

President Bakery Public Company Limited
Review report and interim financial information
For the three-month and nine-month periods ended
30 September 2021

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of President Bakery Public Company Limited

I have reviewed the accompanying statement of financial position, in which the equity method is applied, of President Bakery Public Company Limited as at 30 September 2021, the related statements of comprehensive income for the three-month and nine-month periods then ended, and the related statements of changes in shareholders' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the interim financial statements. I have also reviewed the separate financial information of President Bakery Public Company Limited for the same periods (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

Siriwan Nitdamrong

Certified Public Accountant (Thailand) No. 5906

EY Office Limited

Bangkok: 11 November 2021

President Bakery Public Company Limited

Statements of financial position

As at 30 September 2021

(Unit: Thousand Baht)

	Note	Financial statements in which			
		the equity method is applied		Separate financial statements	
		30 September 2021	31 December 2020	30 September 2021	31 December 2020
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		773,854	368,353	773,854	368,353
Trade and other receivables	2, 3	659,054	747,076	659,054	747,076
Inventories		205,602	168,312	205,602	168,312
Other current financial assets	5	3,774,684	3,826,171	3,774,684	3,826,171
Other current assets		17,992	13,768	17,992	13,768
Total current assets		5,431,186	5,123,680	5,431,186	5,123,680
Non-current assets					
Investment in joint venture	4.1	29,062	29,819	5,850	5,850
Other non-current financial assets	5	1,883,730	1,492,899	1,883,730	1,492,899
Property, plant and equipment	6	3,502,639	3,621,434	3,502,639	3,621,434
Right-of-use assets	7	8,995	15,298	8,995	15,298
Advance payments for purchase of assets		5,165	542	5,165	542
Intangible assets		11,581	11,154	11,581	11,154
Other non-current assets		3,613	4,061	3,613	4,061
Total non-current assets		5,444,785	5,175,207	5,421,573	5,151,238
Total assets		10,875,971	10,298,887	10,852,759	10,274,918

The accompanying notes are an integral part of the financial statements.

President Bakery Public Company Limited
Statements of financial position (continued)
As at 30 September 2021

(Unit: Thousand Baht)

	Note	Financial statements in which			
		the equity method is applied		Separate financial statements	
		30 September 2021	31 December 2020	30 September 2021	31 December 2020
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	3, 8	706,824	574,305	706,824	574,305
Current portion of lease liabilities	9	6,561	9,537	6,561	9,537
Corporate income tax payable		68,571	109,301	68,571	109,301
Accrued expenses		219,657	223,742	219,657	223,742
Other current liabilities		4,386	2,527	4,386	2,527
Total current liabilities		1,005,999	919,412	1,005,999	919,412
Non-current liabilities					
Lease liabilities - net of current portion	9	2,704	6,082	2,704	6,082
Deferred tax liabilities		23,358	23,593	23,358	23,593
Provision for long-term employee benefits	10	93,794	96,102	93,794	96,102
Other non-current liabilities		3,654	3,830	3,654	3,830
Total non-current liabilities		123,510	129,607	123,510	129,607
Total liabilities		1,129,509	1,049,019	1,129,509	1,049,019

The accompanying notes are an integral part of the financial statements.

President Bakery Public Company Limited
Statements of financial position (continued)
As at 30 September 2021

(Unit: Thousand Baht)

	Financial statements in which		Separate financial statements	
	the equity method is applied			
	<u>30 September 2021</u>	<u>31 December 2020</u>	<u>30 September 2021</u>	<u>31 December 2020</u>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity (continued)				
Shareholders' equity				
Share capital				
Registered				
450,000,000 ordinary shares of Baht 1 each	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>
Issued and fully paid-up				
450,000,000 ordinary shares of Baht 1 each	450,000	450,000	450,000	450,000
Share premium	674,380	674,380	674,380	674,380
Retained earnings				
Appropriated - statutory reserve	45,000	45,000	45,000	45,000
Unappropriated	8,439,042	7,940,817	8,415,830	7,916,848
Other components of shareholders' equity	<u>138,040</u>	<u>139,671</u>	<u>138,040</u>	<u>139,671</u>
Total shareholders' equity	<u>9,746,462</u>	<u>9,249,868</u>	<u>9,723,250</u>	<u>9,225,899</u>
Total liabilities and shareholders' equity	<u>10,875,971</u>	<u>10,298,887</u>	<u>10,852,759</u>	<u>10,274,918</u>

The accompanying notes are an integral part of the financial statements.

