

## **1. GENERAL INFORMATION**

### **GENERAL INFORMATION OF THE COMPANY**

Chiangmai Frozen Foods Public Company Limited was listed on the Stock Exchange of Thailand in 1993. The Company is engaged in business of manufacturing and exporting of frozen vegetable. The address of its registered office are as follows:

Head Office is located at 149/34 floor 3<sup>rd</sup>-4<sup>th</sup> Soi Anglo Plaza, Surawongse road, Surawongse, Bangrak, Bangkok.

Branch Office 1 is located at 92 Moo.3, Chiangmai-Phrao road, Tumbol Nongjom, Amphur Sansai, Chiangmai.

Branch Office 2 is located at 299 Moo.14, Chiangmai-Phrao road, Tumbol Maefak mai, Amphur Sansai, Chiangmai.

### **THE OUTBREAK OF THE CORONAVIRUS DISEASE 2019**

The Coronavirus 2019 (COVID-19) pandemic in Thailand during the beginning of the year 2020 and the epidemic situation in other countries which recently have ongoing cases of COVID-19 infected people continuously. As a result, during March to July 2020, Thailand Government issued measures to control the spread of COVID-19, such as the announcement of the Emergency Decree on Public Administration in Emergency Situations, temporary closing of many places, suspension of services from various service places and refraining from activities, etc. These matters resulted in an economic slowdown and impacted global business and industries. However, the Company's management is now paying close attention to the development of the COVID-19 pandemic and has continuously evaluating its impacts on the operation. In this regard, the Company's management has used estimates and judgement in respect of various issues as the situation has evolved.

## **2. BASIS FOR INTERIM FINANCIAL STATEMENTS PREPARATION**

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 Interim Financial Reporting; guidelines promulgated by the Federation of Accounting Professions; and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2019. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company for the year ended 31 December 2019.

The preparation of interim financial statements in conformity with Thai Financial Report Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

## **3. NEW FINANCIAL REPORTING STANDARDS THAT BECAME EFFECTIVE IN THE CURRENT PERIOD**

During the period, the Company has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, the new standard involves changes to key principles, which are summarised below :

### **3.1 Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

|        |                                    |
|--------|------------------------------------|
| TFRS 7 | Financial Instruments: Disclosures |
| TFRS 9 | Financial Instruments              |

Accounting standard:

|        |                                     |
|--------|-------------------------------------|
| TAS 32 | Financial Instruments: Presentation |
|--------|-------------------------------------|

Financial Reporting Standard Interpretations:

|          |   |
|----------|---|
| IFRIC 16 | Hedges of a Net Investment in a Foreign Operation           |
| IFRIC 19 | Extinguishing Financial Liabilities with Equity Instruments |

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost by taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model, calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

The effects of the adoption of these accounting standards are described below:

- Classification and measurement of investments in equity instruments of non-listed companies- The Company is to measure investments in equity instruments of non-listed companies at fair value and elect to classify the investments as financial assets at fair value through profit or loss. The Company's management assessed and considered that the cost of such investments has represented the fair value of the investments. Therefore, the fair value measurement of the investments in equity instruments of non-listed companies do not have any impact on the adjustment of retained earnings as at 1 January 2020.
- Recognition of credit losses-The Company are to recognise an allowance for expected credit losses on its financial assets, and they are no longer necessary for a credit-impaired event to have occurred. The Company applying simplified approach to consider impairment of trade receivables.
- Recognition of derivatives-The Company is to initially recognise derivative at their fair value on the contract date and the Company measure them at their fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss. The Company applying hedge accounting for mostly derivatives.

The Company adopted these financial reporting standards which the cumulative effect of initially applying is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 5 to the interim financial statements.

### **3.2 TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

This standard does not have any significant impact on the Company's financial statements.

**3.3 Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”**

The Federation of Accounting Professions announced Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

The Company has elected to apply the following temporary relief measures on accounting alternatives:

- Not to take into account forward-looking information when determining expected credit losses, in cases where the Company uses a simplified approach to determine expected credit losses.
- Not to consider the COVID-19 situation as an indication that an asset may be impaired in accordance with TAS 36, Impairment of Assets.

