



# Charoen Pokphand Foods Plc.

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## Monthly Newsletter

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### **CPF announces interim dividend payment**

Charoen Pokphand Foods Public Company limited would like to inform you that the Board of Directors' Meeting convened on August 8, 2013 approved the interim dividend payment at Baht 0.25 per share which was determined from the operation results of the first half period of the year ended June 30, 2013.

The Board set the record date for the right to receive the dividend on August 23, 2013. The dividend payment will be made on September 6, 2013.

### **CPF's sausage gets world's class standard**



Mr. Rolf Schulze (3<sup>rd</sup> left), ambassador of Germany Embassy in Thailand, recently congratulated Mr. Sukhawat Dansermasuk (3<sup>rd</sup> right), Executive Vice President of Charoen Pokphand Foods PCL (CPF), on the occasion that CPF's sausages under brand CP including spicy mini cocktail, chicken frank as well as sausage under brand BKP won the Gold, Silver and Bronze Medal respectively of International Sausage Quality Competition during IFFA, the world's leading trade fair for the meat-processing industry, held in Germany. Jointly congratulation included Mr. Jorg Buck (left), Executive Director of German-Thai Chamber of Commerce, Mr. Axel Arras (2<sup>nd</sup> left), Managing Director of FPT Foods Process Technology Co., Ltd, Narerk Mangkeo (2<sup>nd</sup> from right), Senior Vice President of CPF

## **Special Interview: D.V.M. Suchint Thammasart Launched CPF's Measure to Deal with Early Mortality Syndrome (EMS)**

*Prachachart Thurakij, August 22, 2013*

In spite of U.S. - a big market player's announcement of final inquisition to abolish the Countervailing Duty (CVD) of frozen shrimp, including the revision of Anti - Dumping (AV) policy to 0%, the number of shrimps exported is not increased. This is due to the fact that there are no frozen shrimps to be exported.

This made a clearer picture when Charoen Pokphand Foods Public Company Limited or CPF reported a 6 - month sales of 1.8 hundred billion baht, which is 9% higher than that of last year. CPF has a profit of 2.6 billion baht. It was lower than expected. The profit loss was the result of EMS of shrimps. CPF encounter the loss because there were no shrimps to be exported. They were unable to sell shrimps' food.

More importantly, since CPF has 80% market share of baby shrimps, the disease impacted the lack of baby shrimps sold to agriculturists. There have been talks and talks about this situation. Prachachart Thurakij had a chance to interview "D.V.M. Suchint Thammasart", AVP of fresh water food, animal research and development, and fresh water animal nourishment technology department of Charoen Pokphand Foods Public Company Limited or CPF talk about how to nourish the shrimps and make them survive from the EMS. He will also answer all the questions that have been unsolved.

### **Real causes of EMS**


EMS occurred in China three years ago then occurred in Vietnam and Malaysia two years ago. It occurred in Thailand in the fourth quarter in 2012. The cause of this disease, as studied by an expert in Arizona for the entire first quarter this year, is the bacteria named *Vibrio parahaemolyticus* however it is still unknown why this bacteria causes EMS disease.

He found, in the second quarter this year, that the only way for shrimps to get infected from this disease is only to intake the bacteria. Shrimps cannot get infected through their wounds. As a result we could mirror down the way to prevent the shrimps from the disease. We developed 4-5 measures of prevention and applied them in China, Vietnam, and Malaysia. We had many trials and errors. Thailand had experiences learning from those countries. That was why we solved the problems so quickly. Or the past 4-5 years, we have come to the right direction.

### **Measures for Shrimp Nourishment to make them Survive from Disease**

There have to be many factors. This bacteria is at the shrimp pond bottom. We must prevent the shrimps from going down to eat at the pond bottom or let the shrimps eat there less than the same. There are a few ways we did 1) we let the bigger shrimps to the pond instead because the bacteria is at the pond bottom and it builds the thin film covering the place. The shrimps will also eat the film. The measure is to put the baby shrimps in the nursery first. You have to buy P10 shrimps to be in the nursery for 30 days and to gain weight to 1.2 - 1.5 grams then putting them in the pond. They will have a higher chance to survive. This is because baby and big shrimps have different eating behaviors.