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Directors
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President Bakery Public Company Limited**Statements of comprehensive income****For the three-month period ended 30 September 2021**

(Unit: Thousand Baht except earnings per share expressed in Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2021	2020	2021	2020
Profit or loss:					
Revenues					
Sales		2,019,263	1,803,243	2,019,263	1,803,243
Other income		11,420	8,010	11,420	8,010
Total revenues		2,030,683	1,811,253	2,030,683	1,811,253
Expenses					
Cost of sales		1,034,320	941,753	1,034,320	941,753
Selling and distribution expenses		343,163	332,727	343,163	332,727
Administrative expenses		64,036	63,477	64,036	63,477
Total expenses		1,441,519	1,337,957	1,441,519	1,337,957
Operating profit		589,164	473,296	589,164	473,296
Share of profit (loss) from investment in joint venture		(218)	1,657	-	-
Finance income		10,747	16,264	10,747	16,264
Finance cost		(158)	(197)	(158)	(197)
Profit before income tax expenses		599,535	491,020	599,753	489,363
Income tax expenses	11	(68,006)	(60,208)	(68,006)	(60,208)
Profit for the period		531,529	430,812	531,747	429,155
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Loss on change in value of debt investment designated at fair value through other comprehensive income - net of income tax		(5,186)	(2,985)	(5,186)	(2,985)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(5,186)	(2,985)	(5,186)	(2,985)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Gain (loss) on change in value of equity investment designated at fair value through other comprehensive income - net of income tax		2,065	(5,076)	2,065	(5,076)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		2,065	(5,076)	2,065	(5,076)
Other comprehensive income for the period		(3,121)	(8,061)	(3,121)	(8,061)
Total comprehensive income for the period		528,408	422,751	528,626	421,094
Earnings per share					
Basic earnings per share (Baht)	13	1.18	0.96	1.18	0.95

The accompanying notes are an integral part of the financial statements.

President Bakery Public Company Limited**Statements of comprehensive income****For the nine-month period ended 30 September 2021**

(Unit: Thousand Baht except earnings per share expressed in Baht)

	Note	Financial statements in which			
		the equity method is applied		Separate financial statements	
		2021	2020	2021	2020
Profit or loss:					
Revenues					
Sales		5,310,344	5,387,848	5,310,344	5,387,848
Other income		33,660	32,137	35,386	34,185
Total revenues		5,344,004	5,419,985	5,345,730	5,422,033
Expenses					
Cost of sales		2,762,530	2,804,903	2,762,530	2,804,903
Selling and distribution expenses		997,269	1,029,481	997,269	1,029,481
Administrative expenses		184,796	194,588	184,796	194,588
Total expenses		3,944,595	4,028,972	3,944,595	4,028,972
Operating profit		1,399,409	1,391,013	1,401,135	1,393,061
Share of profit from investment in joint venture	4.2	969	1,633	-	-
Finance income		34,308	49,633	34,308	49,633
Finance cost		(540)	(601)	(540)	(601)
Profit before income tax expenses		1,434,146	1,441,678	1,434,903	1,442,093
Income tax expenses	11	(158,235)	(158,342)	(158,235)	(158,342)
Profit for the period		1,275,911	1,283,336	1,276,668	1,283,751
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Loss on change in value of debt investment designated at fair value through other comprehensive income - net of income tax		(4,121)	(9,885)	(4,121)	(9,885)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(4,121)	(9,885)	(4,121)	(9,885)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Gain (loss) on change in value of equity investment designated at fair value through other comprehensive income - net of income tax		25,804	(15,470)	25,804	(15,470)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		25,804	(15,470)	25,804	(15,470)
Other comprehensive income for the period		21,683	(25,355)	21,683	(25,355)
Total comprehensive income for the period		1,297,594	1,257,981	1,298,351	1,258,396
Earnings per share					
Basic earnings per share (Baht)	13	2.84	2.85	2.84	2.85

