

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

Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2022 (Unaudited)

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These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the executive directors on 15 August 2022.

1 Basis of preparation of the interim financial statements

The condensed interim financial statements are presented in the same format as the annual financial statements together with notes to the interim financial statements on a condensed basis (“interim financial statements”) in accordance with Thai Accounting Standard (TAS) No. 34 *Interim Financial Reporting*, guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission. The interim financial statements focus on new activities, events and circumstances to avoid repetition of information previously reported in annual financial statements. Accordingly, these interim financial statements should be read in conjunction with the financial statements of Charoen Pokphand Foods Public Company Limited, the “Company” and the Company and its subsidiaries (together referred to the “Group”) for the year ended 31 December 2021.

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 2021.

2 Changes in accounting policy

From 1 January 2022, the Group has changed its accounting policy for the measurement of investment properties from cost method (net of accumulated depreciation and impairment losses) to fair value method in accordance with TAS 40 *Investment property*, in order to reflect the fair value of the investment properties in the financial statements and to provide more relevant information to investors for decision making.

The Group’s investment properties were valued by the independent professional valuers and retrospectively adjusted the previous periods’ comparative information as follows:

(Unit: Million Baht)

	Consolidated financial statements				
	<u>Investment properties</u>	<u>Deferred tax assets</u>	<u>Deferred tax liabilities</u>	<u>Non-controlling interests</u>	<u>Retained earnings</u>
As at 1 January 2021					
- as reported	1,433	2,948	8,962	70,242	119,893
Impact of changes in accounting policy	3,126	(92)	533	1	2,500
As at 1 January 2021					
- restated	<u>4,559</u>	<u>2,856</u>	<u>9,495</u>	<u>70,243</u>	<u>122,393</u>

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(Unit: Million Baht)

	Consolidated financial statements				
	<u>Investment properties</u>	<u>Deferred tax assets</u>	<u>Deferred tax liabilities</u>	<u>Non-controlling interests</u>	<u>Retained earnings</u>
As at 31 December 2021					
- as reported	1,956	4,964	8,554	72,070	125,249
Impact of changes in accounting policy	3,126	(234)	391	1	2,500
As at 31 December 2021 - restated	5,082	4,730	8,945	72,071	127,749

(Unit: Million Baht)

	Separate financial statements		
	<u>Investment properties</u>	<u>Deferred tax assets (liabilities)</u>	<u>Retained earnings</u>
As at 1 January 2021 - as reported	355	91	54,225
Impact of changes in accounting policy	1,167	(234)	933
As at 1 January 2021 - restated	1,522	(143)	55,158
As at 31 December 2021 - as reported	902	1,472	47,436
Impact of changes in accounting policy	1,167	(234)	933
As at 31 December 2021 - restated	2,069	1,238	48,369

3 Related party transactions

The entity which holds significant influence over the Company is Charoen Pokphand Group Company Limited which directly and indirectly owned 46.49% of the Company's voting rights as of the latest closing date of shareholder register book on 14 March 2022.

In addition, relationships with subsidiaries and associates that have material changes are described in note 4.

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

	<i>(Unit: Million Baht)</i>			
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
(a) Income				
Significant influence entity				
Sale of goods	2	-	-	-
Software application income	1	1	-	-
Subsidiaries				
Dividend income	-	-	14,837	5,452
Gain on sale of investments	-	-	8,478	266
Sale of goods	-	-	2,878	2,714
Interest income	-	-	296	646
Rental, service and other income	-	-	85	3
Gain on sale of fixed assets	-	-	-	2
Associates, joint ventures and related companies				
Sale of goods	31,526	21,369	761	792
Rental, service and other income	185	99	23	1
Software application income	62	43	-	-
Dividend income	60	64	6	87
Interest income	58	5	-	-
Training and seminar income	4	2	-	-
(b) Expenses and others				
Significant influence entity				
Purchase of raw materials and goods	6,178	5,015	1,730	1,043
Trademark license fees	2,440	2,137	158	156
Technical service fees	52	48	-	-
Subsidiaries				
Purchase of raw materials and goods	-	-	731	663
Interest expenses	-	-	148	72
Cost of right-of-use assets	-	-	88	1
Software application fees	-	-	87	89
Training and seminar fees	-	-	9	10
Construction costs of buildings, structures and others	-	-	6	-
Leased-related and service expenses	-	-	2	5
Other expenses	-	-	16	27

