

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2022 (Unaudited)

Note	Contents
1	Basis of preparation of the interim financial statements
2	Changes in accounting policy
3	Related party transactions
4	Investment in subsidiaries, associates, joint ventures and equity securities
5	Investment properties
6	Property, plant and equipment
7	Long-term borrowings
8	Subordinated perpetual debentures
9	Segment information and disaggregation of revenue
10	Earnings per share
11	Dividends
12	Financial instruments
13	Commitments with non-related parties
14	Guarantees

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2022 (Unaudited)

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

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the executive directors on 14 November 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				
	Investment properties	Deferred tax assets	Deferred tax liabilities	Non-controlling interests	Retained earnings
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	4,559	2,856	9,495	70,243	122,393

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2022 (Unaudited)

(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 45.89% of the Company's voting rights as of the latest closing date of shareholder register book on 31 August 2022.

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

3.1 Significant transactions with related parties for the nine-month period ended 30 September

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
(a) Income				
Significant influence entity				
Sale of goods	3	-	-	-
Software application income	2	1	-	-
Subsidiaries				
Dividend income	-	-	16,542	5,452
Gain on sale of investments	-	-	8,478	266
Sale of goods	-	-	4,207	4,343
Interest income	-	-	513	783
Rental, service and other income	-	-	127	4
Gain on sale of fixed assets	-	-	-	3

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

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2022 (Unaudited)

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
(a) Income (Continued)				
Associates, joint ventures and related companies				
Sale of goods	49,787	33,151	1,764	1,200
Rental, service and other income	274	291	32	3
Software application income	101	65	-	-
Interest income	86	24	-	-
Dividend income	60	64	6	87
Training and seminar income	7	5	-	-
Gain on sale of fixed assets	-	4	-	-
(b) Expenses and others				
Significant influence entity				
Purchase of raw materials and goods	9,177	8,111	2,280	1,823
Trademark license fees	3,735	3,205	255	242
Technical service fees	81	74	-	-
Subsidiaries				
Purchase of raw materials and goods	-	-	1,202	1,372
Interest expenses	-	-	282	72
Software application fees	-	-	130	133
Cost of right-of-use assets	-	-	89	54
Training and seminar fees	-	-	16	13
Construction costs of buildings, structures and others	-	-	7	1
Leased-related and service expenses	-	-	3	2
Other expenses	-	-	25	40
Associates, joint ventures and related companies				
Purchase of raw materials and goods	40,082	36,504	988	879
Construction costs of buildings, structures and others	2,058	1,206	32	16
Cost of right-of-use assets	534	451	130	53
Leased-related and service expenses	524	627	58	51
Software application fees	206	143	-	-
Training and seminar fees	150	133	9	5
Trademark license fees	137	187	-	-
Purchase of equipment and others	134	186	15	24
Interest expenses	68	29	-	-
Other expenses	2,339	1,524	78	84

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2022 (Unaudited)

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

3.2.1 Accounts receivable - trade and others

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Significant influence entity	3	2	-	-
Subsidiaries	-	-	444	671
Associates and joint ventures	6,830	7,258	36	61
Related companies	5,278	5,035	998	1,174
Total	12,111	12,295	1,478	1,906

3.2.2 Short-term loans to related parties

(Unit: Million Baht)

	Separate financial statements		
	Outstanding balance		
	30 September 2022	31 December 2021	Average balance
Subsidiaries	8,684	6,876	6,464
Total	8,684	6,876	6,464

3.2.3 Advance payments for purchase of goods

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Associates and joint ventures	46	65	-	-
Related companies	358	2,344	-	-
Total	404	2,409	-	-

3.2.4 Accrued dividend income

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Subsidiary	-	-	1,529	-
Associate	255	172	-	-
Total	255	172	1,529	-

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2022 (Unaudited)

3.2.5 Long-term loans to related parties

(Unit: Million Baht)

	Consolidated financial statements		
	Outstanding balance		
	30 September 2022	31 December 2021	Average balance
Associates	-	49	5
Less current portion	-	(12)	-
Net	-	37	5

(Unit: Million Baht)

	Separate financial statements		
	Outstanding balance		
	30 September 2022	31 December 2021	Average balance
Subsidiaries	7,428	570	7,033
Less current portion	(540)	-	-
Total	6,888	570	7,033

As at 30 September 2022, the loans bear interest at 4.56% to 5.89% 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.