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

President Bakery Public Company Limited
Statements of changes in shareholders' equity (continued)
For the nine-month period ended 30 September 2021

(Unit: Thousand Baht)

Separate financial statements						
					Other components of shareholders' equity	
					Other comprehensive income -	
					Fair value reserve of financial assets at	
	Issued and paid-up share capital	Share premium	Retained earnings		FVOCI	Total
Note			Appropriated - statutory reserve	Unappropriated		
Balance as at 1 January 2020	450,000	674,380	45,000	7,167,246	142,668	8,479,294
Profit for the period	-	-	-	1,283,751	-	1,283,751
Other comprehensive income for the period	-	-	-	-	(25,355)	(25,355)
Total comprehensive income for the period	-	-	-	1,283,751	(25,355)	1,258,396
Dividend payment	14	-	-	(922,500)	-	(922,500)
Transfer fair value reserve of equity instruments designated at FVOCI to retained earnings	-	-	-	(9,352)	9,352	-
Balance as at 30 September 2020	<u>450,000</u>	<u>674,380</u>	<u>45,000</u>	<u>7,519,145</u>	<u>126,665</u>	<u>8,815,190</u>
Balance as at 1 January 2021	450,000	674,380	45,000	7,916,848	139,671	9,225,899
Profit for the period	-	-	-	1,276,668	-	1,276,668
Other comprehensive income for the period	-	-	-	-	21,683	21,683
Total comprehensive income for the period	-	-	-	1,276,668	21,683	1,298,351
Dividend payment	14	-	-	(801,000)	-	(801,000)
Transfer fair value reserve of equity instruments designated at FVOCI to retained earnings	5	-	-	23,314	(23,314)	-
Balance as at 30 September 2021	<u>450,000</u>	<u>674,380</u>	<u>45,000</u>	<u>8,415,830</u>	<u>138,040</u>	<u>9,723,250</u>

The accompanying notes are an integral part of the financial statements.

President Bakery Public Company Limited**Statements of cash flows****For the nine-month period ended 30 September 2021**

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Cash flows from operating activities				
Profit before tax	1,434,146	1,441,678	1,434,903	1,442,093
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	323,843	371,518	323,843	371,518
Gain from disposals of property, plant and equipment	(556)	(1,827)	(556)	(1,827)
Provision for litigation	-	7,700	-	7,700
Share of profit from investment in joint venture	(969)	(1,633)	-	-
Gain on sales of other current financial assets	(225)	(344)	(225)	(344)
Loss (gain) on sales of other non-current financial assets	(31,528)	2,426	(31,528)	2,426
Gain (loss) from sales of equity investment not recognised in profit or loss	29,142	(9,352)	29,142	(9,352)
Loss on fair value reserve of financial assets	1,477	-	1,477	-
Unrealised loss on exchange	946	519	946	519
Gain on fair value adjustments of financial instruments	(239)	-	(239)	-
Provision for long-term employee benefits	6,064	6,619	6,064	6,619
Dividend income from listed equity investments	(7,364)	(2,261)	(7,364)	(2,261)
Dividend income from joint venture	-	-	(1,726)	(2,048)
Dividend income from non-listed equity investment	(7,350)	(4,800)	(7,350)	(4,800)
Finance income	(34,308)	(47,585)	(34,308)	(47,585)
Interest expenses	540	601	540	601
Profit from operating activities before changes in operating assets and liabilities	1,713,619	1,763,259	1,713,619	1,763,259
Decrease (increase) in operating assets				
Trade and other receivables	133,501	154,705	133,501	154,705
Inventories	(37,290)	(8,080)	(37,290)	(8,080)
Other current assets	(4,224)	(5,503)	(4,224)	(5,503)
Other non-current assets	448	507	448	507
Increase (decrease) in operating liabilities				
Trade and other payables	115,148	(67,164)	115,148	(67,164)
Other current liabilities	(3,821)	7,616	(3,821)	7,616
Provision for long-term employee benefits	(8,372)	(7,746)	(8,372)	(7,746)
Other non-current liabilities	(176)	142	(176)	142
Cash from operating activities	1,908,833	1,837,736	1,908,833	1,837,736
Cash paid for income tax	(204,620)	(222,878)	(204,620)	(222,878)
Net cash from operating activities	1,704,213	1,614,858	1,704,213	1,614,858

The accompanying notes are an integral part of the financial statements.

