



ANNUAL REPORT 2006

CHAROEN POKPHAND FOODS PUBLIC COMPANY LIMITED

KITCHEN OF THE WORLD

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The Company at a Glance

Charoen Pokphand Foods Public Company Limited and its subsidiaries or “CPF Group” is the leading agro-industrial and food conglomerate in Thailand. The greater part of the Company production bases is in Thailand and some operate overseas. Its market capitalization, as of December 31, 2006 was approximately THB 37,600 million.

With vision to be **“Kitchen of the World”**, the Company is committed to fulfill the longing of quality food products that are nutritious, hygienic and with food safety integrity from consumers, whose satisfaction and habit have change from time to time.

Apart from maintaining its leading position in animal feed business, the Company also strives to be leader in meat and food business both in Thailand and in overseas countries where it has vested interest and operate with aim to achieve acceptable operating profit. The Company conducts business with environment friendliness, with focus on research and development, people development, responsibility to social at large and posts a good corporate governance practices. All these are to strengthen its business to ensure sustainable growth and ability to compete internationally.

The Company's core business divides into 2 main business lines: (1) the livestock business and (2) the aquaculture business. The livestock operations include chicken broiler, chicken layer, duck, and swine. For aquaculture business, the two main marine animals are shrimp and fish. The products in each of these 2 business lines can be classified into 3 main categories, namely 1) animal feed, 2) animal breeder, 3) meat (including live animal), cooked meat and ready-to-eat food products. Moreover, the Company has strategic moved to branding its product to be known and gained loyalty from customer, by arranging marketing activities, sales promotions, and enhancing its distribution to spread out and be closer to consumers.

In 2006, the Company reported consolidated sales of THB124,931 million, which comprises of 68% from Thailand operations, 20% from export revenues, and the other 12% from overseas operations. The net profit of 2006 is at THB 2,510 million or THB 0.35 per share, with dividend declaration for the whole year 2006 of THB 0.17 per share.

Please note that: “The Company” or “CPF Group” herein this Annual Report refers to Charoen Pokphand Foods Public Company Limited (“CPF”) and its subsidiaries (companies that CPF has shareholding exceeding 50% of their paid-up capital)

Quick Facts

(As of December 31, 2006)

Head Office	C.P.Tower, 313 Silom Road, Bangrak, Bangkok 10500, Thailand
Telephone Number	Main (662) 625-8000
	Corporate Secretary Office (662) 625-8353-4
	Investor Relations (662) 638-2935-6
Facsimile Number	(662) 638-2942
Web Address	http://www.cpf.co.th
Business Category	Agro-industrial and Foods
Legal Status	A public limited company registered in Thailand
Registration Number	0107537000246
Registered Capital	THB 8,206.7 million
Paid-up Capital	THB 7,519.94 million (all in ordinary shares)
Par Value	THB1.00 per share
Subsidiaries	46 companies
	(Brief information is shown on page 102)
Trading Symbol on the SET	CPF for ordinary shares
	CPF07NA for debentures No. 1/2004 Series 1
	CPF09NA for debentures No. 1/2004 Series 2
	CPF086A for debentures No. 1/2005 Series 1
	CPF106A for debentures No. 1/2005 Series 2
	CPF097A for debentures No. 1/2006 Series 1
	CPF117A for debentures No. 1/2006 Series 2
	(Brief information of debentures is shown at
	"www.cpf.co.th" under section of Investor Relations)

Financial Highlights in the Past 3 Years

	(in THB million)		
Consolidated Financial Statements	2004	2005	2006
Net sales	91,790	113,374	124,931
Thailand operations			
■ Livestock – domestic sales	47,117	58,714	64,962
■ Livestock – export sales	9,923	12,182	13,310
■ Aquaculture – domestic sales	16,943	18,273	21,891
■ Aquaculture – export sales	3,697	9,320	9,388
Overseas operations			
■ Livestock	12,089	12,329	9,993
■ Aquaculture	2,021	2,556	5,387
Net profit	1,237	6,747	2,510
Earning per share (THB)	0.23	1.10	0.35
Total assets	72,218	89,098	95,735
Total liabilities	40,589	45,309	53,055
Interest bearing debts	30,955	33,090	40,218
Shareholders' equity	31,629	43,789	42,680
Issued and paid-up capital	5,728	7,520	7,520
Par value per share (THB)	1	1	1
Book value (THB per share)	5.9	6.1	5.9

**Earning per share of 2005 is calculated from the net profit divided by number of weighted average issued and paid-up shares during the year, and net of the treasury shares.*



Made from whole
jumbo **shrimps**
fresh from the farm



Only CP can cook up wontons this fresh and full of flavour. The shrimps are big, are caught fresh from our own shrimp farms, and prepared and packaged in our own factory. It's this kind of quality control that has earned us numerous ISO standards. They're easy to enjoy, and easy to get at major supermarkets everywhere.

Tray instructions – Pour soup powder into boiling water, add shrimp wontons, and boil for 3 minutes.
Bowl instructions – Add water and microwave for 2-3 minutes.

Message from the Board of Directors



Performance of Charoen Pokphand Foods Public Company Limited (CPF) in 2006 is at a satisfactory level despite the many obstacles and uncontrollable external factors faced—to name a few, the outbreak of bird flu in several countries around the world, the higher production costs, and appreciation of the Thai currency. However, as a result of our business expansion more into value added products and selective investment in high-potential countries, CPF consolidated sales in 2006 is THB 124,931 million, an increase of 10% over the previous year.

Research and Development is the Key Success

Worldwide competition in the agro-industry and food business is getting fiercer with dynamic change in consumer behavior. The Company fully realizes this fact and is on guard and ready to meet these challenges. We give utmost importance to research and development on continually working to develop new and innovative food products to satisfy consumers around the globe.

Continuous Effort in Brand Building

Nowadays consumers are more health conscious and concern about food safety which is in line with our business philosophy of uncompromised quality. Our production standard is high to ensure quality and safety of our food products. Thus, brand building is important to constantly remind and assure consumers of the quality, food safety integrity and deliciousness of our food products.

Overseas Investment to Achieve Our “Kitchen of the World” Vision

Our fundamental business is animal feedmill and farming that we have strong expertise and multitude of qualified personnel in this area. Thus, to invest in countries with high potential in growing and rearing animals is another strategy that would aid to fulfill our vision of becoming the “Kitchen of the World.” Moreover, it would support farmers in those countries to enhance their farming standard.

Efficiency and Business Expansion under the Sufficiency Concept are Material Factors

The Company is aware of the external factors affecting business environment in the field of agri and food industry. The ever-increasing production cost and changes in consumer behavior through time always impact the industry. Besides the aforementioned strategies which the Company has adopted and implemented, we strive for efficiency and effectiveness in every aspect of our operation, particularly human resources. This will provide a solid foundation from which the Company can compete in the global arena and achieve sustainable growth.

With regard to domestic and overseas investment, the Company meticulously study, analyze and review available data and information prior to decision making. The level of investment would have to be within the Company's capability. The investment should be another avenue to help the overall growth of the Company.

Corporate Governance for Sustainable Growth

Besides building solid foundation for business stability, the Company continuously aims to upgrade our corporate governance standard. We educate, train and provide this subject matter to all staffs for better understanding on this subject matter. In 2006 the Company received an "Outstanding" rating on corporate governance by the Thai Institute of Directors Association.

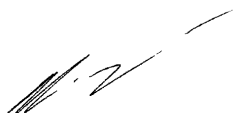
The Company also cares about safety, health and working environment of our staff. This has always been our concern. In 2006, the Company received highest recognition on the national level from the Department of Welfare and Labor Protection, Ministry of Labor.

On social responsibility, our philosophy is that business should be conducted and competed fairly with consumers as our focus. Growth in business should be hand-in-hand with our business partners. All business units have to be socially responsible to ensure sustainable growth and to yield results and appropriate return to shareholders in line with the situation in each year.

Recognition of Success

Our pride in 2006 is to have been awarded the Top award in the category of Long Term Vision among Asia's 200 Most Admired Companies organized by The Asian Wall Street Journal, Asia and Second Award in the overall Thailand most admired companies based on Long Term Vision, Innovation, Quality, Reputation and Financial Soundness.

All the recognition and success of the Company is made possible by our dedicated and qualified management team and staffs, support received from our business partners plus confidence and trust from all our shareholders. On behalf of the Board of Directors, I thank you each and every one and look forward to your continued trust and support.



Mr. Dhanin Chearavanont

Chairman of the Board of Directors

On behalf of the Board of Directors

Message from the President



Company Performance and Major Events in 2006

As a result of our asset acquisition of the processed meat production from C.P. Interfood (Thailand) Company Limited (Following the resolution of the Extraordinary Shareholders' Meeting #1/2005) in the first quarter of 2006 and revenues from our overseas operation invested since 2005 in India and Malaysia, the Company sales revenue in 2006 is THB 124,931 million or 10% higher than in 2005.