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(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
(b) Expenses and others (Continued)				
Associates, joint ventures and related companies				
Purchase of raw materials and goods	26,678	26,166	681	691
Construction costs of buildings, structures and others	1,303	808	21	5
Leased-related and service expenses	350	363	42	31
Cost of right-of-use assets	290	238	24	42
Software application fees	126	87	-	-
Training and seminar fees	94	118	8	3
Purchase of equipment and others	86	140	10	12
Trademark license fees	76	125	-	-
Interest expenses	43	16	-	-
Other expenses	1,212	882	46	53

3.2 Balances with related parties as at 30 June 2022 and 31 December 2021 were as follows:

3.2.1 Accounts receivable - trade and others

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Significant influence entity	3	2	-	-
Subsidiaries	-	-	574	671
Associates and joint ventures	7,436	7,258	46	61
Related companies	4,445	5,035	305	1,174
Total	11,884	12,295	925	1,906

3.2.2 Short-term loans to related parties

(Unit: Million Baht)

	Separate financial statements		
	Outstanding balance		
	30 June 2022	31 December 2021	Average balance
Subsidiaries	10,020	6,876	5,453
Total	10,020	6,876	5,453

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3.2.3 Advance payments for purchase of goods

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Associate and joint ventures	43	65	-	-
Related companies	883	2,344	-	-
Total	926	2,409	-	-

3.2.4 Accrued dividend income

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Subsidiaries	-	-	34	-
Associate	253	172	-	-
Total	253	172	34	-

3.2.5 Long-term loans to related parties

(Unit: Million Baht)

	Consolidated financial statements		
	Outstanding balance		
	30 June 2022	31 December 2021	Average balance
Associates	-	49	8
Less current portion	-	(12)	-
Net	-	37	8

(Unit: Million Baht)

	Separate financial statements		
	Outstanding balance		
	30 June 2022	31 December 2021	Average balance
Subsidiaries	6,678	570	6,986
Total	6,678	570	6,986

As at 30 June 2022, the loans bear interest at 4.53% to 5.88% per annum (31 December 2021: 2.81% to 5.88% per annum). The Group and the Company compute the average balance from the outstanding balances of the loans at the end of each month excluding accrued interest income.

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3.2.6 Accounts payable - trade and others

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Significant influence entity	1,495	435	173	79
Subsidiaries	-	-	74	72
Associates and joint ventures	7,836	7,565	5	6
Related companies	7,743	6,663	59	108
Total	17,074	14,663	311	265

3.2.7 Short-term borrowings from related parties

(Unit: Million Baht)

	Consolidated financial statements		
	Outstanding balance		
	30 June 2022	31 December 2021	Average balance
Joint venture	1,054	837	921
Related companies	1,012	619	975
Total	2,066	1,456	1,896

(Unit: Million Baht)

	Separate financial statements		
	Outstanding balance		
	30 June 2022	31 December 2021	Average balance
Subsidiary	14,400	-	8,833
Total	14,400	-	8,833

As at 30 June 2022, the borrowings bear interest at 3.63% to 5.31% per annum (*31 December 2021: 4.02% to 5.27% per annum*). The Group and the Company compute the average balance from the outstanding balances of the borrowings at the end of each month excluding accrued interest expense.