President Bakery Public Company Limited**Statements of cash flows (continued)**

For the nine-month period ended 30 September 2021

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2021	2020	2021	2020
Cash flows from investing activities				
Cash paid for other current financial assets	(3,928,921)	(3,519,884)	(3,928,921)	(3,519,884)
Cash paid for other non-current financial assets	(2,138,393)	(1,729,641)	(2,138,393)	(1,729,641)
Cash received from sales of other current financial assets	4,229,901	2,675,041	4,229,901	2,675,041
Cash received from sales of other non-current financial assets	1,483,931	1,953,595	1,483,931	1,953,595
Acquisitions of property, plant and equipment	(185,086)	(103,842)	(185,086)	(103,842)
Proceeds from disposals of property, plant and equipment	941	3,259	941	3,259
Increase in advance payments for purchase of assets	(4,623)	(38)	(4,623)	(38)
Increase in intangible assets	(1,802)	(1,454)	(1,802)	(1,454)
Interest income	38,462	48,995	38,462	48,995
Dividend income from investments	6,881	2,333	6,881	2,333
Dividend income from joint venture	1,726	2,048	1,726	2,048
Dividend income from non-listed equity investment	7,350	4,800	7,350	4,800
Net cash used in investing activities	(489,633)	(664,788)	(489,633)	(664,788)
Cash flows from financing activities				
Decrease in liabilities under lease agreements	(7,539)	(18,737)	(7,539)	(18,737)
Cash paid for interest expenses	(540)	(601)	(540)	(601)
Cash paid for interest expenses	(801,000)	(922,500)	(801,000)	(922,500)
Net cash used in financing activities	(809,079)	(941,838)	(809,079)	(941,838)
Net increase in cash and cash equivalents	405,501	8,232	405,501	8,232
Cash and cash equivalents at beginning of period	368,353	366,620	368,353	366,620
Cash and cash equivalents at end of period	773,854	374,852	773,854	374,852
Supplementary disclosures of cash flows information				
Non-cash related transactions				
Other payables for purchases of machinery and equipment, construction and retention	27,139	3,505	27,139	3,505
Dividend receivable	526	33	526	33
Receivables from sales of financial assets	44,953	3,483	44,953	3,483
Payables from purchase of financial assets	6,517	2,521	6,517	2,521
Acquisition of right-of-use assets under lease contracts	1,243	-	1,243	-

The accompanying notes are an integral part of the financial statements.

President Bakery Public Company Limited

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 2021

1. General information

1.1 Corporate information

President Bakery Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Thai President Foods Public Company Limited, which is a public company incorporated in Thailand. The Company is principally engaged in the manufacture and sales of bakery products and its registered address is at No. 121/84-85, 29th Floor, RS Tower, Ratchadapisek Road, Dindaeng, Bangkok.

1.2 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic results in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Company operates. The Company’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

1.3 Basis for preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

1.4 New financial reporting standards

a) Financial reporting standards that became effective in the current period

During the period, the Company has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2021. 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.

Furthermore, the Company elected to adopt the amendments to TFRS 16 Leases relating to COVID-19-related rent concessions. These amendments provide a practical expedient that permits a lessee to not assess whether rent concessions are lease modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the conditions are met, i.e., the change in lease payments results in a revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease preceding the change; any reduction in lease payments affects only payments originally due on or before 30 June 2022; and there is no substantive change to other terms and conditions of the lease.

The Company applies the practical expedient to rent concessions that meet the above conditions. The adoption of this practical expedient does not have any significant impact on the Company's financial statements.

b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2022

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. 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, for some standards, providing temporary reliefs or temporary exemptions for users.