Obstacles and uncontrollable external factors such as outbreak of bird flu in several countries around the world (which caused drastic reduction in price and consumption of chicken), higher production cost, and appreciation of the Thai currency had all impacted on our profitability. Net profit for 2006 is THB

2,510 million and is below the target set.

On expansion front, in 2006 we had increased our investment in aquaculture business in Malaysia plus setting up subsidiaries in Russia and Laos for feedmill and animal farming operations. On divestment of non-core assets, in 2006 we had sold off our investment in retailing/supercenters and beer manufacturing in China.

All of the aforementioned actions were in line with the Company policy announced in 1999 on restructuring of our business and our vision to become "Kitchen of the World." The main commitment is to maintain our leading position in the agro-industry business and to become a leader in food business with creation of quality food products to satisfy consumers. It is also our policy to minimize the holding of our non-core assets.

In addition to implementing strategies that would yield appropriate return to our shareholders, the Company has set up various programs to promote understanding and cooperation among management and staff for better corporate governance. On February 9, 2006, the Company had set up the Remuneration and Nominating Committee.

Future Plan

The Company is well aware that obstacles and uncontrollable factors are major challenges. However, we steadfastly believe that every crisis poses an opportunity. The Company should have to seize that opportunity to bring about success with three main factors; having the proper vision, applying appropriate technology, and employing qualified personnel with proper expertise.

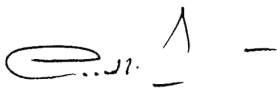
Our next important strategy is human resources development. Personnel are the material element that has contributed to our strength and growth and to overcome the numerous crises. They are a major force in shaping the Company to become one of the leading companies in the world.

The Company has set forth 6 principles which are incorporated into “CPF Way.” These are the basic qualities that we wish to instill in our personnel and to strive to bring the organization to achieve the targeted goals. They are: 1) receptive to change; 2) personal mastery and share learning; 3) innovation; 4) integrity and honesty; 5) achievement orientated, and 6) earth-mother.

In order to gauge our performance, the Company has target setting based on five criteria, namely, financial result, customer satisfaction, increased productivity, human resources development, and sustainability of the organization.

On strategic front, the Company will conduct vertically integrated business operation with direct link to our business partners and employ contract farming and outsourcing. We will continue to invest in brand building. Improved efficiency in various support functions and investment in countries with high potential should bring about lower production cost and risk distribution. With concerted efforts and results of all these actions, the Company should be able to provide a reasonable return to our shareholders. This will also prove Thailand’s readiness to compete in the international food arena.

Despite the external factors of lower meat consumption and higher production cost affecting the agro-industry and food business in 2007, the Company assures that management and staffs are determined and dedicated to attain the objective of providing appropriate and reasonable return to our shareholders. We also aim to provide maximum benefits to our business partners and financial institutions for the continued support. We will strive to excel and make our Company stronger and to achieve our vision of becoming “Kitchen of the World.”



Mr. Adirek Sripratak

President

and Chief of Executive Officer

Operations in Brief

Thailand Operations

Livestock business

Operations of the livestock business are fully integrated. The livestock business covers broiler, layer, swine and duck. The products can be divided into 3 main categories, namely 1) animal feed, 2) animal breeder and 3) meat and food products, with detail as follows:

■ Animal Feed

The Company is the leader and pioneer in the manufacture and distribution of livestock feed. The Company produces livestock feed in the forms of concentrate, powder and pellets for broilers, layers, swine and duck. The livestock feed is distributed by more than 600 sales representatives throughout the country. In addition, a portion of the livestock feed is sold directly to large animal farms in Thailand. Agriculture products such as corn, soybean meal and broken rice are used in the production of livestock feed under fully computerized formulation and production processes to ensure consistent quality as required. The Company has a system to randomly check the quality of raw materials and products. Quality control at different stages of production helps raise confidence in the quality of the Company's products.

As the leader in the business, the Company's products are well-known among customers. Therefore, an important marketing strategy is maintaining high product quality as well as continually providing excellent customer service. For the past year, the company focused more on promotion due to more obstacles in feed industry. The selling prices of livestock feed fluctuate according to the cost of raw materials used. In the case where selling prices need to be adjusted, approval must be granted by the Department of Internal Trade, the Ministry of Commerce.

■ Animal Breeder

The Company is the leader in the research and development of natural animal breeds. The goal is to obtain quality breeds that are disease-free, suitable to the breeding environment in Thailand. The Company produces parent stock broiler chicks, parent stock layer chicks, parent stock swine, broiler chicks, layer chicks, layers and piglets for distribution to animal farms and domestic sales representatives.

As the Company's operations are fully integrated, livestock breeding is part of a continuous production process. Grandparent stock used in livestock breeding are imported from abroad to breed parent stock which are then raised on the Company's farms. The Company's breeding farms, located in numerous provinces across the country, practice good farm management and use the evaporative cooling system. The evaporative cooling system applies advanced technology to raise livestock and has proven to be an effective method to prevent and control disease, yielding quality products that are sought after in the market. The prices of livestock breeds depend on domestic demand and supply as well as the quality of the breeds.

ขบอ. 3941/2549 (อาหารในภาพตกแต่งเพื่อการโฆษณาเท่านั้น)



ไก่ย่างเทอริยากิ อร่อย..ในพริบตา



มีจำหน่ายที่ **CP Fresh Mart** และซูเปอร์มาร์เก็ตชั้นนำทั่วไป



* ภาคพิเศษ

เฉพาะ: **7 ELEVEN** สาขาที่ร่วมรายการ

■ Meat and Food Products

Products in this category can be further divided according to 2 types of production process, namely animal farming for commercial purposes and processing and manufacture of cooked food products. Details are as follows:

1) Animal Farming for Commercial Purposes

Products from animal farming for commercial purposes include live chicken, eggs, live ducks and live swine which are distributed to sales representatives throughout the country. The products are also distributed in surrounding local areas, to wholesalers and retailers, or to the Company's processing plants or other processing plants in Thailand. The selling prices fluctuate according to domestic demand and supply.

Research and Development is applied to continuously improve the farming process, making it suitable to the conditions in Thailand. The Company's farm management system also has an effective system to control and prevent diseases. This results in faster growth in animals, higher yields and minimizing costs.

In addition, the Company has an office across the country, which acts as centers providing technical information to farmers on how to properly raise animals to obtain fast growth as well as assistance with marketing and distribution.

The Company has a support program for the farming of swine and broiler. The Company selects farmers who have their own farm and farming equipment. Selected farmers receive support in the areas of animal breeds, animal feed, medication and farming knowledge from the Company. The Company then undertakes to purchase all yield which meets the CPF standards. Most of the farmers participating in this program also use the evaporative cooling system.

2) Processing and Manufacture of Cooked Food Products

In meat processing, broilers, ducks and swine from the Company's farms are brought to processing plants to be cut into meat parts according to customer specifications. The meat parts are then packaged, frozen and distributed as chilled and frozen meat products to wholesalers, domestic retailers and importers in various countries. The selling prices fluctuate according to demand and supply in the country and the world market. The selling prices are also determined by agreement if the products have been manufactured according to customer specifications.

Furthermore, the Company adds more value to processed meat products to create cooked food products by flavoring and cooking through the process of boiling, steaming, frying, baking and grilling according to customer specifications. These products are then packaged, frozen and refrigerated, ready for distribution

to wholesalers and retailers, fast food restaurants and modern trade outlets such as discount stores and supermarkets. Export products are distributed through importers in various countries, mainly countries in the European Union, Japan and Asian countries.

The selling prices of cooked food products distributed in Thailand and exported, for example frozen karaage chicken, frozen steamed chicken breast, chicken green curry with rice, egg tofu, meatballs and sausages, are determined by agreement with customers during the sell process.

For ready meal products, the company insists on using CP brand to sell both in domestic market and export.



Aquaculture business

Operations of the aquaculture business are fully integrated. The aquaculture business includes mainly shrimp and some fish. The products can be classified into 3 main categories, namely 1) animal feed, 2) animal breeder and 3) meat and food products, with detail as follows:

■ Animal feed

The Company is the leader and pioneer in the production in Thailand and distribution of aquatic feed with the main product being shrimp feed. Aquatic feed is produced in the forms of concentrate, powder and pellets and distributed through sales representatives that are located in shrimp farming areas throughout the country. A portion of the feed is distributed directly to shrimp farms in Thailand. Agriculture products such as soybean meal, fishmeal and wheat flour are used in the production of aquatic feed under fully computerized formulation and production processes to ensure consistent quality as required. The Company has a system to randomly check the quality of raw materials and products. Quality control at different stages of production help raise confidence in the quality of the Company's products and ensure that the aquatic feed is suitable for shrimp and fish farming in Thailand, resulting in good feed conversion ratio. Farmers using the Company's aquatic feed produce higher yields than the industry average.