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3.2.8 Lease liabilities

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Subsidiaries	-	-	111	54
Associates	563	578	-	-
Related companies	2,593	2,747	166	200
Total	3,156	3,325	277	254

3.3 Key management personnel compensations

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
<i>For the six-month period ended 30 June</i>				
Short-term employee benefits	761	779	108	121
Post-employment under defined benefit plans	9	13	2	2
Total	770	792	110	123
<i>As at 30 June</i>				
Provisions for employee benefits	496	614	106	96
Total	496	614	106	96

3.4 Commitments

Capital commitments

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
<i>Contracted but not provided for</i> Mainly represents contracts for construction of buildings and structures, and purchase of machinery and others	837	905	-	2

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4 Investments in subsidiaries, associates and equity securities

Significant movements for the six-month period ended 30 June 2022 were as follows:

	Consolidated	<i>(Unit: Million Baht)</i>
	financial statements	Separate
		financial statements
Subsidiaries		
Increase capital		
C.P. Foods International Limited	-	7,171
Bellisio Investment, LLC	-	4,024
CPF Investment Limited (“CPF”)”)	-	523
CPF Poland S.A.	-	123
Purchase investment		
Charoen Pokphand Enterprise (Taiwan) Co., Ltd. (“CPE”)	-	4,815
Chun Ta Investment Co., Ltd. (“Chun Ta”)	-	1,473
Ta Chung Investment Co., Ltd. (“Ta Chung”)	-	1,222
Dispose investment		
C.P. Merchandising Co., Ltd. (“CPM”)	-	(3,600)
Associates		
Purchase investment		
CP ALL Public Company Limited (“CPALL”)	5,072	-
Cloud Food System Joint Stock Company	119	-
Dispose investment		
CPALL	(2,592)	(1,486)
Equity securities		
Increase capital		
ALL NOW Management Co., Ltd.	209	-
Purchase investment		
C.P. Venture Capital Co., Ltd.	205	205

The Group accounts for the investment in CPALL and Siam Makro Public Company Limited, which are listed companies in the Stock Exchange of Thailand, in the consolidated financial statements by the equity method. As at 30 June 2022, the fair value of the investments were Baht 183,461 million and Baht 32,762 million, respectively (*31 December 2021: Baht 180,181 million and Baht 39,315 million, respectively*).

During the second quarter of 2022, the Group partially sold its interest in CPALL with the carrying amount in the consolidated financial statements of Baht 2,592 million, and the Company sold its whole interest of 0.28% in CPALL with the carrying amount in the separate financial statements of Baht 1,486 million. In this regard, the Group and the Company recognised gains on sale of investments of Baht 2,276 million and Baht 143 million, respectively. As at 30 June 2022, the Group holds 34.03% interest in CPALL.

During the second quarter of 2022, the Company increased share capital in C.P. Foods International Limited, a 100% directly owned subsidiary of the Company, for 213,600,000 shares amounting to Baht 7,171 million by offsetting the consideration of the shares with dividend income from CPF.

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During the second quarter of 2022, the Company entered into agreements to acquire 49,267,115 ordinary shares of CPE from CPFI amounting to US Dollar 135 million or equivalent to Baht 4,815 million, 10,000,000 ordinary shares of Ta Chung amounting to US Dollar 34 million or equivalent to Baht 1,222 million, and 5,000,000 ordinary shares of Chun Ta amounting to US Dollar 42 million or equivalent to Baht 1,473 million by offsetting the consideration of the shares with dividend income from CPFI totalling US Dollar 211 million or equivalent to Baht 7,510 million. As at 30 June 2022, the Company holds 18.38%, 100.00% and 100.00% interests in CPE, Ta Chung and Chun Ta, respectively. In this regard, the Company classified the investment in CPE as an investment in subsidiary as the Company has the power to govern CPE.

During the second quarter of 2022, the Company partially sold its interest in 360,000,000 ordinary shares of CPM with the carrying amount in the separate financial statements of Baht 3,600 million to CPF (Thailand) Public Company Limited (“CPFTH”). CPFTH offset the consideration of the shares by making an agreement with CPM to repay a loan from CPFTH of Baht 12,078 million to CPF. Such amount was recognised as loan to related party in the separate financial statements. In this regard, the Company recognised gains on sale of investments (net transaction costs) of Baht 8,466 million. As a result, the Company’s ownership interest in CPM decreased from 87.54% to 79.46%. Subsequently, CPM issued new ordinary shares to CPM’s shareholders in proportion to their existing holdings. However, the Company renounced the shares offered, as a result, the Company’s ownership interest in CPM decreased from 79.46% to 68.20%. As at 30 June 2022, the Group’s ownership interest in CPM remain unchanged.