The management of the Company believes that adoption of these amendments will not have any significant impact on the Company's financial statements.

1.5 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 2020.

2. Trade and other receivables

	(Unit: Thousand Baht)	
	30 September 2021	31 December 2020
<u>Trade receivables - related party</u>		
Aged on the basis of due dates		
Not yet due	205	354
Total trade receivables - related party	205	354
<u>Trade receivables - unrelated parties</u>		
Not yet due	506,294	431,796
Past due		
Up to 3 months	105,553	311,692
6 - 12 months	-	13
Total trade receivables - unrelated parties	611,847	743,501
Total trade receivables	612,052	743,855
<u>Other receivables</u>		
Other receivables - related party	136	180
Other receivables - unrelated parties	46,340	3,041
Dividend receivable	526	-
Total other receivables	47,002	3,221
Total trade and other receivables	659,054	747,076

3. Related party transactions

During the periods, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September		Pricing and lending policy
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	
Transactions with related companies					
Purchase of goods	144.9	130.3	372.7	379.6	Agreed price which approximates the market price by reference to purchase volume
Dividend payment	285.4	326.1	604.8	696.3	At the declared rate
Dividend income	-	-	7.4	4.8	At the declared rate
Transactions with joint venture					
Sales of goods	0.3	0.7	1.3	1.7	Agreed price which approximates the market price
Service income	0.3	0.6	1.4	2.0	Agreed rate which approximates the market rate
Rental income	0.1	0.1	0.4	0.4	Agreed rate which approximates the market rate
Dividend income	-	-	1.7	2.0	At the declared rate

(Unaudited but reviewed)

The balances of the accounts as at 30 September 2021 and 31 December 2020 between the Company and those related parties are as follows:

	(Unit: Thousand Baht)	
	30 September 2021	31 December 2020
Trade and other receivables - related party (Note 2)		
Joint venture (related by the Company holding interest in that company and by common shareholders and common directors)	341	534
Total trade and other receivables - related party	341	534
Trade and other payables - related parties (Note 8)		
Related companies (related by having holding interest in the Company and/or by common shareholders and common directors)	142,057	128,411
Connected companies (related by connected directors)	7,935	4,799
Total trade and other payables - related parties	149,992	133,210

Directors' and management's remuneration

During the three-month and nine-month periods ended 30 September 2021 and 2020, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Million Baht)			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Short-term employee benefits	14.3	11.9	41.0	35.1
Post-employment benefits and other long-term benefits	0.3	0.3	1.0	1.0
Total	14.6	12.2	42.0	36.1

4. Investment in joint venture

4.1 Details of investment in joint venture

Investment in joint venture represents investment in entity which is jointly controlled by the Company and other companies. Details of this investment are as follows:

Joint venture	Nature of business	Paid-up capital	Shareholding percentage		Financial statements in which the equity method is applied - carrying amount based on equity method		Separate financial statements - carrying amount based on cost method	
			30 September 2021	31 December 2020	30 September 2021	31 December 2020	30 September 2021	31 December 2020
		Million Baht	Percent	Percent	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
President Green House Foods Co., Ltd.	Operating the Japanese restaurant	15	39	39	29,062	29,819	5,850	5,850
Total investment in joint venture					29,062	29,819	5,850	5,850

In May 2008, the Company, together with a foreign company and a local company, jointly established President Green House Foods Company Limited to operate a Japanese restaurant. The Company had invested in 585,000 ordinary shares of this company at par value Baht 10 per share, amounting to Baht 5.85 million, or equivalent to 39% interest, and has treated this investment as investment in joint venture.

