
	Subsidiaries				
	Purchase of raw materials and goods	-	-	1,426	1,773
	Interest expense	-	-	196	3
	Software application fees	-	-	110	121
	Training and seminar fees	-	-	10	16
	Rental and service fees	-	-	6	42
	Other expenses	-	-	33	26
	Associates, joint ventures and related companies				
	Purchase of raw materials and goods	58,391	48,933	429	406
	Construction costs of buildings, structures and others	1,894	2,431	68	102
	Rental and service fees	969	1,371	87	196
	Purchase of right-of-use assets	539	-	142	-
	Training and seminar fees	492	146	9	16
	Purchase of trademark	349	-	-	-
	Purchase of equipment and others	124	156	15	32
	Software application fees	56	49	-	-
	Trademark license fees	46	67	-	-
	Interest expense	11	9	-	-
	Other expenses	1,297	1,215	89	86

6.2 Balances with related parties as at 30 September 2020 and 31 December 2019 were as follows:

6.2.1 Accounts receivable - trade and others

				<i>(Unit: Million Baht)</i>	
		Consolidated financial statements		Separate financial statements	
		<u>30 September 2020</u>	<u>31 December 2019</u>	<u>30 September 2020</u>	<u>31 December 2019</u>
	Significant influence entity	1	2	-	-
	Subsidiaries	-	-	563	659
	Associates and joint ventures	4,618	5,182	20	39
	Related companies	10,117	7,371	1,098	530
	Total	14,736	12,555	1,681	1,228

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

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

6.2.2 Short-term loans

(Unit: Million Baht)

	Consolidated financial statements		
	Outstanding balance		
	30 September 2020	31 December 2019	Average balance
Joint ventures	193	188	132
Total	193	188	132

(Unit: Million Baht)

	Separate financial statements		
	Outstanding balance		
	30 September 2020	31 December 2019	Average balance
Subsidiaries	23,583	43,075	25,750
Total	23,583	43,075	25,750

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.

6.2.3 Advance payments for purchase of goods

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Joint ventures	50	8	-	-
Related companies	2,677	3,685	-	-
Total	2,727	3,693	-	-

6.2.4 Accrued dividend income

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Subsidiaries	-	-	-	2,690
Associates	139	128	-	-
Related companies	-	37	-	-
Total	139	165	-	2,690

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

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

6.2.5 Accrued interest income

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

6.2.6 Long-term loans

	<i>(Unit: Million Baht)</i> Consolidated financial statements		
	Outstanding balance		
	30 September 2020	31 December 2019	Average balance
Associate	47	29	43
Total	47	29	43

	<i>(Unit: Million Baht)</i> Separate financial statements		
	Outstanding balance		
	30 September 2020	31 December 2019	Average balance
Subsidiary	570	600	577
Total	570	600	577

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.

6.2.7 Accounts payable - trade and others

	Consolidated financial statements		<i>(Unit: Million Baht)</i> Separate financial statements	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Significant influence entity	834	429	64	63
Subsidiaries	-	-	95	97
Associates and joint ventures	464	497	5	6
Related companies	5,204	4,664	65	84
Total	6,502	5,590	229	250

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

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

6.2.8 Short-term borrowings

(Unit: Million Baht)

	Consolidated financial statements		
	Outstanding balance		
	30 September 2020	31 December 2019	Average balance
Joint venture	820	657	760
Total	820	657	760

(Unit: Million Baht)

	Separate financial statements		
	Outstanding balance		
	30 September 2020	31 December 2019	Average balance
Subsidiaries	16,783	6,500	7,426
Total	16,783	6,500	7,426

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.