Details of the Group’s subsidiaries as at 30 June 2022 and 31 December 2021 only those with changes during the six-month period ended 30 June 2022 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			30 June 2022	31 December 2021
<i>Newly incorporated indirect subsidiary</i>				
1) Advanced Aquaculture Vietnam Co., Ltd. ⁽¹⁾	Aquaculture farming	Vietnam	83.18	-
<i>Indirect subsidiary from share acquisition</i>				
1) Tacharm Agricultural Industry Co., Ltd. ⁽²⁾	Livestock farming	Thailand	79.99	-
<i>Subsidiaries with change in interests</i>				
<i>Direct and indirect subsidiary</i>				
1) C.P. Pokphand Co., Ltd.	Investment in agro-industrial and food	Bermuda	76.24	52.25
<i>Indirect subsidiary</i>				
1) C.P. Foods Holdings Limited ⁽³⁾	Investment	British Virgin Islands	99.99	100.00

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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			30 June 2022	31 December 2021
Liquidated indirect subsidiary				
1) Westbridge Foods (Haydock) Limited ⁽⁴⁾	Distributor of meat products	England	-	99.99

⁽¹⁾ A subsidiary of C.P. Vietnam Corporation

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

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

⁽⁴⁾ A subsidiary of CPF Europe S.A.

Acquisition of non-controlling interests

C.P. Pokphand Co., Ltd. (“CPP”)

As the withdrawal of listing of CPP’s ordinary shares from the Stock Exchange of Hong Kong Limited was approved by CPP’s shareholders. On 25 January 2022, CPF Investment Limited (“CPFI”), a wholly-owned subsidiary of the Company, paid for the cancelled ordinary shares of CPP for 6,079,356,827 shares which equal to 25.26% totalling HK Dollar 6,992 million or equivalent to Baht 29,789 million sourcing from the internal cash resources and borrowing from financial institution. As a result, the Group’s ownership interest in CPP increased from 52.25% to 76.24%.

	<i>(Unit: Million Baht)</i>
	Consolidated financial statements
Carrying amount of non-controlling interests acquired	29,129
Consideration transferred	29,789
A decrease in equity attributable to equity holders of the Company	(660)
A decrease in equity attributable to equity holders of the Company comprised:	
Surplus from change in shareholders’ equity in subsidiary	(978)
Loss on revaluation of assets	(80)
Loss on cash flow hedges	(3)
Foreign currency translation differences	401
Total	(660)

During the six-month period ended 30 June 2022, the Group did not dispose any investments in subsidiaries.

5 Investment properties

During the six-month period ended 30 June 2022, the Group and the Company had investment properties revalued by the independent professional valuers using Market Comparison Approach. Therefore, the Group and the Company recognised the increase in value of investment properties in the consolidated and separate financial statements totalling Baht 1,430 million and Baht 608 million, respectively.

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The fair value measurement

The fair value measurement for the investment properties 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 investment properties, 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 investment properties adjusted by other factors.	The estimated fair value increases (decreases) if the price per area increases (decreases).

6 Property, plant and equipment

	<u>Consolidated financial statements</u>	<i>(Unit: Million Baht)</i> <u>Separate financial statements</u>
<i>For the six-month period ended 30 June 2022</i>		
Acquisition - at cost	13,280	161
Acquired through business acquisitions - net book value	730	-
Disposals - net book value	(309)	(86)
Transfer from investment properties - net book value	625	-
Transfer to investment properties - net book value	(464)	-

During the six-month period ended 30 June 2022, 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 14,162 million and Baht 2,793 million, respectively. As at 30 June 2022, value of the Group and the Company's land totalling Baht 70,228 million and Baht 12,014 million, respectively (31 December 2021: Baht 53,820 million and Baht 9,221 million, respectively).

The 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).