As the leader in the business, the Company's products are well-recognized among customers. Therefore, an important marketing strategy is maintaining high product quality as well as continually providing excellent customer service. Customer service is enhanced by providing technical knowledge to sales representatives as well as directly to the farmers by organizing technical seminars, establishing centers to provide laboratory services and consultations to farmers, and distributing printed materials on news related to animal breeding. This will enable the aquatic farming industry to sustainability growth. The selling

prices of aquatic feed fluctuate according to the cost of raw materials used. In the case where selling prices need to be adjusted, approval must be granted by the Department of Internal Trade, the Ministry of Commerce.

■ Aquatic Breeder

Aquatic breeds come from culture farms and hatcheries, with details as follow:

(1) Shrimp Culture Farms and Hatcheries

Following the Company's policy of supporting sustained growth and development in the shrimp industry, the Company has developed quality shrimp fry to distribute to farmers, which will increase their opportunity to successfully farm shrimp. In 2004, the Company entered into a joint venture with an American company with shrimp breeding expertise to develop shrimp fry that are suitable to the farming conditions in Thailand.

The Company's culture farms and hatcheries are located in the shrimp farming areas in the eastern and southern regions of Thailand. The culture farms and hatcheries practice good farm management, apply advance technology to raise shrimp and fish and has an effective system to prevent and control disease, yielding quality products that are sought after in the market. The prices of shrimp fry depend on domestic demand and supply as well as the quality of the breeds.

(2) Fish Culture Farm and Hatcheries

The Company continually expends research and development resources to develop and enhance products that have strong commercial appeal. CPF developed the Tabtim fish fry, which was developed from Tilapia fish. Special characteristics of Tabtim fish include high meat content, good taste that is free of mud odor and has a high nutritional value, have made it a particularly successful domestic product that is relatively easy to farm, provides a reliable source of income to farmers, and is commercially viable.

The Company's fish culture farms and hatcheries, located in the central and northern regions of Thailand, have good farm management, incorporate modern technology and have an effective system to prevent and control disease, yielding quality products that are sought after in the market. The prices of fish fry depend on domestic demand and supply as well as the quality of the breeds.

■ Meat and Food Products

Products in this category can be further divided according to 2 types of production process, namely animal shrimp and fish farming for commercial purposes and processing and manufacture of cooked food products. Details are as follows:

1) Farming for Commercial Purposes

The Company realizes the importance of traceability which has prompted the Company to expand its shrimp farming business, resulting in fully integrated operations that produce high quality for the Company's processing plants as well as other processing plants in Thailand.

In the management of the Company's shrimp farms, research and development and technology are applied to find ways to prevent the outbreak of disease in shrimp and farming methods, which are friendly to the environment and do not cause residue build-up. The Company promotes "Probiotic Farming" which avoids the use of drugs and chemicals.

2) Processing and Manufacture of Cooked Food Products

Products derived from processing are one of the important products in the meat and food products category of the aquaculture business. The main products are processed fresh shrimp and value-added processed shrimp, most of which are produced for export as chilled and frozen products and distributed through importers in various countries. The selling prices fluctuate according to demand and supply in the country and the world market. The selling prices are also determined by agreement if the products have been manufactured according to customer specifications.

Furthermore, The Company has added value to processed shrimp, producing ready to eat cooked food products. Research and development in this area focuses on processing fresh shrimp into semi-cooked and cooked food products by flavoring and cooking through the process of boiling, steaming, frying, baking, and grilling according to the specifications of customers. These products are then frozen and refrigerated, ready for distribution to wholesalers and retailers, and through modern retail outlets such as supermarkets and hypermarkets. Export products are distributed through importers in various countries, mainly the USA, Japan and countries in the European Union. Besides applying advance technology to ensure production meets international standards, the Company also places great importance on product safety and quality. The selling prices of food products under this category are determined by agreement with customers upon each sell.

Branding and distribution

The Company has moved to brand its own products launched both in Thailand and overseas. This strategy is to differentiate the products and encourage consumers' perception. Presently, the Company's meat and food products are distributed under CP and other brands such as BKP, BK Products, Thai Thai, Kitchen Joy, Vee Foods, Five Star Chicken, AQ Fresh, AA.

Moreover, the CPF Group has enhanced its distribution channels. This includes its own distribution channels, such as the Outlet of Five Star Chicken, and CP Fresh Mart. In overseas, the Company has set

up branch offices and sales representatives to enable proximity to customers and market in various countries, such as in Japan, Korea, Singapore, Hong Kong, South Africa, the United Kingdom, Belgium, France, Switzerland, Italy, German, Denmark, and the United States.

Raw Materials Sourcing for Feed Production

Since raw material cost accounted for approximately 40% of the Company's cost of good sold; therefore, the Company set up a team of purchasing experts especially to source raw materials for both livestock and aquatic feed production, providing the Company with a competitive edge. The large purchase volume creates bargaining power for the Company as well as helps the Company to save on transportation and related costs.

The Company's procurement policy places great emphasis on obtaining high quality raw materials that meet the requirements of users. In addition, procurement of raw materials produced in the country, especially around the area where the feedmill is located, is given first priority in order to support the country's farmers. In the case where local procurement is inadequate for production needs, whether due to insufficient supply or substandard quality, then raw materials are imported from abroad, with 33% of the raw material procurement imported from abroad. Furthermore, the company places significant importance on traceability, ensuring that the source and production processes of the raw materials meet international quality standards.

As the raw materials are commodity products, their prices fluctuate according to market demand and supply. Usually, domestic raw material prices are not much different from the price of imports.

Businesses related to domestic operations

The Company has established trading offices or set up joint ventures in trading business in many countries including the United States, Japan, Hong Kong, China, Belgium, England, and Denmark, so as to enable proximity to the market and customers.

In addition, the Company set up subsidiaries to provide services to its business operations including information technology, training center and international trading.

Research and Development

Continuous research and development stand behind the Company's success as the leader in the agro-industrial and food industry. The Company's research teams comprise high caliber professionals who are highly regarded in Thailand's agriculture industry. They cooperate with other outside parties, including research institutes both in Thailand and overseas, specialists, customers and various public agencies, with the mutual objective of sustaining the industry, while having business adhering to environmental friendliness.

Aside from developments for the sustainability for the overall industry, the Company emphasizes product development to satisfy consumer requirements. Manufacturing food products to meet the differing regulations and standards of each customer throughout the world,

■ R&D in Animal Breeds

The Company's continuous research to improve animal breeds has proven to be strength in operating an integrated agriculture business and plays an important part in putting the Company on the world stage. The Company's emphasis is on improving and selecting breeds through natural means to obtain animal breeds that are suitable to the farming environment and in line with consumer needs. Research in this area also leads to efficiencies in breeding and good feed conversion rates, which enhance profitability.

■ R&D in Animal Feed Production

The Company has a team of researchers who study and develop animal feed production. They strive to produce quality animal feed with a good feed conversion rate and ultimately reduce production costs. Presently, the Company has brought in advanced technology, such as computerized control of the integrated production process, as well as an inventory system for raw materials and a production method that helps to reduce loss and damage.

■ R&D in Animal Farming

The Company has adopted advanced technology and modern farm management systems for implementation at every step of the farming process, including computerized production controls. Some examples of the Company's achievements in animal farming include the following:

- **Livestock Farms using the Evaporative Cooling System**—This system provides a hygienic environment for raising animals and keeps the farms cool. The system is enhanced with the use of rice husks on the floor to reduce odor, an automated feeding system, and the use of a control system to help reduce pollutants which could arise from farming.
- **Probiotic Shrimp Farming**—Probiotic Farming yields chemical-free shrimp which are safe for consumption by employing natural products, namely the super biotic bacteria instead of chemicals to combat bad bacteria, which are the cause of various diseases in shrimp. Probiotic farming incorporates efficient pond management, which helps to produce healthy shrimp with high survival rate and good immunity against disease. Production costs are lowered, while yields are higher than through the use of chemicals.
- **Pork Free of Beta-agonist and Antibiotics**—The Company raises pigs without the use of beta-agonist and antibiotics, so that consumers are able to enjoy top quality pork.

■ R&D in Food Production

The Company places great importance on research and development to add value to the Company's meat products as well as create new recipes with meat products to please consumer tastes around the world. The research team has worked closely with customers to develop a wide variety of ready-to-eat food products in line with customers' requirements. Through development and experimentation, the Company has successfully developed a wide array of food products to serve the ever-changing preferences of consumers throughout the world.

Production Standards

The Company attaches utmost importance to "product quality" that meets global standards, is tasty and hygienic and most important is safe for consumption. The Company has a system to randomly check the quality of raw materials and products at every stage of the production process. Control systems at every stage of production will help inform management of productivity in each stage and enable the Company to trace back to the raw materials used in production standards.

The Company is committed to continuous improvements in its production process to meet internationally recognized standards of production. The Company's production process has been certified with the Good Manufacturing Practices (GMP) which is an award for quality approach to manufacturing, Hazard Analysis and Critical Control Point (HACCP) which is a system that focuses on preventing food contamination, EST/TH, ISO 9002 which involves operating and production management systems that should be traceable with documentation, the British Retail Consortium Standard which is a standard for the food industry covering process control and personnel management, OHSAS 18000 which is an international occupational health and safety management system specification, ISO 14001 which concerns environmental management and ISO 18001 which involves the safety and welfare of employees.