6.2.9 Lease liabilities

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Subsidiary	-	-	52	-
Related companies	2,759	-	253	-
Total	2,759	-	305	-

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

6.3 Balances of loans/borrowings and interest rates

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

Consolidated financial statements						
<i>(Unit: Million Baht)</i>						
	Balance with fixed interest rate		Balance with floating interest rate		Average interest rate (%)	
	30	31	30	31	30	31
	September 2020	December 2019	September 2020	December 2019	September 2020	December 2019
Short-term loans to joint ventures	193	188	-	-	4.85	4.74
Long-term loan to associate	47	29	-	-	2.81	3.51
Short-term borrowing from joint venture	820	657	-	-	2.00	2.00
Separate financial statements						
<i>(Unit: Million Baht)</i>						
	Balance with fixed interest rate		Balance with floating interest rate		Average interest rate (%)	
	30	31	30	31	30	31
	September 2020	December 2019	September 2020	December 2019	September 2020	December 2019
Short-term loans to subsidiaries	-	-	23,583	43,075	5.88	6.88
Long-term loan to subsidiary	570	600	-	-	5.00	5.00
Short-term borrowing from subsidiaries	16,783	6,500	-	-	3.67	3.85

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

6.4 Key management personnel compensations

Key management personnel compensations consist of:

	Consolidated financial statements		<i>(Unit: Million Baht)</i> Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<i>For the three-month period ended 30 September</i>				
Short-term employee benefits	520	360	62	52
Post-employment under defined benefit plans	<u>6</u>	<u>6</u>	<u>1</u>	<u>1</u>
Total	<u>526</u>	<u>366</u>	<u>63</u>	<u>53</u>
<i>For the nine-month period ended 30 September</i>				
Short-term employee benefits	1,149	989	157	126
Post-employment under defined benefit plans	<u>19</u>	<u>51</u>	<u>3</u>	<u>13</u>
Total	<u>1,168</u>	<u>1,040</u>	<u>160</u>	<u>139</u>
<i>As at 30 September</i>				
Provisions for employee benefits	<u>681</u>	<u>428</u>	<u>94</u>	<u>98</u>
Total	<u>681</u>	<u>428</u>	<u>94</u>	<u>98</u>

6.5 Commitments

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

Capital commitments

	Consolidated financial statements		<i>(Unit: Million Baht)</i> Separate financial statements	
	<u>30 September 2020</u>	<u>31 December 2019</u>	<u>30 September 2020</u>	<u>31 December 2019</u>
<i>Contracted but not provided for</i>				
Mainly represents contracts for construction of buildings and structures, and purchase of machinery and others	<u>918</u>	<u>703</u>	<u>2</u>	<u>7</u>

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

6.6 Significant agreements

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

6.6.1 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 September 2020, CTI had partially acquired the assets for total amount of Renminbi 22 million or equivalent to approximately Baht 99 million.

6.6.2 Agreement for the acquisition of trademark

During the nine-month period ended 30 September 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.

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

7 Investments in subsidiaries

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

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
At 1 January	-	-	191,466	151,976
Acquisitions/additional investments	-	-	31,111	9,992
Impairment loss	-	-	-	(514)
Classified as non-current asset held for sale	-	-	-	(1,229)
At 30 September	-	-	222,577	160,225
At 31 December		-		191,466

(Unit: Million Baht)

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

Details of investments in subsidiaries and dividend income

Investments in subsidiaries as at 30 September 2020 and 31 December 2019 and dividend income for the nine-month period ended 30 September 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 nine months ended	
	30	31	30	31	30	31	30	31	30	31	30	30
	September	December	September	December	September	December	September	December	September	December	September	September
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Marketable securities												
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	-	-
Total					5,191	5,191	-	-	5,191	5,191	160	131
Non-marketable securities												
Bangkok Produce Merchandising Public Company Limited	99.44	99.44	600	600	1,230	1,230	-	-	1,230	1,230	-	179
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	-	200
C.P. Merchandising Co., Ltd.	99.99	99.99	30,000	9,000	30,000	9,000	-	-	30,000	9,000	5,100	8,280
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	37,072	26,991	37,072	26,991	-	-	37,072	26,991	-	-

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

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 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 nine months ended	
	30	31	30	31	30	31	30	31	30	31	30	30
	September	December	September	December	September	December	September	December	September	December	September	September
	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	-	-	-	1	-	-	-	1	-	-	-
Total					218,608	187,497	(1,222)	(1,222)	217,386	186,275	5,100	8,659
Grand Total					223,799	192,688	(1,222)	(1,222)	222,577	191,466	5,260	8,790