3.2.6 Accounts payable - trade and others

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Significant influence entity	491	435	68	79
Subsidiaries	-	-	99	72
Associates and joint ventures	7,932	7,565	8	6
Related companies	11,594	6,663	69	108
Total	20,017	14,663	244	265

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2022 (Unaudited)

3.2.7 Short-term borrowings from related parties

(Unit: Million Baht)

	Consolidated financial statements		
	Outstanding balance		
	30 September 2022	31 December 2021	Average balance
Joint venture	1,063	837	968
Related companies	699	619	919
Total	1,762	1,456	1,887

(Unit: Million Baht)

	Separate financial statements		
	Outstanding balance		
	30 September 2022	31 December 2021	Average balance
Subsidiary	13,900	-	10,578
Total	13,900	-	10,578

As at 30 September 2022, the borrowings bear interest at 3.66% to 5.01% 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.

3.2.8 Lease liabilities

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Subsidiaries	-	-	99	54
Associates	557	578	-	-
Related companies	2,624	2,747	244	200
Total	3,181	3,325	343	254

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2022 (Unaudited)

3.3 Key management personnel compensations

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2022	2021	financial statements	2021
<i>For the nine-month period ended 30 September</i>				
Short-term employee benefits	1,351	1,383	172	186
Post-employment under defined benefit plans	15	18	3	3
Total	1,366	1,401	175	189
<i>As at 30 September</i>				
Provisions for employee benefits	502	564	107	97
Total	502	564	107	97

3.4 Commitments

Capital commitments

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	30 September	31 December	financial statements	31 December
	2022	2021	2022	2021
<i>Contracted but not provided for</i>				
Mainly represents contracts for construction of buildings and structures, and purchase of machinery and others	801	905	-	2

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2022 (Unaudited)

4 Investments in subsidiaries, associates, joint ventures and equity securities

Significant movements for the nine-month period ended 30 September 2022 were as follows:

	<u>Consolidated</u> <u>financial statements</u>	<i>(Unit: Million Baht)</i> <u>Separate</u> <u>financial statements</u>
<i>Subsidiaries</i>		
<i>Increase capital</i>		
C.P. Foods International Limited	-	7,171
Bellisio Investment, LLC	-	4,236
CPF Netherlands B.V.	-	947
CPF Investment Limited (“CPFI”)	-	523
CPF Poland S.A.	-	123
<i>Purchase investment</i>		
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
<i>Dispose investment</i>		
C.P. Merchandising Co., Ltd. (“CPM”)	-	(3,600)
<i>Associates</i>		
<i>Purchase investment</i>		
CP ALL Public Company Limited (“CPALL”)	5,878	-
Cloud Food System Joint Stock Company	119	-
<i>Dispose investment</i>		
CPALL	(2,629)	(1,486)
<i>Joint venture</i>		
<i>Increase capital</i>		
HyLife Group Holdings Ltd.	985	-
<i>Equity securities</i>		
<i>Increase capital</i>		
ALL NOW Management Co., Ltd.	209	-
<i>Purchase investment</i>		
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 September 2022, the fair value of the investments were Baht 172,702 million and Baht 31,592 million, respectively (*31 December 2021: Baht 180,181 million and Baht 39,315 million, respectively*).

During the nine-month period ended 30 September 2022, the Group partially sold its interest in CPALL with the carrying amount in the consolidated financial statements of Baht 2,629 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 2,304 million and Baht 143 million, respectively. As at 30 September 2022, the Group holds 34.17% interest in CPALL.

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2022 (Unaudited)

During the nine-month period ended 30 September 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 CPFI.