In addition, the Company is the first company outside the EU to achieve the Animal Welfare Standard in chicken production for export which is the most stringent of all current industry standards. Operators are required to consider the chickens' "happiness" for the duration of the rearing process. The chickens have to be free from hunger and thirst (by ready access to fresh water and food), free from discomfort (by providing an appropriate, spacious environment), free from pain, injury and disease (by prevention and rapid diagnosis and careful handling), free to express normal behavior (by providing sufficient space, proper facilities and company of the animal's own kind) and free from fear and distress (by ensuring conditions and care, which avoid mental suffering, such as before entering slaughterhouses).

Tax privileges

Some of the Company's businesses are promoted by the Board of Investment (BOI). The significant benefits as of December 31, 2006 are outlined as follows:

Company / Business	Major Privileges	Commencing Year – Expiry Year
Charoen Pokphand Foods Plc.		
Shrimp Feedmill, Songkla	* 50% Income Tax Exemption	2003-2008
Broiler Farm, Saraburi	* Income Tax Exemption	2001-2008
Shrimp Hatchery, Trat	* Income Tax Exemption	2002-2010
Shrimp Hatchery, Songkla	* Income Tax Exemption	2002-2010
Aquatic Feedmill, Samutsakorn	* Income Tax Exemption	2004-2012
Grandparent Stock Chicken Breeder Farm, Prajinburi	* Income Tax Exemption	2003-2011
Aquatic Feedmill, Songkla	* Income Tax Exemption	2002-2008
	* 50% Income Tax Exemption	2008-2013
Broiler Farm, Saraburi	* Income Tax Exemption	2003-2011
Shrimp Hatchery, Trat	* Income Tax Exemption	2004-2012
Shrimp Hatchery, Chumporn	* Income Tax Exemption	2004-2012
Broiler Farm, Saraburi	* Income Tax Exemption (8 years)	No revenues occur yet
Sausage Plant, Nakhon Ratchasima	* Income Tax Exemption (8 years)	No revenues occur yet
Food Processing Plant, Nakhon Ratchasima	* Income Tax Exemption	2004-2012
Chicken Breeder Farm, Nakhon Ratchasima	* Income Tax Exemption	2005-2012
Feedmill, Nakhon Ratchasima	* Income Tax Exemption	2005-2013
Broiler Farm, Chicken Processing Plant, Nakhon Ratchasima	* Income Tax Exemption	2005-2013
Aquatic Processing Plant, Samutsakorn	* Income Tax Exemption	2005-2013
Aquatic Processing Plant, Rayong	* Income Tax Exemption	2005-2013
Aquatic Processing Plant, Songkla	* 50% Income Tax Exemption	2005-2009
Shrimp Hatchery, Phang-nga	* Income Tax Exemption	2006-2014
Aquatic Feedmill, Songkha	* Income Tax Exemption	2006-2014
Aquatic Feedmill, Saraburi	* Income Tax Exemption (8 years)	No revenues occur yet
Aquatic Processing Plant, Songkha	* Income Tax Exemption (8 years)	No revenues occur yet

Company / Business	Major Privileges	Commencing Year – Expiry Year
Charoen Pokphand Northeastern Plc.		
Chicken Breeder Farm, Petchaboon	* Income Tax Exemption	1998-2006
	* 50% Income Tax Exemption	2006-2011
Chicken Breeder Farm, Prajinburi	* Income Tax Exemption	2003-2011
Bangkok Agro-Industrial Plc.		
Duck Farm, Prajinburi	* Income Tax Exemption	2002-2010
Swine Farm, Karnchanaburi	* Income Tax Exemption	2004-2012
Swine Farm, Prajinburi, Srakaew, Nakhon Nayok, Chonburi, Chachoengsoa	* Income Tax Exemption	2005-2013
Duck Breeder Farm, Saraburi and Duck Farm, Prajinburi	* Income Tax Exemption	2003-2011
Pullet Farm, Prajinburi	* Income Tax Exemption (8 years)	No revenues occur yet
Swine Farm, Chonburi	* Income Tax Exemption	2006-2014
Bangkok Produce Merchandising Plc.		
Animal Feedmill, Ayutthaya	* Income Tax Exemption	2001-2009
Food Processing Plant, Saraburi	* Income Tax Exemption	2002-2010
Food Processing Plant, Saraburi	* Income Tax Exemption	2004-2012
CPF Food Products Co., Ltd.		
Broiler Farm, Prajinburi	* Income Tax Exemption	2002-2010
Broiler Farm, Prajinburi	* Income Tax Exemption	2003-2011
Broiler Farm, Chachoengsao	* Income Tax Exemption	2003-2011
Food Processing Plant, Bangkok	* Income Tax Exemption	2006-2014
Chicken, Duck Slaughterhouse, Bangkok	* Income Tax Exemption (8 years)	No revenues occur yet
International Pet Foods Co., Ltd.		
Pet Food Plant, Saraburi	* Income Tax Exemption	2004-2012
Pokphand Aquatech Co., Ltd.		
Aquatic Feedmill, Chonburi, Samutsakorn, Songkla	* Income Tax Exemption	2002-2010
CP-Yonekyu Co., Ltd.		
Food Processing Plant, Chachoengsao	* Income Tax Exemption	2006-2014
Bangkok Feedmill Co., Ltd.		
Swine Farm, Prajinburi	* Income Tax Exemption	2006-2014
B.P. Feedmill Co., Ltd.		
Swine Farm, Rayong	* Income Tax Exemption (8 years)	No revenues occur yet

Industry Outlook

Feed Raw Material Situation in 2006 and Trend for 2007

By The Economics Advisory Office, Charoen Pokphand Group

Maize

■ Production:

The Office of Agricultural Economics of Ministry of Agricultural reported the 2006 production of maize for animal farming was about 3.65 million ton, 10% decline from previous year. The cause was because some farmers turned to harvest cassava and sugarcane that provided better return instead. That has resulted in the decrease of maize growing areas. The flooding that occurred had no material impact the maize production.

The Office of Agricultural Economics expected the production of Animal-Farming Maize in 2007 will be about 3.74 million tons, 2.4% increase from that of 2006. That is because its price was at good level, convincing farmer to turn their land to grow more maize. In addition, there have been a continuously usage demand from both domestic and overseas. Then, the value of maize for animal farming production in 2007 is expected to expand more from that of 2006.

■ Price:

Price of maize for animal farming in 2006 increased from the level of the previous year. That was resulted from the higher usage demand, especially the USA has utilized maize for Ethanol production, caused price of maize both domestic and global market adjusted upward.

- Selling price of maize (less than 14% humidity) by farmers in 2006 was average of THB 5.07 per kilogram. That was 3.68% increase from that of the previous year of THB 4.89 per kilogram.
- The price at Chicago Board in 2006 was average at THB 3.88 per kilogram. That was 15% increase from that of the previous year of THB 3.36 per kilogram. The time that price of maize was highly adjusted upward was since October 2006. The average price of the first 3 quarters was at THB 3.53 per kilogram. In the last quarter, it went up to THB 4.91 per kilogram, or about 40% increase.

The Office of Agricultural Economics expected the price of maize (less than 14% humidity) by farmers in 2007 should be about the same level of that in 2006 or about THB 5.07 per kilogram

Regarding the usage demand for 2007, the Thai Feed Mill Association estimated the demand for the maize for animal farming at 4.747 million tons, slight decrease from that of 2006 of the estimated 4.751 million tons. That was because the number of animal should decrease from the previous year since there have been over-supply situation of many of livestock products.

Note: The usage demand for maize is higher than domestic production (harvested maize + imported maize – exported maize). The Thai Feed Mill Association calculated that from total number of livestock population. In addition, there has been, in practice, substitute raw materials use in Animal Feed formulae such as broken rice, and cassava.

Soybean

■ Production:

The office of Agricultural Economics reported production of soybean in 2006 of 225,680 tons, slight decrease comparing with that of the previous year. That was resulted from there was flooding in the lower part of the Northern area, caused damage in production from not-in-time harvest.

It was expected that the production of soybean in 2007 should be about 232,880 tons, or about 3.2% increase from that of 2006. That was part of comparing to the lower base of production in 2006 caused by damage from flooding. And also, it was from there has been expansion for the 2nd soybean plantation area in 2006 around the upper part of the Northern area.

■ Price:

Soybean price by farmers in 2006 was average at THB 10.49 per kilogram, about the same with that of the previous year of THB 10.72 per kilogram. The domestic price of soybean is followed that of global market, because Thailand imported more than 80% of soybean from other countries.