4.2 Share of comprehensive income and dividend received

During the periods, the Company recognised its share of comprehensive income from investment in the joint venture in the financial statements in which the equity method is applied and recognised dividend income in the separate financial statements in which the cost method is applied as follows:

(Unit: Thousand Baht)

Joint venture	Financial statements in which the equity method is applied		Separate financial statements	
	Share of profit (loss) from investment in the joint venture during the nine-month periods ended 30 September		Dividend received during the nine-month periods ended 30 September	
	2021	2020	2021	2020
President Green House Foods Company Limited	969	1,633	1,726	2,048
Total	969	1,633	1,726	2,048

5. Other financial assets

As at 30 September 2021 and 31 December 2020, other financial assets, other than cash and cash equivalents, consisted of the following:

	(Unit: Thousand Baht)	
	30 September 2021	31 December 2020
<u>Debt instruments at amortised cost</u>		
Special saving account, deposit receipt and fixed deposits	3,178,020	3,305,771
Total debt instruments at amortised cost	3,178,020	3,305,771
<u>Debt instruments at FVOCI</u>		
Bank of Thailand bond	1,102,862	832,612
Corporate bond, note or debt instruments	584,010	576,718
Total debt instruments at FVOCI	1,686,872	1,409,330
<u>Equity instruments designated at FVOCI</u>		
Listed equity instrument		
PTT Public Co., Ltd.	15,475	19,452
The Siam Commercial Bank Public Co., Ltd.	15,043	5,373
Others	261,492	203,566
Non-listed equity instrument		
President Flour Mills Co., Ltd.	223,404	223,404
Saha Capital Tower Co., Ltd.	160,000	110,000
Others	23,258	23,258
Unit trust	31,383	18,916
Total equity instruments designated at FVOCI	730,055	603,969
<u>Financial assets at FVTPL</u>		
Open-end fund	63,228	-
Derivative assets (Note 16)	239	-
Total financial assets at FVTPL	63,467	-
Total other financial assets	5,658,414	5,319,070
Classified as:		
Other current financial assets	3,774,684	3,826,171
Other non-current financial assets	1,883,730	1,492,899
Total other current financial assets	5,658,414	5,319,070

(Unaudited but reviewed)

(Unit: Million Baht)

	30 September 2021		31 December 2020	
	Cost	Fair value	Cost	Fair value
Financial assets				
Quoted debt investments	1,684	1,687	1,396	1,409
Non-listed equity investments	250	407	200	357
Listed equity investments	277	292	217	228
Unit trust investments	33	31	21	19
Opened - End Fund	65	63	-	-
Total	2,309	2,480	1,834	2,013

Equity instruments designated at FVOCI include listed and non-listed equity investments which the Company considers these investments to be strategic in nature.

During the nine-month period ended 30 September 2021, the Company sold its equity interest in some listed equity investment as this investment no longer coincides with the Company's investment strategy. The fair value on the date of sale was totaling of Baht 493 million and the accumulated gain recognised in other comprehensive income net of income tax of Baht 23.3 million was transferred to retained earnings.

In addition, during the nine-month period ended 30 September 2021, the Company received dividends in the amount of Baht 7.4 million from listed equity investments.

During the nine-month period ended 30 September 2021, the Company received dividend income of Baht 7.4 million (2020: Baht 4.8 million) from President Flour Mills Company Limited.

6. Property, plant and equipment

Movements in the property, plant and equipment account during the nine-month period ended 30 September 2021 are summarised below.

(Unit: Thousand Baht)

Net book value as at 1 January 2021	3,621,434
Acquisitions during the period - at cost	196,570
Disposals during the period - net book value at disposal date	(385)
Depreciation for the period	(314,980)
Net book value as at 30 September 2021	<u>3,502,639</u>

7. Right-of-use assets

Movements in the right-of-use assets account during the nine-month period ended 30 September 2021 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2021	15,298
Addition	1,243
Disposals during the period	(58)
Depreciation for the period	(7,488)
Net book value as at 30 September 2021	<u>8,995</u>

8. Trade and other payables

	(Unit: Thousand Baht)	
	30 September 2021	31 December 2020
Trade payables - related parties	149,736	132,925
Trade payables - unrelated parties	399,346	316,623
Other payables - related party	256	285
Other payables - unrelated parties	133,241	110,156
Other payables for purchases of machinery and equipment	24,245	14,316
Total trade and other payables	<u>706,824</u>	<u>574,305</u>

9. Liabilities under lease agreements

	(Unit: Thousand Baht)	
	30 September 2021	31 December 2020
Liabilities under lease agreements	9,695	16,706
Less: Deferred interest expenses	(430)	(1,087)
Net	9,265	15,619
Less: Portion due within one year	(6,561)	(9,537)
Liabilities under lease agreements - net of current portion	<u>2,704</u>	<u>6,082</u>