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

8 Investments in associates

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

	Notes	Consolidated		<i>(Unit: Million Baht)</i> Separate	
		financial statements		financial statements	
		2020	2019	2020	2019
At 1 January		105,893	96,126	335	335
Share of profit		4,735	5,947	-	-
Share of other comprehensive income (expense)		(255)	-	-	-
Dividend income		(4,706)	(3,729)	-	-
Acquisitions/additional investments		4,565	9,440	5,377	-
Disposals		(1,571)	(4,450)	(179)	-
Previously held interest in associate before status change to subsidiary	5	(1,322)	-	-	-
Impact from change in accounting policy	3	(509)	-	-	-
Exchanges with Exchangeable Bonds		-	(23)	-	-
Currency translation differences		519	(604)	-	-
Others		(7)	(129)	-	-
At 30 September		107,342	102,578	5,533	335
At 31 December			105,893		335

The Group accounts for the investment in ordinary shares of an associate, CP ALL Public Company Limited (“CPALL”), which is a listed company in the Stock Exchange of Thailand, in the consolidated interim financial statements by the equity method. As at 30 September 2020, the fair value of this investment was Baht 184,360 million (31 December 2019: Baht 219,824 million).

During the nine-month period ended 30 September 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 4,450 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 8,010 million).

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

Details of investments in associates and dividend income

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

(Unit: Million Baht)

(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 nine months ended	
		(<i>%</i>)													
		30	31	30	31	30	31	30	31	30	31	30	31	30	30
		September 2020	December 2019	September 2020	December 2019	September 2020	December 2019	September 2020	December 2019	September 2020	December 2019	September 2020	December 2019	September 2020	September 2019
Marketable security															
CP ALL Public Company Limited	Thailand	34.06	33.86	8,983	8,983	84,936	81,914	101,629	98,848	-	-	101,629	98,848	3,801	3,624
Total						84,936	81,914	101,629	98,848	-	-	101,629	98,848	3,801	3,624
Non-marketable securities															
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	140	132	-	-	140	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	-	1,255	-	251	-	187	-	-	-	187	-	-	-
Arbor Acres Thailand Co., Ltd.	Thailand	49.98	49.98	4	4	2	2	176	187	-	-	176	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	655	658	-	-	655	658	-	-
Charoen Pokphand Holdings (Malaysia) Sdn. Bhd.	Malaysia	-	49.75	-	353	-	176	-	1,275	-	-	-	1,275	-	-

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

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 nine months ended	
		30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	30 September 2019
Chia Tai Conti (Cixi)															
Investment Management Co., Cixi Zhuda	China	26.12	26.12	15	15	8	8	4	5	-	-	4	5	-	-
Investment Centre Limited Partnership **															
Conti Chia Tai International Limited	China	0.52	0.52	7	7	-	-	-	-	-	-	-	-	-	-
Ningxia Xiao Ming Animal Husbandry Co., Ltd. **	China	26.12	26.12	767	767	1,052	1,052	1,556	1,977	-	-	1,556	1,977	689	-
Qingdao Yi Bang Bio Engineering Co., Ltd. **	China	8.40	8.40	362	362	749	749	783	745	-	-	783	745	-	5
Zhan Jiang Deni Carburetor Co., Ltd. ***	China	6.27	6.27	147	147	1,358	1,358	1,456	1,346	-	-	1,456	1,346	85	-

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

* 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 September 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.