**4. SIGNIFICANT ACCOUNTING POLICIES**

The interim financial statements are prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2019, except for the change in the accounting policies related to financial instruments and lease.

**Financial Instruments**

**Classification and measurement**

Financial assets that are debt instruments are measured at fair value through profit or loss, or amortised cost. The classification is derived by the Company's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets which is equity instruments are measured at fair value through profit or loss.

Financial liabilities except derivative are classified and measured at amortised cost.

Derivative are classified and measured at fair value through profit or loss and other comprehensive income when hedges that meet all the qualifying criteria for hedge accounting.

**Impairment of financial assets**

The Company recognises an allowance for expected credit losses on its financial assets which measured at amortised cost, without requiring a credit-impaired event to have occurred prior to the recognition. The Company accounts for changes in expected credit losses in stages, with differing methods of determining allowance for credit losses and the effective interest rate applied at each stage. An exception from this approach is that for trade receivables that do not contain a significant financing component, the Company applies a simplified approach to determine the lifetime expected credit losses.

**Hedge accounting**

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges-the change in the fair value of a hedging instrument and the hedged item attributable to the risk are recognised in profit or loss.

Cashflow hedges-the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income, while any ineffective portion is recognised immediately in profit or loss.

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

**Leases**

**Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised through initial measurement, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

Unless the Company is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

**Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the Company's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

**Short-term leases and Leases of low-value assets**

Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

**5. CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING POLICIES DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARDS**

As described in Note 3 to the interim financial statements, during the current period, the Company has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts on the balance of retained earnings as at 1 January 2020 from changes in accounting policies due to the adoption of these standards are presented as follows:

|  | In Baht             |   |                   |
|--|---------------------|---|-------------------|
|  | 31 December<br>2019 | The impacts of<br>TFRSs related to financial<br>instruments | 1 January<br>2020 |
| <b>Statement of financial position</b>                             |                     |   |                   |
| <b>Assets</b>  |                     |   |                   |
| <b>Current assets</b>  |                     |   |                   |
| Derivative assets  | -                   | 17,591,586  | 17,591,586        |
| <b>Non-current assets</b>  |                     |   |                   |
| Deferred tax assets  | 15,032,523          | (3,513,969)   | 11,518,554        |
| <b>Liabilities and shareholders' equity</b>                        |                     |   |                   |
| <b>Current liabilities</b>   |                     |   |                   |
| Derivative liabilities   | -                   | 21,741  | 21,741            |
| <b>Shareholders' equity</b>  |                     |   |                   |
| Retained earnings-unappropriated                                   | 922,609,559         | 2,746,571   | 925,356,130       |
| Other component of equity  |                     |   |                   |
| Change in fair value of hedging instruments<br>of cash flow hedges | -                   | 11,309,305  | 11,309,305        |

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**Financial Instruments**

The classifications, measurement basis and carrying values of financial assets and financial liabilities in accordance with TFRS 9 as at 1 January 2020, and with the carrying amounts under the former basis, are as follows :