However when putting the big shrimps in the pond and if they have nothing to eat, they will swim to the pond bottom. There is the possibility that they will be infected. From that we changed from feeding until 5.00 pm. to 24 - hour feeding using automatic feeder with program set at night. This allowed shrimps to eat 24 hours. We have just used this program two months ago.

You cannot kill *Vibrio parahaemolyticus* bacteria in the pond for 100%. Although there is less bacteria, if it is fed, it will grow again. To kill the bacteria for 100% and do no harm to shrimps, you have to set the balance in the pond by using pro - biotic and let it struggle to take the food and the space from the shrimps. The food and space balance (in the pond) will come after that. The problematic bacteria will not have a chance to grow. Chances of disease will be lower. We can get 80 ponds out of 100 ponds of shrimps from the amount we invested. 

## **Though Right Direction, A Hundred Ponds Invested, Still 20 Dead**

Before this we had no clues. We invested 100 ponds of shrimps but we could get only 40 - 50 ponds. At the moment we invested 100 ponds and we got 80 ponds, still 20 damaged. I think those 20 ponds came from technologies that involved humans. They will miss some procedures when doing. For example, when putting pro - biotic into the ponds, staff have to put it for many days, and on every alternate day to create diversity. But when they report to us that they have already put the pro - biotic in the amount that should be put, they actually put only once or twice. Therefore when you examine it, you have to look into detail whether the staff are able to do according to the expectation. In another case, when taking care of baby shrimps in the nursery, can the staff do that in a correct way? Are the preparations of the ponds, water, the shrimp relocation correct? Each procedure requires techniques. We should be able to see the results within 3 - 4 months with more successful results.

## **CPF Produced Food for Shrimps - Emphasizing on Feeding with the Big Amount - Causing Germ Accumulation and Diseases**

It is not like that for what CPF should do. If you feed them in the wrong way, there will be leftovers. They cause diseases to shrimps. If we have that idea; feeding them and causing them to die, who will buy the food from us? Before this we normally fed shrimps until 5.00 pm. and we would stop. Now we have switched to 24 - hour feeding without increasing amount of food. We divide the food into proportions instead of feeding them in a short time. For instance, the investment of 800,000 shrimps in a four - rai pond requires 12 tons of food for each time of feeding. The amount of feeding depends on the age of shrimps. If they are baby shrimps, we feed them less. If they are big shrimps, we feed them more.

The Death of Shrimps Partly Comes from CPF's Genetic Development that is too Rapid. This is untrue. I do not know what to say. People have the right to think. When they do not know, they always imagine. CPF is a large shrimp feeder. If we get weak shrimps to raise, we cannot survive, nor do the customers. Then why do we have to develop the shrimps with such breed? We must develop the genes and make shrimps grow fast and also strong. The Genetic development is not only about making shrimps grow fast, but also with good immune system. They must be developed together. If we develop only to make them grow fast, we can produce more but they will be very weak. Therefore the those developments must come together.


Since we just developed after the occurrence of EMS, we must develop raising system, breeding system to possibly more intense. Assuming that previously we developed the breed with 50% capacity to endure the disease and growth rate of 50%, we might have to reduce growth rate only to 30% but increase the capacity to endure the disease to 70%. For breeding development, if one side is prominent, the other side must be receded. The growth might be the same or slower but disease endurance rate will rise depending on breed selection. You can choose which part to give importance to.

But currently the diseases are important issues. We give more importance on disease endurance but give less importance on growth.

## **The Successful Results for Commercialization**

In general, to see the clear development results of breed takes 4 - 5 years. This is because when we select which germ we will prevent, we have to take that germ to study how to raise the shrimps in order to prevent them from diseases. We change the germ according to the environment found. Waiting for breed development takes time. We have to develop the management at the same time.