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

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

Details of investments in associates and dividend income (continued)

(Unit: Million Baht)

Separate financial statements													
Country of operation	Ownership interest		Paid-up		Cost method		Accumulated		At cost - net		Dividend income for		
	(<i>%)</i>		share capital				impairment				nine months ended		
	30	31	30	31	30	31	30	31	30	31	30	30	
	September	December	September	December	September	December	September	December	September	December	September	September	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2020	
<i>Marketable security</i>													
CP ALL Public Company Limited	Thailand	0.97	-	8,983	-	5,198	-	-	-	5,198	-	113	-
Total						5,198	-	-	-	5,198	-	113	-
<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	-	-
Total						335	335	-	-	335	335	-	-
Grand Total						5,533	335	-	-	5,533	335	113	-

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

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

9 Investments in joint ventures

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

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
At 1 January	19,434	9,596	4,360	4,360
Share of profit	1,556	531	-	-
Dividend income	(525)	(221)	-	-
Previously held interest in joint venture before status change to subsidiary	(29)	-	-	-
Acquisitions/additional investments	366	55	-	-
Currency translation differences	316	(482)	-	-
Others	(6)	-	-	-
At 30 September	<u>21,112</u>	<u>9,479</u>	<u>4,360</u>	<u>4,360</u>
At 31 December		<u>19,434</u>		<u>4,360</u>

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

Details of investments in joint ventures and dividend income

Investments in joint ventures as at 30 September 2020 and 31 December 2019 and dividend income for the nine-month period ended 30 September 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 nine months ended	
		(%)													
		30	31	30	31	30	31	30	31	30	31	30	31	30	30
		September 2020	December 2019	September 2020	December 2019	September 2020	December 2019	September 2020	December 2019	September 2020	December 2019	September 2020	December 2019	September 2020	September 2019
Non-marketable securities															
CP-Meiji Co., Ltd. (“CP-Meiji”)*	Thailand	59.99	59.99	500	500	1,200	1,200	2,562	2,414	-	-	2,562	2,414	240	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	95	92	-	-	95	92	-	-
Beijing Chia Tai Feedmill Co., Ltd.	China	26.12	26.12	157	157	128	128	272	231	-	-	272	231	-	-
Camamor Produtos Marinhos S.A.	Brazil	40.00	40.00	103	103	566	566	402	496	-	-	402	496	-	-
CP-MP Logistics Joint Stock Company	Vietnam	32.43	32.43	9	16	4	8	3	7	-	-	3	7	-	-
ECI Metro Enterprises (Hong Kong) Co., Ltd.	Hong Kong	25.21	-	-	-	-	-	-	-	-	-	-	-	-	-
ECI Metro Investment Co., Ltd.	China	25.21	25.21	378	378	1,296	1,296	3,008	2,666	-	-	3,008	2,666	-	-
Feng Sheng Livestock Co., Ltd.	Taiwan	19.51	-	214	-	107	-	108	-	-	-	108	-	-	-

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

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

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 nine months ended	
		(%)													
		30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	30 September 2019
Handan Chia Tai Feed Co., Ltd.	China	26.12	26.12	56	56	-	-	20	20	-	-	20	20	3	1
Henan East Chia Tai Co., Ltd.	China	26.12	26.12	170	170	225	225	267	231	-	-	267	231	-	40
HyLife Group Holdings Ltd. **	Canada	50.10	50.10	1,555	1,555	9,995	9,736	10,777	9,736	-	-	10,777	9,736	-	-
SuperDrob S.A.	Poland	49.45	49.45	4,708	4,708	3,794	3,794	3,592	3,501	-	-	3,592	3,501	282	-
Westbridge Foods Holding B.V. **	Netherlands	50.00	50.00	1	1	6	6	6	4	-	-	6	4	-	-
Total						17,419	17,112	21,112	19,434	-	-	21,112	19,434	525	221

* 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.