The price of soybean by farmers has a good trend. According to the WTO, the Cabinet has resolved, on 12 September 2006, to import with no limit of quantity and period. The import tariff within quota is at 0%, and out of quota is 80%, with condition that the in-quota importers have to source all of soybean from domestic production at price not lower than that at farm of THB 10.50-13.00 per kilogram (vary by quality), and price at plant of THB 11.50-14.00 per kilogram (vary by quality).

From the report of the Chicago Board of Trade which is the center of global soybean price with the Chicago Tribune indicated that there would be a jump of global soybean price from the current of USD 6.74 per Bushel to USD 13 per bushel by end of 2007. (1 bushel = 0.0272 ton), or THB 6,598 per ton to THB 12,729

per ton. That was because the increase of demand of soybean which outpaced current capacity to produce Bio-diesel to substitute oil in the future.

Currently, the US is the major producer and exporter of soybean in the World, secondary is Brazil and Argentina. The US produced 3.14 billion Bushels (85 million tons) of soybean in 2005.

Soybean Meal

■ Import:

In 2006, there was 2.18 million tons imported Animal-Feedmill soybean meal (equivalent to 75% of demand), 16% increase from that of 2005 of 1.88 million tons.

■ Demand:

In 2006, the demand was about 2.90 million tons. The Thai Feed Mill Association expected that there should be about 3 million tons of soybean meal usage.

■ Average price of Soybean Meal in 2006:

The price of soybean meal domestically produced was average at THB 10.57 per kilogram, 8.9% decrease from that of 2005 of THB 11.61 per kilogram. The imported soybean meal price was average at THB 10.53 per kilogram, 13.20% decrease from that of 2006 of THB 13.20 per kilogram.

Thailand's Broiler Industry

By the Thai Broiler Processing Exporters Association

■ Production:

For 2007, the Thailand broiler production of 1.18 million tons should be globally ranked the tenth from the seventh in 2006. The US, the first producer, should produce 16.41 million tons. China, the second, should produce 10.52 million tons. For other countries that should post higher production from 2006 and outpace Thailand are Argentina, Russia and Japan, with 1.29, 1.26 and 1.18 million tons of production consecutively.

■ **Market Structure: For 2007**, from total production, there should be 74% domestic consumption and 26% export.

■ **Export: In 2006**, Thailand was the fifth exporter in the World, with 294 thousand tons with valued of THB 33,861 million. The major export market was Japan (51%), EU (43%), and others (6%).

■ **Export Products for 2007:** 100% Processed chicken

■ **Important Competitors:** Brazil, the US, and China

■ **Export Target for 2007:**

amount of 300,000 tons (49% increase over that of 2006) with value of THB34,500 million

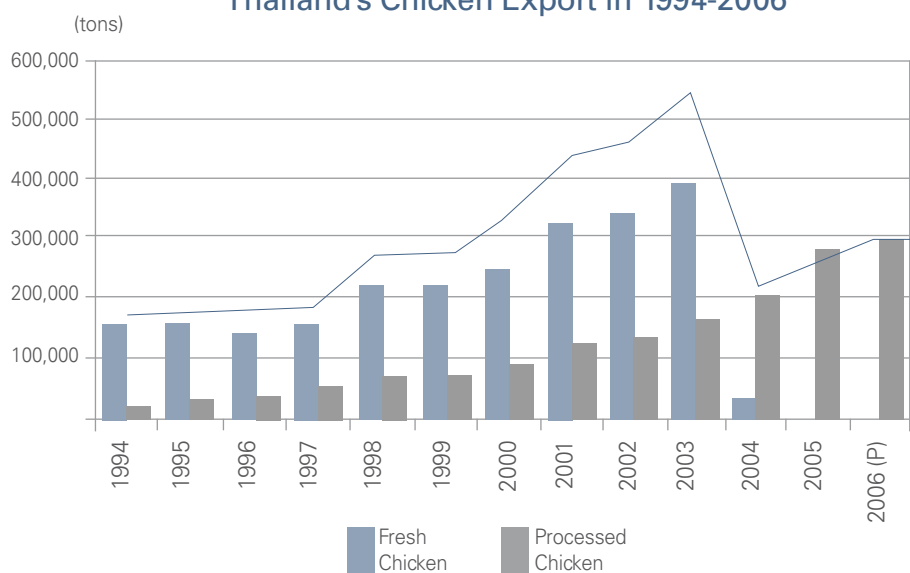
■ **Obstacles:**

1. The quota system of the EU on imported chicken meat
2. The strengthen of Thai Baht that caused less revenues from chicken export
3. The limitation of cooked chicken plants by Japan
4. The un-certified Halal on Thai food standard by the United Arab Emirates and other middle east countries
5. The Bird Flu outbreak
6. The higher feed raw-materials price, especially maize

Thailand's Chicken Export 2006-2007

(thousand ton)	2006	2007(f)
Live Chicken (million birds)	874	780
Chicken Production	1,269	1,183
Export	294	300
Import	0	0
Consumption	982	913
Consumption per Capita (kg.)	14.84	14.76

Thailand's Chicken Export in 1994-2006



Source : Thai Broiler Processing Exporters Association

■ Major Events in 2007:

1. The signing of FTA agreement between Thailand and Japan, which will result in reduction of import tariff for cooked chicken from 6% to 3%
2. The reduction of Thai chicken production capacity
3. The announcement of chicken meat import quota by the EU
4. The Compartment system arrangement for broiler and duck farming

Thailand's Chicken Egg Industry for 2006-2007

By The Association of Hen-Egg Farmers Traders and Exporters

	2006	2007 (f)
Layer (million birds)	35.62	34.20
Eggs Production (million)	9,974	9,576
Export (million)	185	200
Consumption per capita (pieces)	150	142

■ Production:

In 2006, the chicken egg production, estimated from the import of parent-stocks in 2005, was about 10,072 million eggs, increase from 9,865 million eggs of 2005. The main cause of such increase was since the bird flu outbreak in 2004 until present, the government sector has imposed strict protective procedure, so that the outbreak was limited and able to control. Together with the pullet farmers has adjusted their farming to Bio-security system, then there have been more production into the market. There was about 25-26 million eggs per day out to the market, whereas the consumption demand was only 23-24 million eggs per day.

■ Import:

Thailand has import chicken eggs from overseas in form of processed eggs, as powdered white eggs, powdered eggs yolk, powdered eggs, used in processed food and bakery industry. In 2006, the import was about 1,380 tons, equivalent to THB 290 million, increase from 1,004 tons, equivalent to THB 221 million in 2005.

■ Export:

In 2006, the export, mainly to major country which is Hong Kong, was about 185 million eggs or 569 containers, increased from about 110 million eggs or 338 containers of 2005.

In middle of 2006, the Chinese government found chemical-residue in duck eggs from farms around central part of the country. Then, they prohibited the transfer of eggs from the found-farm, and random checked in other farms finding the illegally use of that chemical which can stimulate the cancer. Hong Kong government has increase strict procedure in auditing imported eggs from China.

Even though China is the major exporter of eggs into Hong Kong of about 80% of the total import, the limitation of the above mentioned product quality made Hong Kong still in need quality eggs from other sources. With the accepted quality of Thailand's chicken eggs when comparing to those of China, it has been expected the increase of Thailand's export of chicken eggs both quantity and value for the first half of 2007.

■ Trend for 2007:

For 2007, the pullet is expected to be 34.20 million head, producing 25.52 million eggs per day. Total production is about 9,576 million eggs. The consumption per capita should be around 142 per capita.

Thailand's Swine Industry for 2006 – 2007

By The Swine Producers and Processors for Exporting Association

■ Production:

In 2006, Thailand produced about 787.2 thousand tons of swine. China is ranked the first producer of 53,000 thousand tons. The second was the EU of 21,450 thousand tons. For 2007, it is expected that Thailand will produce 879.6 thousands tons.

■ **Market Structure:** 98% domestic consumption, 1% import, and 1% export

■ Export:

In 2006, Thailand exported 11,015 tons per annum, with value of THB2,051 million. Major export countries are Hong Kong (31.59%), and Japan (68.34%).

■ **Export Products:** 31% fresh pork, and 69% processed pork

■ **Major Competitors:** China, the US, Australia, Brazil, etc.

■ Export Target for 2007:

It is expected the export will increase from that of 2006 by 8.94%. It is about 12,000 tons, with value of THB 2,016 million.

■ Import:

Thailand imported swine products from overseas as swine-breeders, semen, intestine, hair, and swine skin. Those are to use in swine farming, animal feed production and for consumption. In 2006, the import value was about THB 280 million.