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7 Long-term borrowing

Debentures

For the six-month period ended 30 June 2022, a subsidiary issued unsubordinated and unsecured debenture as follows:

Debenture	Interest rates (% per annum)	Term (Year)	Maturity Year	(Unit: Million Baht) Consolidated financial statements
CPF (Thailand) Public Company Limited (“CPFTH”)				
1/2022	3.80 - 5.00	7 - 15	2029 - 2037	10,150
Total				10,150

The debenture of CPFTH was registered with the Thai Bond Market Association on 5 May 2022. The debenture of CPFTH had a credit rating of “A+” rated by TRIS Rating Co., Ltd. on 31 March 2022.

In this regard, CPFTH must comply with the specific covenants in the terms and conditions of the above debentures.

Exchangeable Bonds (“EBs”)

During the second quarter of 2022, the EB holders exercised the option to put the EBs to C.P. Foods Capital Limited, a 100.00% owned subsidiary of the Company, as the Exchangeable Bonds issuer, following the terms and conditions of the EBs at 104.08% of their principal amount totalling U.S. Dollar 286 million or equivalent to Baht 9,843 million. The EBs were recognised as Convertible Bonds in the consolidated financial statements.

8 Subordinated perpetual debentures

On 2 March 2022, the Company exercised the early redemption right per condition as stipulated in the terms and conditions of subordinated perpetual debentures which is similar to equity with one-time payment upon dissolution of the Company or upon the exercise of the Company’s early redemption right (“Debentures”) (debentures no. 1/2017) of Baht 15,000 million, as well as, on the same day the Company issued the Debentures of Baht 15,000 million (debentures no. 1/2022). The Debentures were in registered name form, unsecured and unconvertible with debenture holder representative and the Company had the early redemption right pursuant to the terms and conditions of the debentures. The Debentures’ interest rates during the first year to the fifth year is 4.50%, and after the fifth year the interest rate is adjusted every 5 years based on: (1) 5-year government bond yield, (2) Initial Credit Spread, and (3) percentage as stipulated in the prospectus; and will be paid on a semi-annual basis. In this regard, the Company has the sole right to unconditionally defer interest and cumulative interest payments without limitation on deferral period and times at the sole discretion of the Company. If the Company defers interest and cumulative interest payment, the Company shall not perform as follows:

- (a) declare or pay any dividend,
- (b) pay any interest or distribute any assets to any holder of Parity Securities or Junior Securities; and
- (c) redeem, reduce, cancel, acquire, or buy-back any of any securities issued by the Company which rank pari passu or junior to these Debentures.

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During the second quarter of 2022, the Company paid interest to the debentures holders amount of Baht 372 million. The interest expense and other expenses of Baht 411 million was deducted from unappropriated retained earnings in the statements of financial position as at 30 June 2022.

As at 30 June 2022, the accumulated accrued interest expenses subsequent to the latest interest payment date was Baht 224 million.

9 Segment information and disaggregation of revenue

Information about reportable segments

The Group presents the following main segments:

Segment 1 : Livestock business

Segment 2 : Aquaculture business

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

	<i>(Unit: Million Baht)</i>	
	Consolidated financial statements	
	2022	2021
<i>Segment revenue</i>		
Livestock business	251,376	210,898
Aquaculture business	43,507	38,086
Total	294,883	248,984
<i>Segment results</i>		
Livestock business	17,972	20,928
Aquaculture business	1,382	1,896
Total allocated segment results	19,354	22,824
Unallocated segment results	(11,886)	(8,720)
Profit for the period	7,468	14,104

Information about geographic areas

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

	<i>(Unit: Million Baht)</i>	
	Consolidated financial statements	
	2022	2021
<i>Revenue from external customers</i>		
Thailand	91,977	78,635
Asia	148,142	128,572
Europe	37,867	27,805
America	16,018	13,151
Others	879	821
Total	294,883	248,984

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Details of the geographic segment financial information of the Group as at 30 June 2022 and 31 December 2021 were as follow:

(Unit: Million Baht)

	Consolidated financial statements	
	30 June 2022	31 December 2021
<i>Non-current assets (exclude deferred tax assets and other non-current financial assets)</i>		
Thailand	281,827	263,033
Asia	272,261	264,798
Europe	66,568	44,895
America	52,662	51,423
Total	673,318	624,149

Disaggregation of revenue

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

(Unit: Million Baht)