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

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

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		
	<i>(%)</i>		capital				impairment				nine months ended		
	30	31	30	31	30	31	30	31	30	31	30	30	
	September	December	September	December	September	December	September	December	September	December	September	September	
	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	-	-
Total						4,360	4,360	-	-	4,360	4,360	-	-

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

10 Property, plant and equipment

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

(Unit: Million Baht)

	Consolidated financial statements			
	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	480	25	387	-
Buildings and building improvements and utility systems	8,936	2,857	7,205	376
Machinery and equipment	7,744	617	9,306	535
Others	1,296	107	1,028	68
Assets under construction and installation	17,687	15,295	15,122	14,817
Total	36,143	18,901	33,048	15,796

(Unit: Million Baht)

	Separate financial statements			
	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	120	11	504	241
Machinery and equipment	419	10	211	111
Others	18	-	27	4
Assets under construction and installation	193	493	394	626
Total	750	514	1,136	982

During the nine-month period ended 30 September 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 13,744 million and Baht 2,837 million, respectively. As at 30 September 2020, value of the Group and the Company's land totalling Baht 47,979 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 nine-month periods ended 30 September 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.

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

11 Leases

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

		Consolidated	<i>(Unit: Million Baht)</i> Separate
	<i>Note</i>	financial statements	financial statements
<i>Right-of-use assets</i>			
At 1 January 2020	3	37,462	423
Additions		4,631	176
Acquired through business acquisitions		385	-
Less lease termination		(873)	(2)
Less depreciation		(3,364)	(164)
Currency translation differences		1,109	-
At 30 September 2020		39,350	433

		Consolidated	<i>(Unit: Million Baht)</i> Separate	
		financial statements	financial statements	
		Three-month	Nine-month	Three-month
		period	period	period
<i>For the period ended 30 September 2020</i>				Nine-month
<i>Recognised in profit or loss</i>				period
Interest on lease liabilities	423	1,561	3	9
Expenses relating to short-term leases	713	1,650	23	71
Expenses relating to leases of low-value assets	16	27	-	1
Variable lease payments based on sales	10	39	-	-

Total cash outflow for leases presented in the consolidated and separate statement of cash flows for the nine-month period ended 30 September 2020 were Baht 6,389 million and Baht 260 million, respectively.

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

12 Interest-bearing liabilities

12.1 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.

12.2 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 September 2020, the carrying amount of the EBs were U.S. Dollar 272 million or equivalent to Baht 8,605 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

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

13 Treasury shares

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	30	31	30	31
	September	December	September	December
	2020	2019	2020	2019
Ordinary shares of the Company				
At 1 January	-	-	-	-
Addition	6,088	-	6,088	-
Total	6,088	-	6,088	-
Ordinary shares of the Company				
held by subsidiaries	2,909	2,909	-	-
Total	8,997	2,909	6,088	-

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 repurchased its ordinary shares through the main board of the Stock Exchange of Thailand during the specified 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 September 2020, the Company had repurchased its 198 million treasury shares amounting Baht 6,088 million.

14 Subordinated perpetual debentures

As at 30 September 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 September 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.

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

15 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 nine-month periods ended 30 September were as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	Three-month period ended 30 September		Nine-month period ended 30 September	
	2020	2019	2020	2019
<i>Segment revenue</i>				
Livestock business	137,241	111,489	382,536	333,485
Aquaculture business	20,564	21,108	57,209	58,295
Total	157,805	132,597	439,745	391,780
<i>Segment results</i>				
Livestock business	14,544	4,431	36,710	13,552
Aquaculture business	1,572	2,195	4,865	4,876
Total allocated segment results	16,116	6,626	41,575	18,428
Unallocated segment results	(5,571)	361	(13,264)	(1,033)
Profit for the period	10,545	6,987	28,311	17,395

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

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

Details of the geographic segment financial information of the geographical area of the Group as at 30 September 2020 and 31 December 2019 and for the three-month and nine-month periods ended 30 September were as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	Three-month period ended 30 September		Nine-month period ended 30 September	
	2020	2019	2020	2019
<i>Revenue from external customers</i>				
Thailand	39,330	35,816	112,841	107,123
Asia	99,344	76,744	270,033	224,785
Europe	13,009	14,164	38,142	41,407
America	5,889	5,577	18,042	17,599
Others	233	296	687	866
Total	157,805	132,597	439,745	391,780

(Unit: Million Baht)

	Consolidated financial statements	
	30 September 2020	31 December 2019
<i>Property, plant and equipment, right-of-use assets and other intangible assets, (excluded goodwill)</i>		
Thailand	100,921	83,402
Asia	140,944	102,177
Europe	16,256	16,939
America	18,874	17,838
Total	276,995	220,356