10. Provision for long-term employee benefits

Movements in provision for long-term employee benefits during the nine-month period ended 30 September 2021 are shown as follows:

	(Unit: Thousand Baht)		
	Employee retirement benefits	Other long-term employee benefits	Total
Provision for long-term employee benefits as at 1 January 2021	90,254	5,848	96,102
Current service cost	4,176	836	5,012
Interest cost	983	69	1,052
Benefits paid during the period	<u>(8,372)</u>	<u>-</u>	<u>(8,372)</u>
Provision for long-term employee benefits as at 30 September 2021	<u>87,041</u>	<u>6,753</u>	<u>93,794</u>

Long-term employee benefit expenses included in the profit or loss for the three-month and nine-month periods ended 30 September 2021 amounted to Baht 2.1 million and Baht 6.1 million (2020: Baht 2.2 million and Baht 6.6 million).

11. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month and nine-month periods ended 30 September 2021 and 2020 are made up as follows:

	(Unit: Thousand Baht)			
	Financial statements in which the equity method is applied and separate financial statements			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current income tax:				
Interim corporate income tax charge	68,889	52,564	163,890	150,244
Adjustment in respect of income tax of previous year	-	7,500	-	7,500
Deferred tax:				
Relating to origination and reversal of temporary differences	<u>(883)</u>	<u>144</u>	<u>(5,655)</u>	<u>598</u>
Income tax expenses reported in profit or loss	<u>68,006</u>	<u>60,208</u>	<u>158,235</u>	<u>158,342</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month and nine-month periods ended 30 September 2021 and 2020 are as follows:

	(Unit: Thousand Baht)			
	Financial statements in which the equity method is applied and separate financial statements			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Deferred tax relating to change in value of investments	(1,953)	(1,885)	(408)	(4,001)

12. Operating segment information

The one main reportable operating segment of the Company is manufacture and sales of bakery products in which revenue is recognised at a point in time and the single geographical area of its operations is Thailand. The distribution channels are through wholesale, retail and export. The wholesales for the three-month and nine-month period ended 30 September 2021 amounted to approximately Baht 1,894.3 million and Baht 4,925.1 million or 93.8% and 92.7% of total sales (2020: Baht 1,661.1 million and Baht 4,970.6 million or 92.1% and 92.3% total sales) which were from a main customer, representing about 50.3% and 47.7% of total sales (2020: 46.3% and 48.4% of total sales, respectively). Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

13. Earnings per share

Basic earnings per share is calculated by dividing profit for the period (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

	For the three-month periods ended 30 September			
	Financial statements in which the equity method is applied		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Profit for the period (Thousand Baht)	531,529	430,812	531,747	429,155
Weighted average number of ordinary shares (Thousand shares)	450,000	450,000	450,000	450,000
Basic earnings per share (Baht)	1.18	0.96	1.18	0.95

(Unaudited but reviewed)

	For the nine-month periods ended 30 September			
	Financial statements in which the equity method is applied		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Profit for the period (Thousand Baht)	1,275,911	1,283,336	1,276,668	1,283,751
Weighted average number of ordinary shares (Thousand shares)	450,000	450,000	450,000	450,000
Basic earnings per share (Baht)	2.84	2.85	2.84	2.85

14. Dividend payment

During the nine-month periods ended 30 September 2021 and 2020, the Company had dividend payments as follows:

	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
For the year 2021				
Final dividends for 2020	Annual General Meeting of the shareholders on 19 April 2021	423,000	0.94	17 May 2021
Interim dividend on the profit for the six-month period ended 30 June 2021	The meeting of the Company's Board of directors No. 8/2021 on 23 August 2021	378,000	0.84	22 September 2021
Total dividend payments for 2021		<u>801,000</u>	<u>1.78</u>	
For the year 2020				
Interim dividend on the profit for the last six-month period of 2019	The meeting of the Company's Board of directors No. 4/2020 on 8 April 2020	490,500	1.09	7 May 2020
Interim dividend on the profit for the six-month period ended 30 June 2020	The meeting of the Company's Board of directors No. 9/2020 on 17 August 2020	432,000	0.96	16 September 2020
Total dividend payments for 2020		<u>922,500</u>	<u>2.05</u>	

15. Commitments and contingent liabilities

15.1 Capital commitments

As at 30 September 2021, the Company had capital commitments in respect of procurement agreements for production equipment of approximately Baht 18.6 million, AUD 0.03 million and USD 0.1 million, totaling approximately Baht 22.4 million.