## **Diseases can Still be Found in CPF's Closed - House System**

Although with Closed - House System preventing birds, the water that can kill germs, to kill the germs you have to remember that germs cannot be killed 100% unlike virus. When killing the leaders, the remaining that is in the water and cannot be killed will die by their own. But bacteria is not like the ones which got away can go and breed when there is food. 

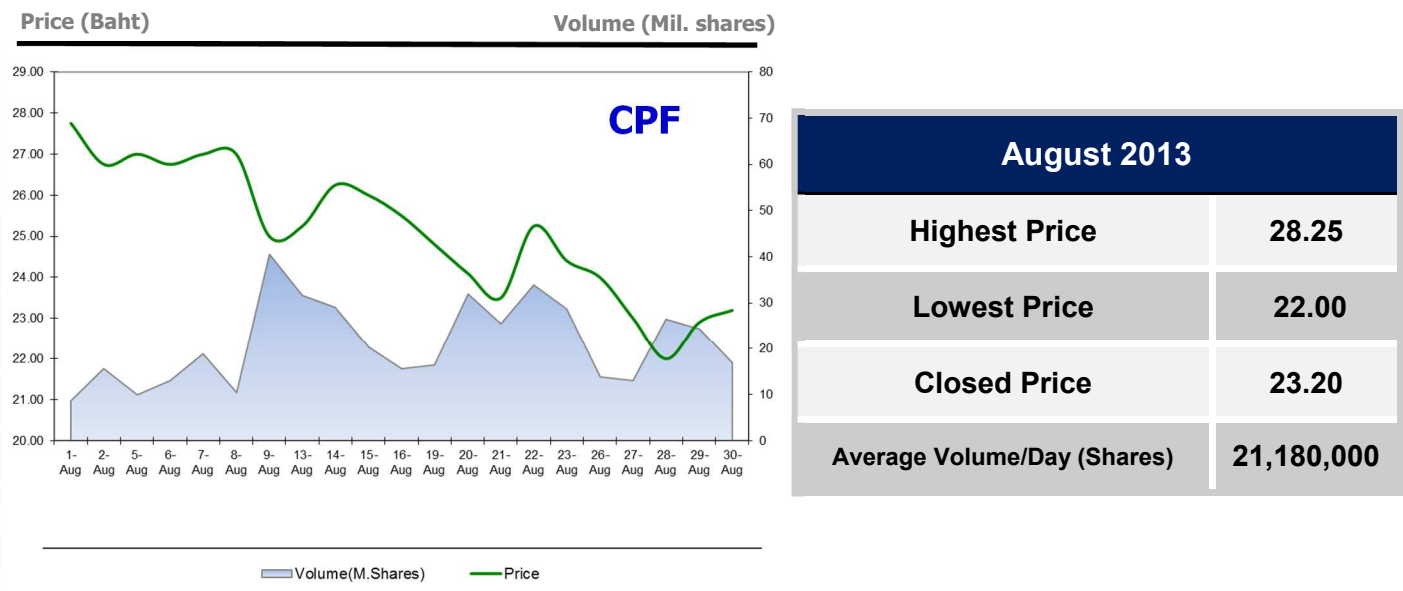
## Did Male and Female Breeders Get Infected?

We had the best attempt to select the breeders which were not infected. However there has been no CPR equipment or the practice of bringing shrimps' DNAs to check to clearly indicate which shrimps have diseases. Thus we cannot tell if the problems come from male and female breeders.

## CP Gave the Guaranty to Baby Shrimps Buyers

CP dares to guarantee this because if buyer raised the shrimps according to the steps, the chance for shrimps to survive is high. But we are aware that not all 100% of customers who buy our shrimps will take actions according to the procedures. Because even some of our staff do not take actions according to the procedures. That results in the death of 20 ponds of shrimps from 100 ponds investment.

## Price Performances: CPF



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