Disaggregation of revenue

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

(Unit: Million Baht)

	Consolidated financial statements					
	Aquaculture business		Reportable segments Livestock business		Total	
	2020	2019	2020	2019	2020	2019
<i>For the three-month period ended 30 September</i>						
Categories of main products						
Animal feed	12,923	13,459	48,361	37,157	61,284	50,616
Animal farm products	6,044	5,977	66,234	52,261	72,278	58,238
Processed foods and ready meals	1,597	1,672	22,646	22,071	24,243	23,743
Total	20,564	21,108	137,241	111,489	157,805	132,597

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

Details of revenue disaggregated by categories of main products for the period of three-month and nine-month ended 30 September were as follows: (continued)

(Unit: Million Baht)

Consolidated financial statements						
Aquaculture business		Reportable segments Livestock business		Total		
2020	2019	2020	2019	2020	2019	
For the nine-month period ended 30 September						
Categories of main products						
Animal feed	34,036	36,414	132,982	115,034	167,018	151,448
Animal farm products	18,180	16,989	185,006	153,339	203,186	170,328
Processed foods and ready meals	4,993	4,892	64,548	65,112	69,541	70,004
Total	57,209	58,295	382,536	333,485	439,745	391,780

(Unit: Million Baht)

Separate financial statements		
Reportable segment Aquaculture business		
2020	2019	
For the three-month period ended 30 September		
Categories of main products		
Animal feed	3,412	3,674
Animal farm products	2,592	2,260
Processed foods and ready meals	644	619
Total	6,648	6,553

For the nine-month period ended 30 September

Categories of main products		
Animal feed	9,506	10,242
Animal farm products	8,001	6,613
Processed foods and ready meals	1,765	1,613
Total	19,272	18,468

Contract Balances

As at 30 September 2020, the Group and the Company had contract liabilities of Baht 3,475 million and Baht 40 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 September 2020.

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

16 Earnings per share

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

For the three-month period ended 30 September

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Profit (loss) for the period attributable to ordinary shareholders of the Company	7,475	6,062	(1,131)	1,316
<i>Less: cumulative interest expense for the period net of income tax on subordinated perpetual debentures</i>	<i>(152)</i>	<i>(152)</i>	<i>(152)</i>	<i>(152)</i>
Profit (loss) used in calculation of earnings per share (basic)	7,323	5,910	(1,283)	1,164
<i>Interest expense on convertible bonds, net of income tax</i>	<i>60</i>	<i>-</i>	<i>-</i>	<i>-</i>
Profit (loss) used in calculation of earnings per share (diluted)	7,383	5,910	(1,283)	1,164
Weighted average number of ordinary shares held by third parties outstanding				
<i>Number of ordinary shares outstanding at beginning of period</i>	<i>8,541</i>	<i>8,611</i>	<i>8,541</i>	<i>8,611</i>
<i>Treasury shares held by subsidiaries</i>	<i>(426)</i>	<i>(426)</i>	<i>-</i>	<i>-</i>
<i>Effect of own shares held</i>	<i>(39)</i>	<i>-</i>	<i>(39)</i>	<i>-</i>
Number of ordinary shares outstanding (basic) at the end of period	8,076	8,185	8,502	8,611
<i>Effect of conversion of convertible bonds</i>	<i>234</i>	<i>-</i>	<i>234</i>	<i>-</i>
Number of ordinary shares outstanding (diluted) at the end of period	8,310	8,185	8,736	8,611
Basic earnings (loss) per share (in Baht)	0.91	0.72	(0.15)	0.14
Diluted earnings (loss) per share (in Baht)	0.89	0.72	(0.15)	0.14