	Consolidated financial statements					
	Reportable segments					
	Aquaculture business		Livestock business		Total	
	2022	2021	2022	2021	2022	2021
Categories of main products						
Animal feed	23,983	20,919	47,636	40,191	71,619	61,110
Animal farm products	15,879	13,644	146,675	124,164	162,554	137,808
Processed foods and ready meals	3,645	3,524	57,065	46,542	60,710	50,066
Total	43,507	38,087	251,376	210,897	294,883	248,984

(Unit: Million Baht)

	Separate financial statements	
	Reportable segment Aquaculture business	
	2022	2021
Categories of main products		
Animal feed	7,222	6,610
Animal farm products	5,284	5,363
Processed foods and ready meals	914	1,336
Total	13,420	13,309

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Contract Balances

As at 30 June 2022, the Group and the Company had contract liabilities of Baht 1,307 million and Baht 30 million, respectively (*31 December 2021: Baht 1,521 million and Baht 55 million, respectively*), which represents the obligation to transfer goods to customers for which the consideration has been received.

The contract liabilities primarily relate to the advance consideration received from customers for sale of goods. The Group and the Company recognise such contract liabilities as revenue when transferring control of the goods to the customers. The outstanding balance of contract liabilities is included in the accounts “other current liabilities” in the consolidated and separate statement of financial position as at 30 June 2022.

10 Earnings per share

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

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For the three-month period ended 30 June

(Unit: Million Baht/Million shares)

	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Profit for the period attributable to ordinary shareholders of the Company	4,208	4,737	13,943	5,410
<i>Less: cumulative interest expense for the period net of income tax on subordinated perpetual debentures</i>	<u>(135)</u>	<u>(150)</u>	<u>(135)</u>	<u>(150)</u>
Profit used in calculation of earnings per share (basic)	4,073	4,587	13,808	5,260
Interest expense on convertible bonds, net of tax	<u>-</u>	<u>61</u>	<u>-</u>	<u>-</u>
Profit used in calculation of earnings per share (diluted)	4,073	4,648	13,808	5,260
Weighted average number of ordinary shares held by third parties outstanding				
Number of ordinary shares outstanding at beginning of period	8,611	8,611	8,611	8,611
Treasury shares held by subsidiaries	(470)	(426)	-	-
Effect of own shares held	<u>(204)</u>	<u>(198)</u>	<u>(204)</u>	<u>(198)</u>
Number of ordinary shares outstanding (basic) at the end of period	7,937	7,987	8,407	8,413
Effect of conversion of convertible bonds	<u>-</u>	<u>234</u>	<u>-</u>	<u>234</u>
Number of ordinary shares outstanding (diluted) at the end of period	7,937	8,221	8,407	8,647
Basic earnings per share (in Baht)	0.51	0.57	1.64	0.63
Diluted earnings per share (in Baht)	0.51	0.57	1.64	0.61

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For the six-month period ended 30 June

(Unit: Million Baht/Million shares)

	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Profit for the period attributable to ordinary shareholders of the Company	7,050	11,683	20,174	4,298
<i>Less: cumulative interest expense for the period net of income tax on subordinated perpetual debentures</i>	<u>(280)</u>	<u>(298)</u>	<u>(280)</u>	<u>(298)</u>
Profit used in calculation of earnings per share (basic)	6,770	11,385	19,894	4,000
<i>Interest expense on convertible bonds, net of tax</i>	<u>-</u>	<u>120</u>	<u>-</u>	<u>-</u>
Profit used in calculation of earnings per share (diluted)	<u>6,770</u>	<u>11,505</u>	<u>19,894</u>	<u>4,000</u>
Weighted average number of ordinary shares held by third parties outstanding				
<i>Number of ordinary shares outstanding at beginning of period</i>	8,611	8,611	8,611	8,611
<i>Treasury shares held by subsidiaries</i>	(470)	(426)	-	-
<i>Effect of own shares held</i>	<u>(204)</u>	<u>(198)</u>	<u>(204)</u>	<u>(198)</u>
Number of ordinary shares outstanding (basic) at the end of period	7,937	7,987	8,407	8,413
<i>Effect of conversion of convertible bonds</i>	<u>-</u>	<u>234</u>	<u>-</u>	<u>234</u>
Number of ordinary shares outstanding (diluted) at the end of period	<u>7,937</u>	<u>8,221</u>	<u>8,407</u>	<u>8,647</u>
Basic earnings per share (in Baht)	<u>0.85</u>	<u>1.43</u>	<u>2.37</u>	<u>0.48</u>
Diluted earnings per share (in Baht)	<u>0.85</u>	<u>1.40</u>	<u>2.37</u>	<u>0.46</u>