|   | In Baht  |  |  |                    |                    |
|---|--|--|--|--------------------|--------------------|
|   | Carrying<br>amounts<br>under the<br>former basis | Classification and measurement in accordance with TFRS 9 |  |                    | Total              |
|   |  | Fair value<br>through<br>profit or loss                  | Fair value<br>through other<br>comprehensive<br>income | Amortised<br>cost  |                    |
| <b>Financial assets as at 1 January 2020</b>  |  |  |  |                    |                    |
| Cash and cash equivalents   | 180,330,606                                      | -  | -  | 180,330,606        | 180,330,606        |
| Other current financial assets  |  |  |  |                    |                    |
| - Fixed deposits*   | 90,002,020                                       | -  | -  | 90,002,020         | 90,002,020         |
| - Trading investment-Fund*  | 101,209,748                                      | 101,209,748  | -  | -                  | 101,209,748        |
| Trade and other receivables (except<br>advance payment and advance<br>payment for seed) | 99,333,566                                       | -  | -  | 99,333,566         | 99,333,566         |
| Short-term loans to other company   | 13,600,000                                       | -  | -  | 13,600,000         | 13,600,000         |
| Derivative assets   | 17,591,586                                       | -  | 17,591,586   | -                  | 17,591,586         |
| Other non-current financial assets  |  |  |  |                    |                    |
| - Investments in equity instruments of<br>non-listed companies **                       | 37,500,000                                       | 37,500,000   | -  | -                  | 37,500,000         |
| <b>Total financial assets</b>   | <u>539,567,526</u>                               | <u>138,709,748</u>                                       | <u>17,591,586</u>                                      | <u>383,266,192</u> | <u>539,567,526</u> |
| <b>Financial liabilities as at 1 January 2020</b>                                       |  |  |  |                    |                    |
| Trade and other payables  | 54,728,044                                       | -  | -  | 54,728,044         | 54,728,044         |
| Derivative liabilities  | 21,741   | -  | 21,741   | -                  | 21,741             |
| Lease liabilities   | 3,506,096  | -  | -  | 3,506,096          | 3,506,096          |
| <b>Total financial liabilities</b>  | <u>58,255,881</u>                                | <u>-</u>   | <u>21,741</u>  | <u>58,234,140</u>  | <u>58,255,881</u>  |

\* Reclassified as short-term investments

\*\* Reclassified as other long-term investment

**Leases**

Upon initial application of TFRS 16, leases previously classified as finance leases, the Company recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

|   | In Baht          |
|---|------------------|
| Liabilities under finance lease agreements as at 31 December 2019 | <u>3,506,096</u> |
| Lease liabilities as at 1 January 2020                            | <u>3,506,096</u> |
| Lease liabilities above comprise of:                              |                  |
| Current lease liabilities   | 1,575,033        |
| Non-current lease liabilities                                     | 1,931,063        |
|   | <u>3,506,096</u> |

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
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**6. TRANSACTIONS WITH RELATED COMPANIES**

**6.1 Relationships and pricing policies**

The relationship and pricing policies among the Company and related companies are as follows:

|                                 | <u>Relationship</u>                          |
|---------------------------------|--|
| <b>Related companies :</b>      |  |
| C.T. Prosper Group Co., Ltd.    | Common Shareholders and directors            |
| Saithong Global Fruit Co., Ltd. | Common Shareholders and directors            |
|                                 | <u>Pricing policy</u>                        |
| Rental income                   | At contract price which had been agreed upon |
| Purchase                        | Compared to market price                     |

**6.2 Balances of transactions with related companies**

Balances of transactions with related companies as at 30 September 2020 and 31 December 2019 are as follows:

|                                   | <u>In Baht</u>               |                             |
|-----------------------------------|------------------------------|-----------------------------|
|                                   | <u>30 September<br/>2020</u> | <u>31 December<br/>2019</u> |
| <b>Other receivables (Note 8)</b> |                              |                             |
| Related companies                 | 9,000                        | 9,447                       |

**6.3 Revenue and expenses among the Company and related companies**

Revenue and expenses among the Company and related companies for the three-month periods ended 30 September 2020 and 2019 are as follows:

|  | <u>In Baht</u>   |                  |
|--|------------------|------------------|
|  | <u>2020</u>      | <u>2019</u>      |
| <b>Other income</b>                        |                  |                  |
| Related companies                          | 22,500           | 22,500           |
| <b>Directors and management's benefits</b> |                  |                  |
| Short-term employee benefits               | 6,937,629        | 7,541,589        |
| Post-employment benefits                   | 65,776           | 83,928           |
| Total                                      | <u>7,003,405</u> | <u>7,625,517</u> |

Revenue and expenses among the Company and related companies for the nine-month periods ended 30 September 2020 and 2019 are as follows :

|  | <u>In Baht</u>    |                   |
|--|-------------------|-------------------|
|  | <u>2020</u>       | <u>2019</u>       |
| <b>Other income</b>                        |                   |                   |
| Related companies                          | 67,500            | 67,500            |
| <b>Purchase</b>                            |                   |                   |
| Related companies                          | -                 | 656,810           |
| <b>Directors and management's benefits</b> |                   |                   |
| Short-term employee benefits               | 20,810,487        | 22,624,767        |
| Post-employment benefits                   | 197,327           | 1,503,683         |
| Total                                      | <u>21,007,814</u> | <u>24,128,450</u> |