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

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

For the nine-month period ended 30 September

(Unit: Million Baht/Million shares)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Profit for the period attributable to ordinary shareholders of the Company	19,614	14,445	3,806	4,812
<i>Less: cumulative interest expense for the period net of income tax on subordinated perpetual debentures</i>	<i>(451)</i>	<i>(449)</i>	<i>(451)</i>	<i>(449)</i>
Profit used in calculation of earnings per share (basic)	19,163	13,996	3,355	4,363
<i>Interest expense on convertible bonds, net of income tax</i>	<i>71</i>	<i>-</i>	<i>-</i>	<i>-</i>
Profit used in calculation of earnings per share (diluted)	19,234	13,996	3,355	4,363
Weighted average number of ordinary shares held by third parties outstanding				
<i>Number of ordinary shares outstanding at beginning of period</i>	<i>8,611</i>	<i>8,611</i>	<i>8,611</i>	<i>8,611</i>
<i>Treasury shares held by subsidiaries</i>	<i>(426)</i>	<i>(426)</i>	<i>-</i>	<i>-</i>
<i>Effect of own shares held</i>	<i>(41)</i>	<i>-</i>	<i>(41)</i>	<i>-</i>
Number of ordinary shares outstanding (basic) at the end of period	8,144	8,185	8,570	8,611
<i>Effect of conversion of convertible bonds</i>	<i>89</i>	<i>-</i>	<i>89</i>	<i>-</i>
Number of ordinary shares outstanding (diluted) at the end of period	8,233	8,185	8,659	8,611
Basic earnings per share (in Baht)	2.35	1.71	0.39	0.51
Diluted earnings per share (in Baht)	2.34	1.71	0.39	0.51

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

17 Dividends

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

Approval date to pay dividends	Rate per share (Baht)	Number of entitled shares (Shares)	Total (in million Baht)	Source
2020				
1 April 2020	0.40	8,611,242,385	3,444	Profit after deduction of taxable losses.
13 August 2020	0.40	8,497,952,585	3,400	Dividends received from subsidiaries appropriated from taxable profits which were subject to 20% corporate income tax
Total			6,844	
2019				
24 April 2019	0.30	8,611,242,385	2,583	Dividends received from subsidiaries appropriated from taxable profits which were subject to 20% corporate income tax
13 August 2019	0.30	8,611,242,385	2,583	Dividends received from subsidiaries appropriated from taxable profits which were subject to 20% corporate income tax
Total			5,166	

18 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.

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

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

(Unit: Million Baht)

	Consolidated financial statements					
<i>Balance as at 30 September 2020</i>	Fair value - applied hedge accounting	Fair value through other comprehensive income	Amortised cost - net	Total	Fair value	Fair value level
Financial assets						
Investments in equity securities						
- Marketable equity securities	-	2,636	-	2,636	2,636	1
- Non-marketable equity securities	-	9,237	-	9,237	9,237	3
Derivative assets	16	-	-	16	16	2
Total financial assets	16	11,873	-	11,889	11,889	
Financial liabilities						
Long-term borrowings						
- Debentures	-	-	183,940	183,940	189,348	2
- Exchangeable bonds	-	-	3,019	3,019	2,957	2
- Convertible bonds	-	-	8,605	8,605	8,673	2
Derivative liabilities	2,002	-	-	2,002	2,002	2
Total financial liabilities	2,002	-	195,564	197,566	202,980	

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

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

(Unit: Million Baht)

	Separate financial statements					
<i>Balance as at 30 September 2020</i>	Fair value - applied hedge accounting	Fair value through other comprehensive income	Amortised cost - net	Total	Fair value	Fair value level
Financial assets						
Investments in equity securities						
- Non-marketable equity securities	-	663	-	663	663	3
Total financial assets	-	663	-	663	663	
Financial liabilities						
Long-term borrowings						
- Debentures	-	-	107,940	107,940	111,974	2
Derivative liabilities	175	-	-	175	175	2
Total financial liabilities	175	-	107,940	108,115	112,149	

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

Financial instruments measured at Level 3 fair values

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
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 September 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