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11 Dividends

Details of dividends for the six-month period ended 30 June were as follows:

Approval date to pay dividends	Rate per share (Baht)	Number of entitled shares (Shares)	Total (in million Baht)	Source
2022				
26 April 2022	0.25	8,406,962,585	2,102	Profit after deduction of taxable losses
Total			2,102	
2021				
30 April 2021	0.60	8,413,568,585	5,048	Profit after deduction of taxable losses
Total			5,048	

12 Financial Instruments

Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities measured at amortised cost if the carrying amount is a reasonable approximation of fair value.

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(Unit: Million Baht)

	Consolidated financial statements							
	Carrying amount				Fair value			
	Hedging instruments	Financial instruments measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
<i>As at 30 June 2022</i>								
Financial assets								
Investment in equity securities								
-Marketable equity securities	-	3,393	-	3,393	3,393	-	-	3,393
-Non-marketable equity securities	-	11,256	-	11,256	-	-	11,256	11,256
Other financial assets								
-Derivative assets	3,995	-	-	3,995	-	3,995	-	3,995
Total financial assets	3,995	14,649	-	18,644				
Financial liabilities								
Long-term borrowings								
-Debentures	-	-	204,340	204,340	-	204,584	-	204,584
-Long-term borrowings from financial institutions	-	-	162,814	162,814	-	162,578	-	162,578
Other current financial liabilities								
-Derivative liabilities	367	-	-	367	-	367	-	367
Total financial liabilities	367	-	367,154	367,521				

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(Unit: Million Baht)

	Consolidated financial statements							
	Carrying amount				Fair value			
	Hedging instruments	Financial instruments measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
<i>As at 31 December 2021</i>								
Financial assets								
Investment in equity securities								
-Marketable equity securities	-	3,517	-	3,517	3,517	-	-	3,517
-Non-marketable equity securities	-	9,517	-	9,517	-	-	9,517	9,517
Other financial assets								
-Derivative assets	1,146	-	-	1,146	-	1,146	-	1,146
Total financial assets	1,146	13,034	-	14,180				
Financial liabilities								
Long-term borrowings								
-Debentures	-	-	201,790	201,790	-	210,237	-	210,237
-Convertible bonds	-	-	9,317	9,317	-	9,485	-	9,485
-Long-term borrowings from financial institutions	-	-	129,198	129,198	-	129,095	-	129,095
Other financial liabilities								
-Derivative liabilities	399	-	-	399	-	399	-	399
Total financial liabilities	399	-	340,305	340,704				

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(Unit: Million Baht)

	Separate financial statements							
	Carrying amount				Fair value			
<i>As at 30 June 2022</i>	Hedging instruments	Financial instruments measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investment in equity securities								
- Non-marketable equity securities	-	949	-	949	-	-	949	949
Other non-current financial assets								
- Derivative assets	387	-	-	387	-	387	-	387
Total financial assets	387	949	-	1,336				
Financial liabilities								
Long-term borrowings								
- Debentures	-	-	115,140	115,140	-	115,623	-	115,623
- Long-term borrowings from financial institutions	-	-	3,367	3,367	-	3,350	-	3,350
Other current financial liabilities								
- Derivative liabilities	142	-	-	142	-	142	-	142
Total financial liabilities	142	-	118,507	118,649				

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For the three-month and six-month periods ended 30 June 2022 (Unaudited)

(Unit: Million Baht)