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED**  
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**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

**7. OTHER CURRENT FINANCIAL ASSETS**

|                           | In Baht                           |                |             |
|---------------------------|-----------------------------------|----------------|-------------|
|                           | 30 September 2020                 |                |             |
|                           | Fair value through profit or loss | Amortised cost | Total       |
| Fixed deposits 3-6 months | -                                 | 50,004,034     | 50,004,034  |
| Unit trusts open-end fund | 191,724,326                       | -              | 191,724,326 |
| Total                     | 191,724,326                       | 50,004,034     | 241,728,360 |

The movement in trading investment-fund for the nine-month period ended 30 September 2020 can be analysed as follow:

|                             | In Baht      |
|-----------------------------|--------------|
| Opening balance             | 101,209,748  |
| Additions during the period | 140,000,000  |
| Disposal during the period  | (50,103,000) |
| Change in fair value        | 617,578      |
| Ending balance              | 191,724,326  |

**8. TRADE AND OTHER RECEIVABLES**

|  | In Baht           |                  |
|--|-------------------|------------------|
|  | 30 September 2020 | 31 December 2019 |
| Trade receivable                               | 82,584,038        | 94,510,686       |
| Value added tax receivable                     | 5,943,592         | 3,411,621        |
| Accrued interest receivable                    | 190,111           | 480,596          |
| Advance payment                                | 2,044,222         | 2,795,535        |
| Advance payment for seed                       | -                 | 7,189,267        |
| Other receivables-Related companies (Note 6.2) | 9,000             | 9,447            |
| Other receivables                              | 535,270           | 921,216          |
| Total  | 91,306,233        | 109,318,368      |

The aging of outstanding balances as at 30 September 2020 and 31 December 2019 are as follows:

|                        | In Baht           |                  |
|------------------------|-------------------|------------------|
|                        | 30 September 2020 | 31 December 2019 |
| Trade receivable       |                   |                  |
| Within credit terms    | 76,579,343        | 62,066,735       |
| Overdue :              |                   |                  |
| Less than 3 months     | 6,004,695         | 31,933,543       |
| 3-6 months             | -                 | 510,408          |
| Total Trade receivable | 82,584,038        | 94,510,686       |

**9. ACCOUNTS RECEIVABLE-PLANTERS**

|                                      | In Baht           |                  |
|--------------------------------------|-------------------|------------------|
|                                      | 30 September 2020 | 31 December 2019 |
| Accounts receivable-planters         | 11,518,041        | 18,305,412       |
| Less Allowance for doubtful accounts | (642,027)         | (632,935)        |
| Net                                  | 10,876,014        | 17,672,477       |

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
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**10. SHORT-TERM LOANS TO OTHER COMPANY**

As at 30 September 2020, the Company has short-term loans to Sino-Thai Freeze & Dry Co., Ltd., which is the other investment with a proportion of 15%, the Company supported in according of investment proportion in amounting of Baht 6.93 million ( 31 December 2019 : 13.6 Milion) with an interest rate of 6.75% per year, the repayment conditions are at call.

Movement of the short-term loans to other company for the nine-month period ended 30 September 2020 are as follows:

|                                 | In Baht          |
|---------------------------------|------------------|
| Opening balance                 | 13,600,000       |
| Less Decrease during the period | (6,670,000)      |
| Ending balance                  | <u>6,930,000</u> |