During the nine-month period ended 30 September 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 September 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 nine-month period ended 30 September 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 September 2022, the Group’s ownership interest in CPM remain unchanged.

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

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			30 September 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

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2022 (Unaudited)

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			30 September 2022	31 December 2021
Liquidated indirect subsidiaries				
1) Charoen Pokphand Feedmills (B'worth) Sdn. Bhd. ⁽⁴⁾	Production and sale of processing meat and livestock farming	Malaysia	-	100.00
2) Wignall Holdings Limited ⁽⁵⁾	Investment	United Kingdom	-	99.99
3) Westbridge Foods (Haydock) Limited ⁽⁵⁾	Distribution of meat products	United Kingdom	-	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 Charoen Pokphand Holdings (Malaysia) Sdn. Bhd.

⁽⁵⁾ 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 nine-month period ended 30 September 2022, the Group did not dispose any investments in subsidiaries.

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2022 (Unaudited)

5 Investment properties

During the nine-month period ended 30 September 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.

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 nine-month period ended 30 September 2022</i>		
Acquisition - at cost	20,144	273
Acquired through business acquisitions	449	-
Disposals - net book value	(266)	(97)
Transfer from investment properties - net book value	722	-
Transfer to investment properties - net book value	(464)	-

During the nine-month period ended 30 September 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 14,981 million and Baht 2,793 million, respectively. As at 30 September 2022, value of the Group and the Company's land totalling Baht 71,392 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.

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2022 (Unaudited)

<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).

7 Long-term borrowings

Debentures

For the nine-month period ended 30 September 2022, the Company and a subsidiary issued unsubordinated and unsecured debenture as follows:

<i>(Unit: Million Baht)</i>					
	Interest rates	Term	Maturity	Consolidated	Separate
Debenture	<i>(% per annum)</i>	<i>(Year)</i>	Year	<u>financial statements</u>	<u>financial statements</u>
Charoen Pokphand Foods Public Company Limited (the “Company”)					
1/2022	3.15 - 4.00	4 - 8	2026 - 2030	11,875	11,875
Total				11,875	11,875
CPF (Thailand) Public Company Limited (“CPFTH”)					
1/2022	3.80 - 5.00	7 - 15	2029 - 2037	10,150	-
Total				10,150	-
Grand Total				22,025	11,875

The debenture of the Company and CPFTH were registered with the Thai Bond Market Association on 10 August 2022 and 5 May 2022, respectively. The debenture of the Company and CPFTH had a credit rating of “A+” rated by TRIS Rating Co., Ltd. on 31 March 2022.

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

Exchangeable Bonds (“EBs”)

During the nine-month period ended 30 September 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.

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2022 (Unaudited)

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.

During the nine-month period ended 30 September 2022, the Company paid interest to the debentures holders amount of Baht 712 million. The interest expense and other expenses of Baht 686 million was deducted from unappropriated retained earnings in the statements of financial position as at 30 September 2022.

As at 30 September 2022, the accumulated accrued interest expenses subsequent to the latest interest payment date was Baht 54 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

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2022 (Unaudited)

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

	<i>(Unit: Million Baht)</i>	
	Consolidated financial statements	
	2022	2021
<i>Segment revenue</i>		
Livestock business	388,866	316,111
Aquaculture business	66,283	58,812
Total	455,149	374,923
<i>Segment results</i>		
Livestock business	28,384	17,585
Aquaculture business	1,504	1,930
Total allocated segment results	29,888	19,515
Unallocated segment results	(17,322)	(11,254)
Profit for the period	12,566	8,261

Information about geographic areas

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

	<i>(Unit: Million Baht)</i>	
	Consolidated financial statements	
	2022	2021
<i>Revenue from external customers</i>		
Thailand	141,311	117,781
Asia	227,974	191,970
Europe	59,400	43,809
America	25,261	20,271
Others	1,203	1,092
Total	455,149	374,923

