

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

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 3rd-4th 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 :

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

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:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
----------	---

TFRIC 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 apply simplified approach to consider impairment of trade receivables and accounts receivable-planters.
- 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 apply 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.

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.

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 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 recognise 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.

Cash flow 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 in profit or loss.

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 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 2019	The impacts of TFRSs related to financial instruments	1 January 2020
Statement of financial position			
Assets			
Current assets			
Derivative assets	-	17,591,586	17,591,586
Non-current assets			
Deferred tax assets	15,032,523	(3,513,969)	11,518,554
Liabilities and shareholders' equity			
Current liabilities			
Derivative liabilities	-	21,741	21,741
Shareholders' equity			
Retained earnings-unappropriated	922,609,559	2,746,571	925,356,130
Other component of equity			
Change in fair value of hedging instruments			

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

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 amounts under the former basis	Classification and measurement in accordance with TFRS 9			
		Fair value through profit or loss	Fair value through comprehensive income	Amortised cost	Total
Financial assets as at 1 January 2020					
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	109,318,368	-	-	109,318,368	109,318,368
Accounts receivable-planters	17,672,477	-	-	17,672,477	17,672,477
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 non-listed companies **	37,500,000	37,500,000	-	-	37,500,000
Total financial assets	567,224,805	138,709,748	17,591,586	410,923,471	567,224,805
Financial liabilities as at 1 January 2020					
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
Total financial liabilities	58,255,881	-	21,741	58,234,140	58,255,881

* 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	3,506,096
Lease liabilities as at 1 January 2020	3,506,096
Lease liabilities above comprise of:	
Current lease liabilities	1,575,033
Non-current lease liabilities	1,931,063
	3,506,096

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

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>
<u>Related companies :</u>	
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 June 2020 and 31 December 2019 are as follows:

	<u>In Baht</u>	
	<u>30 June 2020</u>	<u>31 December 2019</u>
Other receivables (Note 8)		
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 June 2020 and 2019 are as follows:

	<u>In Baht</u>	
	<u>2020</u>	<u>2019</u>
Other income		
Related companies	22,500	22,500
Directors and management's benefits		
Short-term employee benefits	6,931,629	7,541,589
Post-employment benefits	64,931	1,350,490
Total	<u>6,996,560</u>	<u>8,892,079</u>

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

	<u>In Baht</u>	
	<u>2020</u>	<u>2019</u>
Other income		
Related companies	45,000	45,000
Purchase		
Related companies	-	656,810
Directors and management's benefits		
Short-term employee benefits	13,872,858	15,083,178
Post-employment benefits	131,552	1,423,706
Total	<u>14,004,410</u>	<u>16,506,884</u>

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

7. OTHER CURRENT FINANCIAL ASSETS

	In Baht	
	30 June 2020	31 December 2019
Fixed deposits 3-6 months	40,004,029	90,002,020
Trading investment-Fund	151,375,399	101,209,748
Total	191,379,428	191,211,768

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

	In Baht
Opening balance	101,209,748
Additions during the period	100,000,000
Disposal during the period	(50,366,506)
Gain on sales of investment	263,506
Change in fair value	268,651
Ending balance	151,375,399

8. TRADE AND OTHER RECEIVABLES

	In Baht	
	30 June 2020	31 December 2019
Trade receivable	98,285,230	94,510,686
Value added tax receivable	1,809,178	3,411,621
Accrued interest receivable	880,265	480,596
Advance payment	2,234,049	2,795,535
Advance payment for seed	7,022,967	7,189,267
Other receivables-Related companies (Note 6.2)	9,000	9,447
Other receivables	432,295	921,216
Total	110,672,984	109,318,368

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

	In Baht	
	30 June 2020	31 December 2019
Trade receivable		
Within credit terms	82,224,025	62,066,735
Overdue :		
Less than 3 months	14,934,781	31,933,543
3-6 months	1,126,424	510,408
Total Trade receivable	98,285,230	94,510,686

9. ACCOUNTS RECEIVABLE-PLANTERS

	In Baht	
	30 June 2020	31 December 2019
Accounts receivable-planters	20,790,731	18,305,412
Less Allowance for doubtful accounts	(622,240)	(632,935)
Net	20,168,491	17,672,477

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

10. SHORT-TERM LOANS TO OTHER COMPANY

As at 30 June 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 13.60 million with an interest rate of 6.75% per year, the repayment conditions are at call.

11. INVENTORIES

	In Baht					
	Cost		Allowance for diminution of inventories		Inventories-net	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Finished goods and semi-finished products	385,590,636	431,722,556	(3,981,408)	(4,370,539)	381,609,228	427,352,017
Raw material and supplies	31,201,766	30,826,110	(551,728)	(594,176)	30,650,038	30,231,934
Seeds, insecticide, fertilizer	46,738,696	43,269,196	(1,983,903)	(996,045)	44,754,793	42,273,151
Total	<u>463,531,098</u>	<u>505,817,862</u>	<u>(6,517,039)</u>	<u>(5,960,760)</u>	<u>457,014,059</u>	<u>499,857,102</u>

During the period, the Company reduced cost of inventories by Baht 0.56 million to reflect the net realizable value, this was included in cost of sales.