Type	Valuation technique
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 nine-month periods ended 30 September 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>	
	Consolidated financial statements	
	Accounts receivable - trade and others	Allowance for impairment losses
<i>At 30 September 2020</i>		
Within credit terms	30,917	316
Overdue 1 - 60 days	4,789	20
Overdue 60 - 120 days	1,006	62
More than 120 days	2,263	590
Total	38,975	988
Less allowance for impairment	(988)	
Net	37,987	

	<i>(Unit: Million Baht)</i>	
	Separate financial statements	
	Accounts receivable - trade and others	Allowance for impairment losses
<i>At 30 September 2020</i>		
Within credit terms	1,458	4
Overdue 1 - 60 days	696	1
Overdue 60 - 120 days	408	1
More than 120 days	640	54
Total	3,202	60
Less allowance for impairment	(60)	
Net	3,142	

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

19 Commitments with non-related parties

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

19.1 Capital commitments

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	30	31	30	31
	September	December	September	December
	2020	2019	2020	2019
<i>Contracted but not provided for</i>				
Land, buildings and constructions	4,759	5,211	-	-
Machinery, equipment and others	3,860	4,376	275	546
Total	8,619	9,587	275	546

19.2 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 September 2020 totalling Baht 19 million *(31 December 2019: Baht 14 million)*.

19.3 Letters of credit

The Company and certain subsidiaries had commitments under the issued letters of credit totalling Baht 14 million and Baht 891 million, respectively *(31 December 2019: certain subsidiaries had commitments totalling Baht 2,065 million)*.

19.4 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 3,304 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 had commitments with foreign financial institutions for letters of financial guarantees issued for the customers in feed business of those subsidiaries totalling Baht 275 million *(31 December 2019: Baht 314 million)*.

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

20 Guarantees

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

20.1 Ordinary shares of the following foreign subsidiaries:

- (a) C.P. Pokphand Co., Ltd. totalling 1,234 million ordinary shares with fair value of Baht 3,826 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 411 million *(31 December 2019: Baht 485 million)*.
- (c) NNPP Limited Liability Company with an issued and paid-up capital of Baht 197 million *(31 December 2019: Baht 232 million)*.
- (d) NNPP-2 Limited Liability Company with an issued and paid-up capital of Baht 366 million *(31 December 2019: Baht 433 million)*.
- (e) Charoen Pokphand Foods (Overseas) LLC with an issued and paid-up capital of Baht 36 million *(31 December 2019: Baht 42 million)*.

20.2 Property, plant and equipment with net book value of Baht 14,766 million *(31 December 2019: Baht 13,558 million)*.

20.3 Current and non-current assets mainly comprising of right-of-use assets, inventories and net accounts receivable and payable, with carrying amount of Baht 7,501 million *(31 December 2019: Baht 4,641 million)*.

21 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.

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

Event after the reporting period, the Acquiring Entity has received a letter from the Office of Trade Competition Commission which notifies its approval with prescribed conditions in respect of the purchase by the Acquiring Entity of the shares in Tesco Thailand. In this regard, the Acquiring Entity is in the process of considering and reviewing such conditions.

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.

22 Event after the reporting period

On 27 October 2020 and 2 November 2020, the Shareholders' Meeting of the Company and C.P. Pokphand Co., Ltd. ("CPP"), respectively, approved Chia Tai Investment Co., Ltd. ("CTI"), a 52.24% indirectly owned subsidiary through CPP, to acquire shares of the swine businesses in China from Chia Tai Animal Husbandry Investment (Beijing) Co., Ltd. (the "Seller"), an indirectly owned subsidiary of Charoen Pokphand Group Company Limited ("CPG"), whereby CTI will issue new shares equaled to 65.00% of its registered capital after the share increased to the Seller as the consideration ("Transaction"). The value of the Transaction is approximately RMB 28,140 million or approximately Baht 131,287 million. In this regard, the acquisition of the swine business in China by CTI is expected to be completed by the end of the year 2020.

Upon the completion of the transaction, CTI will change its status from a subsidiary to an associate of the Group and CPP will hold up to 35.00% of CTI. Therefore, the Group will hold 18.28% in CTI.