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

	<i>(Unit: Million Baht)</i>	
	Consolidated financial statements	
	30 September 2022	31 December 2021
<i>Non-current assets (exclude deferred tax assets and other non-current financial assets)</i>		
Thailand	284,809	263,033
Asia	281,778	264,798
Europe	67,187	44,895
America	55,561	51,423
Total	689,335	624,149

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2022 (Unaudited)

Disaggregation of revenue

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

(Unit: Million Baht)

Categories of main products	Consolidated financial statements					
	Reportable segments					
	Aquaculture business		Livestock business		Total	
	2022	2021	2022	2021	2022	2021
Animal feed	36,740	32,500	73,449	62,391	110,189	94,891
Animal farm products	24,000	20,807	227,792	181,572	251,792	202,379
Processed foods and ready meals	5,543	5,505	87,625	72,148	93,168	77,653
Total	66,283	58,812	388,866	316,111	455,149	374,923

(Unit: Million Baht)

Categories of main products	Separate financial statements	
	Reportable segment	
	Aquaculture business	
	2022	2021
Animal feed	11,271	10,606
Animal farm products	8,518	8,249
Processed foods and ready meals	1,455	1,959
Total	21,244	20,814

Contract Balances

As at 30 September 2022, the Group and the Company had contract liabilities of Baht 1,303 million and Baht 23 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 September 2022.

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2022 (Unaudited)

10 Earnings per share

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

For the three-month period ended 30 September

	<i>(Unit: Million Baht/Million shares)</i>			
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Profit (loss) for the period attributable to ordinary shareholders of the Company	5,108	(5,374)	856	(1,032)
<i>Less: cumulative interest expense for the period net of income tax on subordinated perpetual debentures</i>	(138)	(151)	(138)	(151)
Profit (loss) used in calculation of earnings per share (basic)	4,970	(5,525)	718	(1,183)
Interest expense on convertible bonds, net of tax	-	- ⁽¹⁾	-	-
Profit (loss) used in calculation of earnings per share (diluted)	4,970	(5,525)	718	(1,183)
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)	(449)	-	-
Effect of own shares held	(204)	(198)	(204)	(198)
Number of ordinary shares outstanding (basic) at the end of period	7,937	7,964	8,407	8,413
Effect of conversion of convertible bonds	-	- ⁽¹⁾	-	234
Number of ordinary shares outstanding (diluted) at the end of period	7,937	7,964	8,407	8,647
Basic earnings (losses) per share (in Baht)	0.63	(0.69)	0.09	(0.14)
Diluted earnings (losses) per share (in Baht)	0.63	(0.69)	0.09	(0.14)

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2022 (Unaudited)

For the nine-month period ended 30 September

	<i>(Unit: Million Baht/Million shares)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Profit for the period attributable to ordinary shareholders of the Company	12,158	6,308	21,030	3,266
<i>Less: cumulative interest expense for the period net of income tax on subordinated perpetual debentures</i>	(418)	(448)	(418)	(448)
Profit used in calculation of earnings per share (basic)	11,740	5,860	20,612	2,818
Interest expense on convertible bonds, net of tax	-	- ⁽¹⁾	-	-
Profit used in calculation of earnings per share (diluted)	11,740	5,860	20,612	2,818
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)	(433)	-	-
Effect of own shares held	(204)	(198)	(204)	(198)
Number of ordinary shares outstanding (basic) at the end of period	7,937	7,980	8,407	8,413
Effect of conversion of convertible bonds	-	- ⁽¹⁾	-	234
Number of ordinary shares outstanding (diluted) at the end of period	7,937	7,980	8,407	8,647
Basic earnings per share (in Baht)	1.48	0.73	2.45	0.33
Diluted earnings per share (in Baht)	1.48	0.73	2.45	0.33

⁽¹⁾ Excluded from the calculation as the adjustment of the effect of convertible bonds does not decrease the earnings per share or increase the loss per share.