**11. INVENTORIES**

|   | In Baht              |                     |   |                     |                      |                     |
|---|----------------------|---------------------|---|---------------------|----------------------|---------------------|
|   | Cost                 |                     | Allowance for diminution of inventories |                     | Inventories-net      |                     |
|   | 30 September<br>2020 | 31 December<br>2019 | 30 September<br>2020                    | 31 December<br>2019 | 30 September<br>2020 | 31 December<br>2019 |
| Finished goods and semi-finished products | 444,098,313          | 431,722,556         | (4,906,013)                             | (4,370,539)         | 439,192,300          | 427,352,017         |
| Raw material and supplies                 | 31,675,899           | 30,826,110          | (564,727)                               | (594,176)           | 31,111,172           | 30,231,934          |
| Seeds, insecticide, fertilizer            | 37,620,562           | 43,269,196          | (4,576,116)                             | (996,045)           | 33,044,446           | 42,273,151          |
| Total                                     | <u>513,394,774</u>   | <u>505,817,862</u>  | <u>(10,046,856)</u>                     | <u>(5,960,760)</u>  | <u>503,347,918</u>   | <u>499,857,102</u>  |

During the period, the Company reduced cost of inventories by Baht 4.09 million to reflect the net realizable value, this was included in cost of sales.

**12. OTHER NON-CURRENT FINANCIAL ASSETS**

|                                  | Nature of Business  | Paid-up Capital      |                     | Holdings (%) | Fair value through profit or loss |                     |
|----------------------------------|---|----------------------|---------------------|--------------|-----------------------------------|---------------------|
|                                  |   | (In Baht)            |                     |              | (In Baht)                         |                     |
|                                  |   | 30 September<br>2020 | 31 December<br>2019 |              | 30 September<br>2020              | 31 December<br>2019 |
| Sino-Thai Freeze & Dry Co., Ltd. | Manufacturing and distributing of frozen product and freeze dried product | <u>300,000,000</u>   | <u>250,000,000</u>  | 15           | <u>45,000,000</u>                 | <u>37,500,000</u>   |

On 31 July 2020, the Board of Directors Meeting of the Company approved the capital increasing in Sino-Thai Freeze & Dry Co., Ltd. by paying cash of Baht 7.5 million.

**13. INVESTMENT PROPERTY**

Investment properties of the Company as at 30 September 2020 and 31 December 2019, represent the book value of the Company's plot of land which held for nonspecific purpose.



**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED**  
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**14. PROPERTY, PLANT AND EQUIPMENT**

|   | <u>In Baht</u>      |
|---|---------------------|
| For the nine-month period ended 30 September 2020 |                     |
| Book value, beginning of period                   | 425,475,538         |
| <u>Add</u> Acquisition of assets                  | 48,135,439          |
| <u>Less</u> Disposals of assets                   | (13,392)            |
| Depreciation                                      | <u>(43,926,362)</u> |
| Book value, end of period                         | <u>429,671,223</u>  |

**15. LEASE DEPOSIT ON LAND**

On 25 March 2016, the Company has signed the pre-deposit lease agreement with the lessor. The pre lease deposit agreement for the land of 47.73 Acres has the total lease value through the lease period of U.S. Dollars 1.43 million (equivalent to Baht 50.57 million at exchange rate from Bank of Thailand as of 25 March 2016 stated 35.32 Baht/USD). The lease period is 50 years and the 2 extension offering right considered 10 years for each extension. The Company shall arrange the deposit for 50% of total lease value, considering U.S. Dollars 0.71 million (equivalent to Baht 25.3 million) immediately after signing the pre lease deposit agreement on 25 March 2016. The remaining lease value shall be paid upon the lease agreement date. The lessor is obliged to fill the land appropriate for the plant construction, and coordinate with the authorities to arrange the usage of land allowed the construction of plant prior to the entering of lease agreement with the Subsidiary, which currently determining for the incorporation in Myanmar, within 9 months started from 1 April 2016.

However, due to the difficulties in coordination with the Myanmar authorities, the Board of Director's Meeting No. 5/2019 have considered with the legal advisor and conclude that since the company still maintain their intention to invest in the project, therefore appointed the Executive Committee to negotiate with counterparty and wxtend the contract for the period of 2 years to be ended 31 December 2021. The Counterparty has agreed upon the extension period without further conditions and signed by return and acknowledge by the Board of Director's Meeting No.6/2019.