	Separate financial statements							
	Carrying amount			Total	Fair value			
	Hedging instruments	Financial instruments measured at fair value through other comprehensive income	Financial instruments measured at amortised cost			Level 1	Level 2	Level 3
<i>As at 31 December 2021</i>								
Financial assets								
Investment in equity securities								
- Non-marketable equity securities	-	761	-	761	-	-	761	761
Other non-current financial assets								
- Derivative assets	144	-	-	144	-	144	-	144
Total financial assets	144	761	-	905				
Financial liabilities								
Long-term borrowings								
- Debentures	-	-	122,740	122,740	-	128,553	-	128,553
- Long-term borrowings from financial institutions	-	-	3,151	3,151	-	3,200	-	3,200
Other current financial liabilities								
- Derivative liabilities	64	-	-	64	-	64	-	64
Total financial liabilities	64	-	125,891	125,955				

There were no significant changes of valuation technique of financial instruments measured at fair value in the statements of financial position during the period.

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Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2022 (Unaudited)

Expected credit losses

(Unit: Million Baht)

	Consolidated financial statements			
	Accounts receivable - trade and others		Allowance for expected credit losses	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Within credit terms	33,703	28,732	426	165
Overdue 1 - 60 days	6,100	6,143	42	22
Overdue 60 - 120 days	1,132	1,485	16	240
More than 120 days	2,776	3,213	603	675
Total	43,711	39,573	1,087	1,102
Less allowance for expected credit losses	(1,087)	(1,102)		
Net	42,624	38,471		

(Unit: Million Baht)

	Separate financial statements			
	Accounts receivable - trade and others		Allowance for expected credit losses	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Within credit terms	2,199	1,774	1	-
Overdue 1 - 60 days	55	403	-	-
Overdue 60 - 120 days	21	432	-	-
More than 120 days	41	835	1	19
Total	2,316	3,444	2	19
Less allowance for expected credit losses	(2)	(19)		
Net	2,314	3,425		

13 Commitments with non-related parties

13.1 Capital commitments

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
<i>Contracted but not provided for</i>				
Land, buildings and constructions	3,614	3,541	2	-
Machinery, equipment and others	5,785	5,293	112	170
Total	9,399	8,834	114	170

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Notes to the interim financial statements

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13.2 Other commitments

- (a) The Company had a Cooperative Technical agreement with Maejo University (the “university”) whereby the university allowed the Company to use its land and constructions thereon in developing shrimp ponds and as the research and training center which will be terminated as at 31 December 2022. Under the terms of the agreements, the Company is committed to pay total annual compensation of Baht 2.2 million and to transfer the ownership of the project property to the university at the expiration of the agreements. The net book value of the Company’s assets in respect to the agreement as at 30 June 2022 totalling Baht 14 million (*31 December 2021: Baht 15 million*).
- (b) 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 12 million and Baht 227 million, respectively (*31 December 2021: Baht 11 million and Baht 874 million, respectively*). The letters of guarantee are principally covering the guarantee for sale of goods, taxes and duties.

13.3 Letters of credit

Certain subsidiaries had commitments under the issued letters of credit totalling Baht 1,360 million (*31 December 2021: Baht 2,658 million*).

13.4 Contingent liabilities

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 176 million (*31 December 2021: Baht 253 million*).

14 Guarantees

As at 30 June 2022, certain foreign subsidiaries had secured borrowings from financial institutions which were pledged by various assets as collateral including property, plant and equipment with net book value of Baht 21,802 million (*31 December 2021: Baht 13,731 million*), current and non-current assets mainly comprising of current investments, leasehold rights, inventories and net accounts receivable and payable, with carrying amount of Baht 9,457 million (*31 December 2021: Baht 7,252 million*), ordinary shares of a foreign subsidiary of Baht 1,608 million (*31 December 2021: Baht 1,102 million*).

15 Event after the reporting period

On 10 August 2022, the Company issued unsubordinated and unsecured debentures No. 1/2022 in registered name and with debenture holder representative totalling Baht 11,875 million, with the term of 4 - 8 years and bear interest at the fixed rate of 3.15% - 4.00% per annum.

The debentures had credit rating of “A+” rated by TRIS Rating Co., Ltd. on 31 March 2022 and the Company registered the debentures with the Thai Bond Market Association.