15.2 Short-term lease and lease of the low-value assets and other service commitments

The Company and the joint venture have entered into several short-term contracts and lease of the low-value assets and related services. The terms of the agreements are generally between 1 and 3 years.

As at 30 September 2021, future lease and service fees payables under these lease and service contracts were as follows:

	(Unit: Million Baht)	
	<u>The Company</u>	<u>Joint venture</u>
<u>Payable within:</u>		
Less than 1 year	1.8	7.3
1 to 3 years	0.8	1.1

15.3 Long-term service commitments

The joint venture entered into license and technical assistance agreements with an overseas related company for the use of a trademark and the receipt of information related to operation and management of restaurants. Under the conditions of the license agreement, the joint venture is to pay an annual license fee as stipulated in the agreement. The license fees for the three-month and nine-month periods ended 30 September 2021 amounted to approximately Baht 0.2 million and Baht 0.9 million, respectively (2020: Baht 0.5 million and Baht 1.2 million, respectively).

15.4 Long-term purchase commitments

The Company has commitments under natural gas purchase agreement for period of 1 - 5 years. Under the agreement, the Company is committed to purchase natural gas at a minimum quantity at the price stipulated in the agreement.

No.	Period	Expired date	Average minimum quantity purchase
	(Years)		(Million BTU)
1	1	30 November 2021	47,986 per annum
2	1	30 November 2021	26,256 per annum
3	5	31 December 2023	296 per day

15.5 Guarantees

As at 30 September 2021, there were outstanding bank guarantees of Baht 30.2 million issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of the Company's business. These included letters of guarantee amounting to Baht 26.0 million to guarantee electricity use, Baht 3.0 million to guarantee contractual performance under the natural gas purchase agreement and Baht 1.2 million to guarantee sales.

15.6 Litigation

In March 2020, the Company was sued by the Department of Empowerment of Persons with Disabilities which demanded that the Company contribute to the fund for Empowerment of Persons with Disabilities with an interest in a total amount of Baht 7.7 million. Subsequently on 20 August 2021, the Company paid such amount including interest up to the date of payment in a total amount of Baht 8.4 million.

16. Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from material and machinery purchasing transactions that are denominated in foreign currencies.

The balances of financial liabilities denominated in foreign currencies as at 30 September 2021 are summarised below.

Foreign currency	Amount	Exchange rates as at 30 September 2021
	(Million)	(Baht per foreign currency unit)
Japanese Yen	6.0	0.3071
US dollar	0.9	34.0908
Yuan	0.3	5.3219

Derivatives not designated as hedging instruments

The Company uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one to two months.

Forward exchange contracts outstanding as at 30 September 2021 (31 December 2020: Nil) are summarised below.

Foreign currency	Bought amount	Contract exchange rate	Maturity date
	(Million)	(Baht per foreign currency unit)	
US dollar	0.3	32.39 - 33.50	6 - 29 October 2021

17. Fair value of financial instruments

As at 30 September 2021, the Company had assets that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVOCI				
Listed equity instrument	292,010	-	-	292,010
Debt instrument	-	1,686,872	-	1,686,872
Non-listed equity instrument	-	-	406,662	406,662
Unit trust	-	31,383	-	31,383
Financial assets at fair value through profit or loss				
Open-end fund	-	63,228	-	63,228
Derivatives assets				
Foreign currency forward contracts	-	239	-	239

During the current period, there were no change in the methods and assumptions used by the Company estimating the fair value of financial instruments and no transfer within the fair value hierarchy.

18. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 11 November 2021.