**16. INTANGIBLE ASSETS-SOFTWARE COMPUTER**

|   | <u>In Baht</u>   |
|---|------------------|
| For the nine-month period ended 30 September 2020 |                  |
| Book value, beginning of period                   | 9,689,452        |
| <u>Add</u> Acquisition of assets                  | 89,250           |
| <u>Less</u> Amortization                          | <u>(725,955)</u> |
| Book value, end of period                         | <u>9,052,747</u> |

**17. BANK OVERDRAFTS AND SHORT-TERM LOANS**

As at 30 September 2020 and 31 December 2019, the Company has the overdrafts and short-term loans facilities amounted to Baht 330 million. The facilities charge an interest at the rate of MOR per annum.

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED**  
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**18. TRADE AND OTHER PAYABLES**

|                  | In Baht              |                     |
|------------------|----------------------|---------------------|
|                  | 30 September<br>2020 | 31 December<br>2019 |
| Trade payables   | 31,344,672           | 28,690,702          |
| Accrued expenses | 26,096,120           | 25,171,458          |
| Others payables  | 1,193,138            | 865,884             |
| Total            | <u>58,633,930</u>    | <u>54,728,044</u>   |

**19. LEASE LIABILITIES**

|   | In Baht              |                     |
|---|----------------------|---------------------|
|   | 30 September<br>2020 | 31 December<br>2019 |
| Lease liabilities                           | 2,507,084            | 3,823,163           |
| <u>Less</u> Deferred interest and input vat | (174,075)            | (317,067)           |
| Current portion of lease liabilities        | <u>(1,368,622)</u>   | <u>(1,575,033)</u>  |
| Net   | <u>964,387</u>       | <u>1,931,063</u>    |

The following are the amounts for the nine-month periods ended 30 September 2020 and 2019 recognised in profit or loss:

|               | In Baht        |                |
|---------------|----------------|----------------|
|               | 2020           | 2019           |
| Depreciation  | 103,252        | 103,535        |
| Interest paid | 118,879        | 166,612        |
| Total         | <u>222,131</u> | <u>270,147</u> |

**20. EMPLOYEE BENEFIT OBLIGATIONS**

The Company operate post-employment benefit and pension based on the requirement of Thai Labor Protection Act B.E. 2541 (1998) to provide retirement benefits and other long term benefit to employees based on pensionable remuneration and length of service.

Movement in the present value of the defined benefit obligations:

|   | In Baht            |
|---|--------------------|
| For the nine-month period ended 30 September 2020       |                    |
| Defined benefit obligations at 1 January 2020           | 69,323,939         |
| Current service costs and interest                      | 3,418,353          |
| Employee benefit paid during the period                 | <u>(9,603,640)</u> |
| <b>Defined benefit obligations at 30 September 2020</b> | <u>63,138,652</u>  |

**21. DIVIDENDS PAID**

| Dividend   | Approved by  | Number of<br>ordinary shares<br>(Million Shares) | Dividend<br>per share<br>(Baht per share) | Dividend<br>(Million Baht) | Date of<br>payment |
|--|--|--|---|----------------------------|--------------------|
| Interim dividend paid from the operating results year 2019 | At the Company's Board of Directors meeting dated 9 April 2020 | 381  | 0.06                                      | <u>22.87</u>               | May 2020           |
| Dividend paid from the operating results year 2018         | At the ordinary shareholders' meeting dated 24 April 2019      | 381  | 0.11                                      | <u>41.92</u>               | May 2019           |

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The Company's Board of Directors' Meeting, held on 26 February 2020, passed a resolution proposing the payment of dividend of Baht 0.06 per share from the retained earnings as at 31 December 2019, for approval by the Annual General Meeting of the Company's shareholders.

Nevertheless, on 9 April 2020, the meeting of Board of Directors resolved the postponement of the 2020 Annual General Meeting of shareholders, including the cancellation of the proposal to the Annual General Meeting of shareholders on the approval of annual dividend payment for 2019. In this regard, such Board of Directors' Meeting passed a resolution on the approval of an interim dividend payment, which the rate and description of those dividend payment is the same as determined by the resolution of the meeting of Board of Directors held on 26 February 2020. The Company paid the interim dividend on 8 May 2020. The interim dividend was proposed to the Annual General Meeting of shareholders, which was held on 4 August 2020, for acknowledgement.