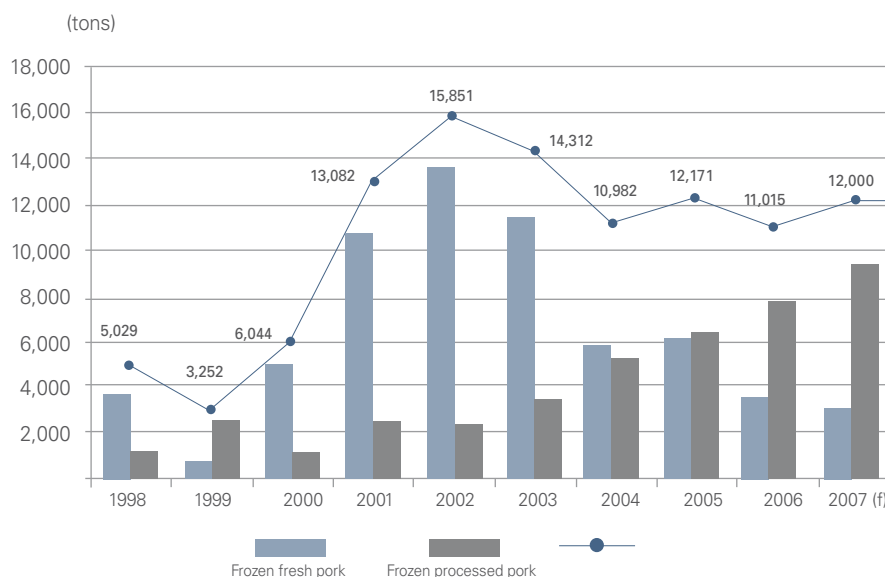
■ Obstacles:

1. In late 2006, there has been the oversupply of swine in the market. This caused the swine price to come down. Whereas, the cost of swine farming increased from the higher price of feed raw materials.
2. There was damage in swine production caused by the uncontrollable diseases outbreak as foot & mouth disease and PERS.
3. There is, currently, the import of swine-intestine dumping into domestic market that has an impact to the domestic price of swine.

4. Thailand is still not free from foot & mouth disease, which has been condition to prohibit the import of Thailand's fresh pork by other countries.
5. The import procedures on processed pork of Singapore and the EU are very strict.
6. The appreciation of Thai Baht has caused the higher export cost.

Thailand's Swine Industry		
(thousand tons)	2006	2007(f)
Live hog (million heads)	10.4	11.6
Pork Production	787.2	879.6
Export	11.0	12.0
Export Value (THB, million)	2,051.0	2,016.0
Import Value (THB, million)	280.0	NA
Consumption	776.2	867.6
Consumption per Capita (kg.)	12.36	13.77

Thailand's Pork Export 1998-2007



Thailand's Duck Industry for 2006 – 2007

By The Association of Duck Farmers for Trader and Export

■ Production:

In 2006, China was the #1 producer of 2,250 thousand tons. The second was France of 240 thousand tons. Thailand was the third of about 100.8 thousand tons, 6.32% increase from that of 2005. The increase was according to the adjustment of production and farming to be better in diseases control. For 2007, it is expected to produce about the same quantity of the previous year of 100.8 thousand tons, from the increase of duck for meat consumption and laying-duck, while the quantity of foreign duck will be decrease.

■ Export:

In 2006, Thailand's duck export was 9,902 tons per year, with value of THB2,318 million, 42.95% increase from that of the previous year. That increase of 2006 export quantity was resulted from the ability to export of both fresh and processed duck-meat.

■ **Export Product:** For 2006- 20% fresh duck-meat, and 80% processed duck-meat. For 2007-16% fresh duck-meat, and 84% processed duck-meat.

■ **Major Competitors:** China, Hungary, France, etc.

■ **Export Target for 2007:**

For 2007, it is expected to export 10,500 tons, with value of THB 2,410 million, 6.04% increase from that of the previous year. The export is expected for both fresh and processed duck-meat because the exporters have enhanced their production line and produced various types of processed duck products.

■ **Import:**

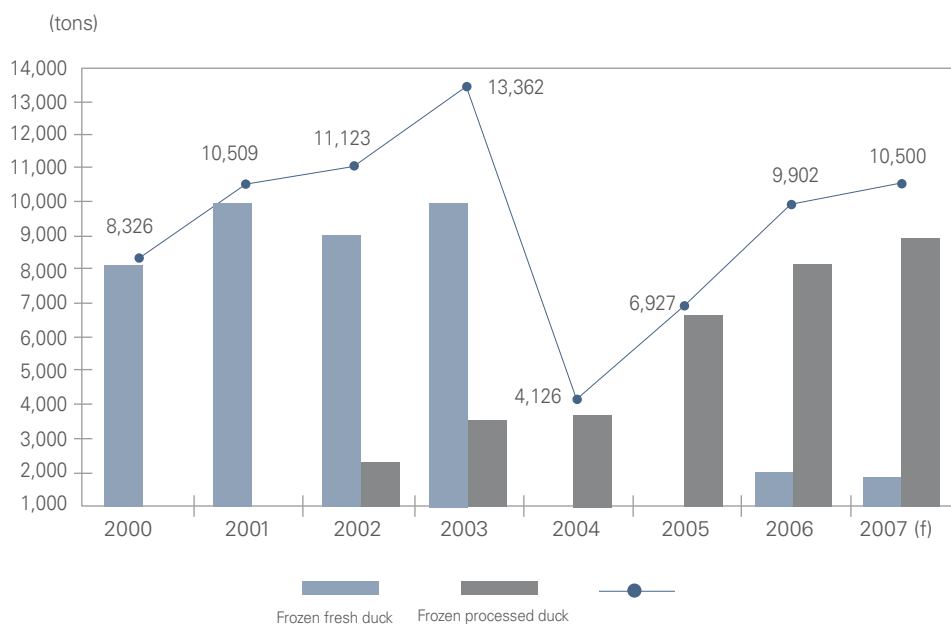
Thailand, presently, has not imported duck-meat, rather imported the breeder-duck and feather from overseas. In 2006, the import value was about THB 65 million.

■ **Obstacles:**

1. Both Japan and the EU, major importer countries, have not import fresh duck-meat from Thailand until the declaration of the bird-flu free country.
2. Feed raw material (maize, soybean meal, and fishmeal) has been more expensive caused higher cost of duck-meat production.
3. The appreciation of Thai Baht caused higher export cost.

Thailand's Duck Industry		
(thousand tons)	2006	2007 (f)
Live Duck (million birds)	50	50
Duck meat production	100.8	100.8
Export	9.9	10.5
Export Value (THB. million)	2,318.0	2,410.0
Import Value (THB, million)	65.0	NA
Consumption	90.9	90.3
Consumption per capita (kg.)	1.45	1.43

Thailand's Duck Industry 2000-2007



Thailand's Shrimp Export in 2006 and Trend for 2007

Source: The Feed mill Business Magazine, 23rd year, no.111, November-December 2006

The Thailand's shrimp export industry has been facing with many difficulties that caused damage to the industry, especially the procedures resulted from the Anti-dumping duty of the US, the strict regulation of drug-residue, and the material competition in the global market. Even though with the above mentioned difficulties, for the first 8 months of 2006, there was about 20% increase in Thailand's shrimp export from the same period last year. This was the highest growth rate in many years past. With this past record, it could be preliminary assumed that the potential of Thailand's shrimp industry still posted strong position in the global market. The competitiveness in major market was still at good level.

The overall Thailand's shrimp export in 2006 highly increased, with the continuous growth in major markets and the interesting growth rate of new markets.

Thailand's shrimp export, for the first 8 months of 2006, has been continuously grown. There was total amount of 203,384 tons, with value of THB51,813 million, or equivalent to 19.1% increase in quantity and 20.9% increase in value from the previous year. The increase was mainly the expansion in major market which is the US who is major importer of Thailand's shrimp. Thailand's shrimp was about 58.4% of total US import value, 55% increase from the same period of the previous year. Whereas, there was the more than double growth for export into the EU, compare to the same period last year. Even the export portion was still small, but there was the high increase in export into secondary markets as Africa and the middle-east. This was resulted from some Thai exporters additionally expanded their customer bases into that markets to minimize the risk of solely depending on each major or other markets.

However, Thailand's shrimp export is majority Wanamei white shrimp. By the less production in the country, there was a decrease of black tiger shrimp export.

The export of shrimp in 2006 has been properly expanded, with a continuous trend of higher growth in 2007.

From the historical record, the Thailand's shrimp export will be material increase in the last 2 quarters of the year. This is because the overseas market places their orders for sales in the festival period at the end of year. This will result in higher export of Thailand's shrimp for the year 2006 to be 300,000 tons. However, the average global shrimp price has not been too high, with the appreciation of Thai Baht made export sales not high as it should be. The expectation is about THB 75,000 million.

For 2007, there is a brighter trend for Thailand's shrimp export. It is expected to post higher export quantity to be about 15,000 tons, with higher value from the previous year of THB3,700 million.