12. OTHER NON-CURRENT FINANCIAL ASSETS

As at 30 June 2020 and 31 December 2019

	Nature of Business	Paid-up Capital (In Baht)	Holdings (%)	At Cost (In Baht)
Sino-Thai Freeze & Dry Co., Ltd.	Manufacturing and distributing of frozen product and freeze dried product	250,000,000	15	<u>37,500,000</u>

13. INVESTMENT PROPERTY

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

14. PROPERTY, PLANT AND EQUIPMENT

	In Baht
For the six-month period ended 30 June 2020	
Book value, beginning of period	425,475,538
Add Acquisition of assets	18,926,283
Less Disposals of assets	(13,335)
Depreciation	(28,408,159)
Book value, end of period	<u>415,980,327</u>

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

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 Company's subsidiary 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 extend 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

	In Baht
For the six-month period ended 30 June 2020	
Book value, beginning of period	9,689,452
Add Acquisition	89,250
Less Amortization	(450,442)
Book value, end of period	<u>9,328,260</u>

17. BANK OVERDRAFTS AND SHORT-TERM LOANS

As at 30 June 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.

18. TRADE AND OTHER PAYABLES

	In Baht	
	30 June 2020	31 December 2019
Trade payables	39,493,836	28,690,702
Accrued expenses	22,480,404	25,171,458
Others payables	1,630,631	865,884
Total	<u>63,604,871</u>	<u>54,728,044</u>

19. LEASE LIABILITIES

	In Baht	
	30 June 2020	31 December 2019
Lease liabilities	2,945,777	3,823,163
Less Deferred interest and input vat	(216,322)	(317,067)
Current portion of lease liabilities	<u>(1,483,397)</u>	<u>(1,575,033)</u>
Net	1,246,058	1,931,063

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

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

	In Baht	
	2020	2019
Interest paid	84,670	110,935

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 six-month period ended 30 June 2020	
Defined benefit obligations at 1 January 2020	69,323,939
Current service costs and interest	2,278,902
Employee benefit paid during the period	(9,603,640)
Defined benefit obligations at 30 June 2020	61,999,201

21. DIVIDENDS PAID

Dividend	Approved by	Number of ordinary shares (Million Shares)	Dividend per share (Baht per share)	Dividend (Million Baht)	Date of payment
Dividend paid from the operating results year 2019	At the Company's Board of Directors meeting dated 9 April 2020	381	0.06	22.86	May 2020
	Total dividends paid year 2020			22.86	
Dividend paid from the operating results year 2018	At the ordinary shareholders' meeting dated 24 April 2019	381	0.11	41.93	May 2019
	Total dividends paid year 2019			41.93	

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 June 2020 and 2019, the Company has export sales and domestic sales are as follows:

	In Baht	
	2020	2019
Export sales	303,693,955	299,374,723
Domestic sales	13,406,857	13,236,696
Total	317,100,812	312,611,419

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

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

	In Baht	
	2020	2019
Export sales	582,862,659	562,472,041
Domestic sales	33,338,994	23,206,563
Total	<u>616,201,653</u>	<u>585,678,604</u>

23. INCOME TAX

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

	In Baht	
	2020	2019
Current income tax		
Interim corporate income tax charge	(988,109)	898,625
Deferred tax		
Relating to origination and reversal of temporary differences	<u>3,157,573</u>	<u>(2,424,807)</u>
Tax expense (income) reported in the statements of comprehensive income	<u>2,169,464</u>	<u>(1,526,182)</u>

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

	In Baht	
	2020	2019
Current income tax		
Interim corporate income tax charge	1,913,568	898,625
Deferred tax		
Relating to origination and reversal of temporary differences	<u>427,059</u>	<u>(2,320,501)</u>
Tax expense (income) reported in the statements of comprehensive income	<u>2,340,627</u>	<u>(1,421,876)</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month periods ended 30 June 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	11,284,374	-
Actuarial loss	-	(613,524)
	<u>11,284,374</u>	<u>(613,524)</u>

The amounts of income tax relating to each component of other comprehensive income for the six-month periods ended 30 June 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	(3,425,899)	-
Actuarial loss	-	(613,524)
	<u>(3,425,899)</u>	<u>(613,524)</u>

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

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

	In Baht	
	30 June 2020	31 December 2019
Statements of financial position		
Increase in deferred tax assets		
Allowance for doubtful accounts	124,448	126,587
Allowance for diminution of inventories	1,303,408	1,192,151
Provisions for employee benefit obligations	12,399,840	13,864,788
Change in fair value of derivatives	964,783	-
Increase in deferred tax liability		
Premium on revaluation of equity instruments	(275,085)	(151,003)
	<u>14,517,394</u>	<u>15,032,523</u>

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 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	(Million)	(Million) (Audited)	(Million)	(Million) (Audited)	(Baht per 1 foreign currency unit) (Audited)	
US Dollar	9.06	27.20	17.57	1.80	30.72	30.61

25. FAIR VALUE OF FIANCIAL INSTRUMENTS

In applying the above-mentioned valuation techniques, the Company endeavor to use relevant observable inputs as much as possible. TFRS 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 June 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 June 2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Foreign currency forward contracts	-	7,175,938	-	7,175,938
Trading investment-Fund	-	151,375,399	-	151,375,399
Investments in equity instruments of non-listed companies	-	-	37,500,000	37,500,000
Liabilities measured at fair value				
Foreign currency forward contracts	-	11,999,854	-	11,999,854

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

	In Baht			
	1 January 2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
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
Liabilities measured at fair value				
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.
- 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 June 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 repairing of the plant and the installment of machine amounting of Baht 9.57 Million.

27. APPROVAL OF INTERIM FINANCIAL STATEMENTS

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