**22. SEGMENT INFORMATION**

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Company has engaged in the business of manufacturing and distribution of frozen vegetables and operated in one geographical area in Thailand. Therefore, these financial statements do not present the geographical segment.

For the three-month periods ended 30 September 2020 and 2019, the Company has export sales and domestic sales are as follows:

|                | In Baht     |             |
|----------------|-------------|-------------|
|                | 2020        | 2019        |
| Export sales   | 233,244,307 | 295,337,994 |
| Domestic sales | 21,068,554  | 19,520,375  |
| Total          | 254,312,861 | 314,858,369 |

For the nine-month periods ended 30 September 2020 and 2019, the Company has export sales and domestic sales are as follows:

|                | In Baht     |             |
|----------------|-------------|-------------|
|                | 2020        | 2019        |
| Export sales   | 816,106,966 | 857,810,034 |
| Domestic sales | 54,407,548  | 42,726,939  |
| Total          | 870,514,514 | 900,536,973 |

**23. INCOME TAX**

Tax expense (income) for the three-month periods ended 30 September 2020 and 2019 are made up as follows:

|   | In Baht     |           |
|---|-------------|-----------|
|   | 2020        | 2019      |
| <b>Current income tax</b>   |             |           |
| Interim corporate income tax charge   | (1,520,363) | 6,278,173 |
| <b>Deferred tax</b>   |             |           |
| Relating to origination and reversal of temporary differences                   | (1,281,496) | (89,009)  |
| <b>Tax expenses (income) reported in the statements of comprehensive income</b> | (2,801,859) | 6,189,164 |

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The amounts of income tax relating to each component of other comprehensive income for the three-month periods ended 30 September 2020 and 2019 are as follows:

|  | In Baht     |      |
|--|-------------|------|
|  | 2020        | 2019 |
| Deferred tax relating to change in fair value of hedging instruments of cash flow hedges | (1,776,087) | -    |

Tax expense (income) for for the nine-month periods ended 30 September 2020 and 2019 are made up as follows:

|  | In Baht          |                  |
|--|------------------|------------------|
|  | 2020             | 2019             |
| <b>Current income tax</b>  |                  |                  |
| Interim corporate income tax charge  | 393,204          | 7,176,798        |
| <b>Deferred tax</b>  |                  |                  |
| Relating to origination and reversal of temporary differences                  | (854,436)        | (2,409,510)      |
| <b>Tax expense (income) reported in the statements of comprehensive income</b> | <b>(461,232)</b> | <b>4,767,288</b> |

The amounts of income tax relating to each component of other comprehensive income for the nine-month periods ended 30 September 2020 and 2019 are as follows:

|  | In Baht            |                  |
|--|--------------------|------------------|
|  | 2020               | 2019             |
| Deferred tax relating to change in fair value of hedging instruments of cash flow hedges | (5,201,986)        | -                |
| Actuarial loss   | -                  | (613,524)        |
|  | <b>(5,201,986)</b> | <b>(613,524)</b> |

Deferred tax assets(liabilities) is presented in the statement of financial positions as follows:

|  | In Baht           |                   |
|--|-------------------|-------------------|
|  | 30 September 2020 | 31 December 2019  |
| <b>Statements of financial position</b>      |                   |                   |
| Increase in deferred tax assets              |                   |                   |
| Allowance for doubtful accounts              | 128,405           | 126,587           |
| Allowance for diminution of inventories      | 2,009,371         | 1,192,151         |
| Provisions for employee benefit obligations  | 12,627,730        | 13,864,788        |
| Change in fair value of derivatives          | 3,555,895         | -                 |
| Increase in deferred tax liability           |                   |                   |
| Change in fair value of derivatives          | (492,503)         | -                 |
| Premium on revaluation of equity instruments | (253,922)         | (151,003)         |
|  | <b>17,574,976</b> | <b>15,032,523</b> |

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**24. FOREIGN CURRENCY RISK**

The balances of financial assets and liabilities of the Company denominated in foreign currencies are summarised below.