Japan Shrimp Import (Jan-Dec 2005-2006)

Unit : Tons

Country	Jan-Dec 2005	Jan-Dec 2006	Difference (%)
Vietnam	54,573	51,133	-6.30
Indonesia	45,574	43,665	-4.19
India	26,309	28,546	8.50
China	24,092	22,810	-5.32
Thailand	18,398	20,097	9.23
Russia	10,382	9,518	-8.32
Burma	7,519	8,847	17.66
Canada	8,054	8,665	7.59
Greenland	7,527	6,788	-9.82
Philippines	6,237	5,332	-14.51
Others	23,778	24,551	3.25
Total	232,443	229,952	-1.07

Source : Ryukyu

USA Shrimp Import (Jan-Dec 2005-2006)

Unit : Tons

Country	Jan-Dec 2005	Jan-Dec 2006	Difference (%)
Thailand	160,892	193,764	20.43
China	45,205	68,150	50.76
Ecuador	49,574	59,363	19.75
Indonesia	52,641	58,729	11.57
Vietnam	42,949	37,078	-13.67
Mexico	28,095	35,378	25.92
India	35,699	27,277	-23.59
Malaysia	17,191	20,349	18.37
Bangladesh	15,862	19,442	22.57
Venezuela	11,365	9,856	-13.28
Others	69,363	60,913	-12.18
Total	528,836	590,299	11.62

Source : NMFS

Thailand's Shrimp Export in 2006 (Jan-Dec 2005-2006)

Country	Jan-Dec 2005		Jan-Dec 2006	
	Quantity	Value	Quantity	Value
Asia	80,028	22,100	86,155	22,476
- China	3,302	594	2,893	585
- Japan	49,409	15,611	54,011	15,458
- Others	27,317	5,895	29,251	6,433
USA	158,185	39,370	197,885	50,695
EU	11,686	2,804	20,696	5,371
Australia	10,421	2,401	9,349	2,295
Others	19,838	4,897	24,325	5,883
Total	280,158	71,572	338,410	86,720

Source: Customs Department, Ministry of Commerce

Overseas Operations

CPF has operated overseas business through its subsidiaries, as follows:

- (1) **Chicken integration in Turkey** : CPF invested in this business through its indirect 92.64% holding subsidiary, C.P. Standard Gıda Sanayi ve Ticaret A.Ş. ("CPS"), who has operated chicken integration. The business has spread out in various part of the country
- (2) **Thai restaurant in the People's Republic of China** : CPF invested in this business through its indirect wholly owned subsidiary, CP Food Product (Shanghai) Co., Ltd. The objective of this business is to introduce Thai fast food restaurant that applying the production which yields Thai foods of standard taste. Presently, there are 2 Thai restaurants under "Thai Thai" trademark in the People's Republic of China.
- (3) **The aquaculture business in the People's Republic of China** : CPF invested in this business through its direct wholly owned subsidiaries, C.P. Aquaculture (Beihai) Co., Ltd. and C.P. Aquaculture (Hainan) Co., Ltd. The main objectives are to manufacture and distribute aquatic feed and operate an aquatic culture farm in the People's Republic of China.
- (4) **The livestock and aquaculture businesses in India** : CPF invested in these businesses through its indirect 71.20% holding subsidiary, Charoen Pokphand (India) Private Limited. The main objectives are to manufacture and distribute animal feed and operate animal farming in India.
- (5) **The aquaculture business in Malaysia** : CPF Invested in this business through its indirect wholly owned subsidiaries, Star Feedmills (M) Sdn. Bhd. and Asia Aquaculture (M) Sdn. Bhd., in which Calibre Nature (M) Sdn. Bhd. has 100% direct holding. The main objectives are to manufacture and distribute aquatic feed, operate aquatic farming and aquatic processing in Malaysia.
- (6) **The chilled production plant in England** : CPF invested in this business through its indirect 52% holding subsidiary, CP Foods (UK) Limited. The main objective is to produce a chilled food products supply in European Union.
- (7) **The livestock business in Russia** : CPF invested in this business through its indirect 99.99% holding subsidiary, Charoen Pokphand Foods (Overseas) LLC. The main objectives are to manufacture and distribute animal feed and operate animal farming in Russia.
- (8) **The livestock business in Lao People's Democratic Republic** : CPF invested in this business through its indirect 99.61% holding subsidiary, C.P. Laos Co.,Ltd. The main objective are to manufacture and distribute animal feed and operate animal farming in Lao People's Democratic Republic.



Risk Factors

Investors in CPF's shares and persons with vested interests in the Company should carefully consider the risk factors that may affect the Company. These risk factors may affect the operations and/or the financial status of the Company leading to different consequences than those occurring under normal circumstances and/or may affect the Company's ability to achieve its objectives and goals.

Besides the risk factors mentioned in this report, there may be other risk factors unknown to the Company at this time or risk factors that the Company deems as having no material impact on the Company's operations. Major risk factors directly related and known to the Company that may affect the Company include the following:

1. Disease outbreaks in farms

In animal farming, there is the possibility of disease outbreaks caused from both external factors which are uncontrollable and internal factors. To minimize the risk, operators should follow the best practices of farm management and have measures to monitor for ensuring the procedures are strictly followed. Eventhough the operators shall reduce direct impacts, they may face unexpected indirect impacts which in the first place affect the industry and then cause domino effects to the ability of enterprises to generate revenue and profit at the end.

For example, the bird flu outbreak in Thailand in 2004, especially the first outbreak in January 2004, resulted in importing countries banning the import of chilled and frozen fresh chicken meat from every producer in Thailand. The domestic consumption of chicken, eggs and other related chicken products also declined, since consumers were not confident whether those products were safety for consumed. This incident also affected the Company's sales of poultry products in 2004, dropping 12% from 2003. In 2006, the bird flu outbreak was spread out only in some areas; however, it has reduced chicken consumption and price in the country.

The bird flu outbreak also affected our sales in Turkey, where CPF' s subsidiary has operated. The first outbreak occurred in October 2005, followed by January and May 2006. Although the outbreak happened only in some areas, it has reduced consumer's confidence; as a result, the chicken price has been dropped.

■ Risk management

The Company has established rules and regulations for its employees to strictly follow and provide training on disease outbreak prevention. The Company has set up a system to prevent disease outbreaks, a system for good hygiene, an internal control system monitoring quality at every step of animal farming as well as strict conditions imposed on visitors to the Company's operations. In addition, the Company has invested in research and development of animal farming under the closed system and increased use of technology in animal farming to reduce animal exposure to carriers of various diseases. Furthermore, the

Company has employed veterinarians to study various diseases with the objective of laying down foundations to prevent disease outbreaks in the Company's farms.

With regard to the bird flu outbreak in Thailand in last 3 years, the Company managed risks to lessen the impact on the Company's operations by enforcing stricter disease prevention standards at the Company's farms and educating contract farmers on disease prevention. In addition, the company expanded capacity for the production of cooked chicken products to cater to both local and international markets. The Company strictly increased the measures to prevent the outbreak, including to educate farmers that are the Company's partners. Consequent to the outbreak, consumers placed greater importance on carefully choosing safe and hygienic products for consumption. Through public relations via different media and marketing strategies, the Company communicated and emphasized to consumers product quality and safety under the CPF trademark.

2. Volatility of raw material prices

The Company is engaged in integrated agribusiness with the main production cost being raw materials used in animal feed production, such as corn, fish meal and soybean meal, accounting for approximately 40% of the Company's cost of sales. The prices of these raw materials fluctuate each year depending on the demand and supply for each type of raw material in the world market. Therefore, if the prices of raw materials increase and the Company is unable to increase the prices of animal feed or meat products to compensate for the rise in production costs, the increase in raw material prices may cause the Company's profits to decline.

■ Risk management

The Company gives much consideration to this risk and has a team of raw material sourcing experts to closely follow price trends. In addition, the Company has large silos with efficient management systems to stock up on raw materials for sufficient use when raw material prices are forecast to rise in the future. This has enabled the Company to manage costs with minimum fluctuations. However, this does not guarantee that the cost of raw materials of the Company at one point of time shall below the market price at that time as it is not possible to accurately forecast when entering into raw material purchase contracts. Therefore, the Company has studied, researched and developed methods to use raw materials efficiently and reduce raw material loss during production, providing another important means to effective cost management.

3. Volatility of meat prices

Sales from the Company's meat products, which comprise live animals, fresh meat, and chilled and frozen fresh meat which are both sold locally and exported overseas, account for 57% of total sales in 2006. Meat prices fluctuate according to demand and supply in the market. Therefore, if meat prices decline due to oversupply in the market and/or decrease of consumer confidence, this may cause the Company's profits to decline.

■ Risk management

The Company has adopted a strategy to manage the risk from the volatility of meat prices by diversifying into different product categories such as chicken, eggs, swine, shrimp, fish and duck. Product diversification will lower the impact from the price decline of a particular product. For instance, the bird flu outbreak in Thailand in 2004 brought about lower consumer confidence in chicken consumption. Consequently, consumers switched to consuming pork, causing the price of pork to rise substantially. Increased profits from the swine business helped to partially offset the Company's losses from the chicken business.

In addition, the Company has adjusted its production and marketing plans to produce and distribute products which are less susceptible to price volatility and/or products whose prices can be adjusted to reflect production costs, such as value-added meat products (eggs boiled in herbs, grilled chicken, sauced duck, grilled duck) and cooked meat products for export (frozen boiled chicken, frozen roasted chicken, frozen karaké chicken, frozen boiled shrimp, frozen breaded shrimp). The Company has also developed ready meals such as chilled shrimp wonton and chilled spicy shrimp soup.