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2022 (Unaudited)

11 Dividends

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

Approval date to pay dividends	Rate per share (Baht)	Number of entitled shares (Shares)	Total (in million Baht)	Source
2022				
26 April 2022	0.25	8,406,962,585	2,102	Profit after deduction of taxable losses
15 August 2022	0.40	8,406,962,585	3,363	Profit after deduction of taxable losses
Total			5,465	
2021				
30 April 2021	0.60	8,413,568,585	5,048	Profit after deduction of taxable losses
13 August 2021	0.40	8,413,568,585	3,366	Dividends received from subsidiaries appropriated from taxable profits which were subject to 20% corporate income tax
Total			8,414	

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.

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

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2022 (Unaudited)

(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 September 2022</i>								
Financial assets								
Investment in equity securities								
-Marketable equity securities	-	3,704	-	3,704	3,704	-	-	3,704
-Non-marketable equity securities	-	11,805	-	11,805	-	-	11,805	11,805
Other financial assets								
-Derivative assets	7,527	-	-	7,527	-	7,527	-	7,527
Total financial assets	7,527	15,509	-	23,036				
Financial liabilities								
Long-term borrowings								
-Debentures	-	-	212,215	212,215	-	208,344	-	208,344
-Long-term borrowings from financial institutions	-	-	170,375	170,375	-	169,110	-	169,110
Other current financial liabilities								
-Derivative liabilities	531	-	-	531	-	531	-	531
Total financial liabilities	531	-	382,590	383,121				

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

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2022 (Unaudited)

(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				

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

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2022 (Unaudited)

(Unit: Million Baht)

	Separate financial statements							
	Carrying amount			Total	Fair value			Total
	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 30 September 2022</i>								
<i>Financial assets</i>								
Investment in equity securities								
- Non-marketable equity securities	-	919	-	919	-	-	919	919
Other non-current financial assets								
- Derivative assets	501	-	-	501	-	501	-	501
Total financial assets	501	919	-	1,420				
<i>Financial liabilities</i>								
Long-term borrowings								
- Debentures	-	-	123,015	123,015	-	120,813	-	120,813
- Long-term borrowings from financial institutions	-	-	2,844	2,844	-	2,824	-	2,824
Other current financial liabilities								
- Derivative liabilities	106	-	-	106	-	106	-	106
Total financial liabilities	106	-	125,859	125,965				

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

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2022 (Unaudited)

(Unit: Million Baht)

	Separate financial statements							
	Carrying amount			Total	Fair value			Total
	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.

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

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2022 (Unaudited)

Expected credit losses

(Unit: Million Baht)

	Consolidated financial statements			
	Accounts receivable - trade and others		Allowance for expected credit losses	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Within credit terms	29,084	28,732	245	165
Overdue 1 - 60 days	6,848	6,143	34	24
Overdue 60 - 120 days	2,137	1,485	41	13
More than 120 days	3,849	3,213	789	900
Total	41,918	39,573	1,109	1,102
Less allowance for expected credit losses	(1,109)	(1,102)		
Net	40,809	38,471		

(Unit: Million Baht)

	Separate financial statements			
	Accounts receivable - trade and others		Allowance for expected credit losses	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Within credit terms	2,605	1,774	1	-
Overdue 1 - 60 days	442	403	-	-
Overdue 60 - 120 days	33	432	-	-
More than 120 days	25	835	1	19
Total	3,105	3,444	2	19
Less allowance for expected credit losses	(2)	(19)		
Net	3,103	3,425		

13 Commitments with non-related parties

13.1 Capital commitments

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	<i>Contracted but not provided for</i>			
Land, buildings and constructions	4,797	3,541	-	-
Machinery, equipment and others	6,123	5,293	79	170
Total	10,920	8,834	79	170

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2022 (Unaudited)

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 September 2022 totalling Baht 13 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 201 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 1,916 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 146 million (*31 December 2021: Baht 253 million*).

14 Guarantees

As at 30 September 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 21,923 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 9,383 million (*31 December 2021: Baht 7,252 million*), ordinary shares of a foreign subsidiary of Baht 1,574 million (*31 December 2021: Baht 1,102 million*).