| Foreign currency | Financial assets                     |  | Financial liabilities                |  | Average exchange rate   |                                     |
|------------------|--------------------------------------|--|--------------------------------------|--|---|-------------------------------------|
|                  | 30<br>September<br>2020<br>(Million) | 31<br>December<br>2019<br>(Million)<br>(Audited) | 30<br>September<br>2020<br>(Million) | 31<br>December<br>2019<br>(Million)<br>(Audited) | 30<br>September<br>2020<br>(Baht per 1 foreign currency unit) | 31<br>December<br>2019<br>(Audited) |
| US Dollar        | 4.70                                 | 27.20  | 19.29                                | 1.80   | 31.03   | 30.61                               |

**25. FAIR VALUE OF FINANCIAL INSTRUMENTS**

In applying the above-mentioned valuation techniques, the Company endeavor to use relevant observable inputs as much as possible. IFRS 13 Fair Value Measurement establishes a fair value hierarchy categorising such inputs into three levels as follows:

- Level 1-Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2-Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3-Use of unobservable inputs such as estimates of future cash flows

As at 30 September 2020 and 1 January 2020, the Company had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

|   | In Baht           |             |            |             |
|---|-------------------|-------------|------------|-------------|
|   | 30 September 2020 |             |            |             |
|   | Level 1           | Level 2     | Level 3    | Total       |
| <b>Assets measured at fair value</b>                      |                   |             |            |             |
| Foreign currency forward contracts                        | -                 | 2,462,515   | -          | 2,462,515   |
| Trading investment-Fund                                   | -                 | 191,724,326 | -          | 191,724,326 |
| Investments in equity instruments of non-listed companies | -                 | -           | 45,000,000 | 45,000,000  |
| <b>Liabilities measured at fair value</b>                 |                   |             |            |             |
| Foreign currency forward contracts                        | -                 | 17,779,473  | -          | 17,779,473  |
|   | In Baht           |             |            |             |
|   | 1 January 2020    |             |            |             |
|   | Level 1           | Level 2     | Level 3    | Total       |
| <b>Assets measured at fair value</b>                      |                   |             |            |             |
| Foreign currency forward contracts                        | -                 | 17,591,586  | -          | 17,591,586  |
| Trading investment-Fund                                   | -                 | 101,209,748 | -          | 101,209,748 |
| Investments in equity instruments of non-listed companies | -                 | -           | 37,500,000 | 37,500,000  |
| <b>Liabilities measured at fair value</b>                 |                   |             |            |             |
| Foreign currency forward contracts                        | -                 | 21,741      | -          | 21,741      |

The fair value of financial instruments is estimated on the following criteria.

- For financial assets and liabilities which have short-term maturity, including cash and deposit at financial institutions, accounts receivables and accounts payables, their carrying amounts in the statements of financial position approximate their fair values.

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- For loans to and loans from carrying interest approximate to the market rate, their carrying amounts in the statements of financial position approximates their fair values.
- The fair value of derivative instruments has been calculated by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as interest rate yield curves, the Company has considered to counter party credit risk when determining the fair value of derivatives.
- The fair value of investment in equity instruments of non-listed companies has been determined by analysis and considering change in the invested companies' financial position and operating performance, including other several factors, and concluded that the cost of those investments has appropriately represented the fair value of the investments.

During the current period, there was no transfer within the fair value hierarchy.

**26. COMMITMENT AND CONTINGENT LIABILITIES**

As at 30 September 2020

- 26.1 The Company has commitments for software license and system consulting agreement amounting of Baht 0.25 million.
- 26.2 The Company has commitment to pay the financial advisory about investment in Myanmar amounting to approximately Baht 0.3 million.
- 26.3 The Company has contingently liability for bank guarantees issued in favor of government agency amounting to approximately Baht 10.07 million.
- 26.4 The Company has capital expenditure in respect of the solar rooftop on-grid system and the installment of machine amounting of Baht 50.64 Million.

**27. APPROVAL OF INTERIM FINANCIAL STATEMENTS**

These interim financial statements have been approved by the Company's Board of Directors on 11 November 2020.