4. Change in Consumer Preferences

Consumer and customer confidence in a particular product may decline due to disease outbreak in the farming of a particular animal, the discovery of chemical residue or contamination in a product that is harmful to consumers, substandard quality products or untimely delivery of products. This may cause the Company's sales of the particular product to fall.

■ Risk management

The Company has built brand awareness and recognition with marketing strategies and public relations through various channels to create consumer and customer confidence in the quality of the Company's products as well as awareness of the attention paid to production processes which have strict quality control at every stage of production. The Company also set up call service center to receive customers' comment, while promoted CP brand through many marketing strategies. These increased customers' confidence.

5. Trade barriers in the world market

The Company exports meat products to many countries worldwide. While tariff barriers are playing a lesser role under the global policy of free trade, still, new forms of barriers have been devised to undermine the opportunity for the import and export of meat products. This may cause the Company's meat export sales to decline or indirectly affect other areas of the Company's revenue. For example, Thailand is one of the six countries that United States imposed anti-dumping duty on shrimp by taking from dumping margin. If United States decide to increase current anti-dumping duty rate in future, it affects overall shrimp exporting business in Thailand. This means it influences the Company's profits.

■ Risk management

Although it is not possible to predict when this type of risk will occur, the Company has always placed great emphasis on research and development on all aspects of production to achieve world-class production standards and develop high quality food products to satisfy consumers, gaining customer acceptance worldwide. Moreover, the Company continues to place great importance on studying the developments in international trade rules and regulations. With updated information on this matter, the Company can develop its business strategy in line with the new rules and regulations.

In addition, the Company continues to expand its export customer base to diversify risk and has established sales representative offices in numerous countries throughout the world to be closer to country-specific news and information. The Company has also increased investments in various countries to minimize the impact of trade barriers on its operations.

6. Foreign exchange risk

The Company imports raw materials for production which account for 12% of cost of goods sold or THB 12,571 millions. Therefore, if the Baht depreciates against the currency used to purchase the raw material, this may cause the Company's animal feed production costs and animal farming cost to rise. In addition, the Company earns revenue from exports which accounts for approximately 17% or THB 20,820 millions of total sales in 2006. Therefore, if the Baht appreciates against the currency used in the sale, this may cause revenue to decline when converted into Baht. If both these cases occur, this may cause the Company's profits to decline.

■ Risk management

The Company has a policy to enter into forward exchange contracts to protect against currency fluctuations. In addition, this allows the Company to know costs and selling prices in definite Baht terms. For some product types that the power for determining prices belongs to a seller, and accuracy of costing shall result in an efficiency of pricing, guaranteeing that the Company may generate profits as expected. However, entering into forward exchange contracts does not guarantee that the Company can manage foreign exchange at better rates than the market rate since it is not possible to accurately forecast foreign exchange rates when entering into the contract. In addition, each investment must be in line with the company's capability.

7. Risk from investment in other countries

The Company has investments and joint-ventures in agro-industrial businesses in many foreign countries that have potential for business expansion, namely the Republic of Turkey, Malaysia, India, the People's Republic of China, the United Kingdom, Denmark, Russia, Lao People's Democratic Republic and Vietnam. Each country has risks which may arise from changes in political, regulatory or economic conditions. Any changes, if significant, may affect the business operations in these countries as well as the revenue and profit earned from these overseas businesses. In addition, each investment must be in line with the company's capability

■ Risk management

The Company recognizes this risk and has established a policy and system to closely monitor and control the performance of overseas operations. Furthermore, the Company posts experienced managers, including controllers, to oversee these foreign operations and present the performance of their operations at least once every quarter in Thailand.

8. Risk from dependency on specialists

The Company's business relies on knowledgeable employees and specialists who have accumulated knowledge and real working experience. Therefore, if the Company loses these experienced personnel, this may affect the Company's operating performance.

■ Risk management

The Company has adopted measures to reduce the risk of losing valuable personnel by establishing a company to provide continuous business training and knowledge to management and employees; a successor program; and a program to attract long-term employment with the Company, such as providing opportunities for advancement to management positions as the company is continually expanding.

9. Risk from management of information technology

The company has implemented information technology system in many areas of its operations, such as the production control system, accounting system and human resource management system. In addition, the Company has adopted information technology system in everyday operations to improve work efficiency as well as reduce time and costs in communication and sending documents. Therefore, if there is any significant failure in the system, such as the spread of a computer virus in the system causing loss of data, this may affect the Company's operations and its ability to achieve its objectives.

■ Risk management

The Company has a subsidiary which especially provides information technology services. The subsidiary studies, develops and oversees the Company's IT system, ensuring efficiency and suitability to the Company's business operations. Employees are continuously trained to effectively use the IT system. In addition, there is a sufficient and effective back-up system. The Company has also restricted access to send and retrieve certain information which may harm or damage the system.

Management's Discussion and Analysis

■ Basis for preparation of consolidated financial statements

The Company's consolidated financial statements consist of the financial statements of the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

Subsidiaries are entities in which CPF has direct and indirect shareholding exceeding 50 percent of their paid-up capital. As of 31 December 2006, there were a total of 46 subsidiaries, 27 of which were registered in Thailand and 19 of which were registered overseas. (Details can be found under "General information of juristic persons in which the Company has investments" on page 102)

Associates are entities in which CPF has direct and indirect shareholding between 20 to 50 percent of their paid-up capital. As of 31 December 2006, there were a total of 9 associates. (Details can be found under "General information of juristic persons in which the Company has investments" on page 108)

Consolidated balance sheet of CPF and its subsidiaries in brief

as of 31 December

Unit: THB million	2004	2005	2006
Current assets	30,035	39,533	42,358
Non-current assets	42,183	49,565	53,377
Total assets	72,218	89,098	95,735
Current liabilities	24,039	29,751	36,550
Non-current liabilities	16,550	15,558	16,505
Total liabilities	40,589	45,309	53,055
Shareholders' equity	31,629	43,789	42,680

Consolidated income statement of CPF and its subsidiaries

for the years ended 31 December

Unit: THB million	2004	2005	2006
Net sales	91,790	113,374	124,931
Revenue from rendering of services	8	54	27
Share of profit from investments in associates under equity method	721	811	763
Other income	1,021	2,280	1,814
Total income	93,540	116,519	127,535
Cost of sale	81,388	94,485	108,158
Selling and administrative expenses	9,161	12,128	14,472
Share of losses from investment in associates under equity method	3	136	37
Others	376	39	38
Total expenses	90,928	106,788	122,705
Earnings before interest and taxes	2,612	9,731	4,830
Interest expense	910	1,245	1,953
Income tax	436	1,593	329

Consolidated income statement of CPF and its subsidiaries

for the years ended 31 December

Unit: THB million	2004	2005	2006
Profit (Loss) from net monetary position	-15	65	-
Profit after income tax	1,281	6,828	2,548
Profit of minority interest	-45	-118	-37
Net profit from ordinary activities	1,236	6,710	2,510
Extraordinary items	-	-	-
Loss from earthquake – net of income tax	-52	-	-
Compensation for loss – net of income tax	53	37	-
Net profit	1,237	6,747	2,510

Key financial ratios

	2004	2005	2006
Liquidity ratios			
Current ratio (times)	1.3	1.3	1.2
Quick ratio (times)	0.5	0.5	0.4
Cash flow liquidity ratio (times)	0.2	0.1	0.1
Accounts receivable turnover (times)	10.6	10.4	9.8
Collection period (days)	34	35	37
Inventory turnover (times)	18.0	15.1	14.2
Inventory turnover (days)	20	24	25
Accounts payable turnover (times)	17.8	17.0	16.6
Payables period (days)	20	21	22
Cash Cycle (days)	34	38	40

Profitability ratios

Gross profit margin (%)	11.3	16.7	13.4
Operating profit margin (%)	1.3	6.0	1.8
Net profit margin (%)	1.3	5.8	2.0
Return on equity (%)	4.0	17.9	5.8

Operating efficiency ratios

Return on fixed assets (%)	14.5	29.6	16.1
Asset turnover (times)	1.4	1.4	1.4

Leverage ratios

Debt to equity (times)	1.3	1.0	1.2
Interest coverage	6.3	4.6	3.1
Dividend payout (%)	51.0	52.5	56.9

Important events in 2006

New subsidiaries

In 2006, the Company has new subsidiaries as follows:

1. On 11 September 2006, the Company established Charoen Pokphand Foods (Overseas) LLC. to operate animal feed and animal farming businesses in Russia.
2. On 14 December 2006, the Company established C.P. Laos Co., Ltd. to operate animal feed and animal farming businesses in the Lao People's Democratic Republic.

Acquisition of assets

In the first quarter of 2006, the Company acquired a business operation in connection with the manufacture and distribution of processed meat and food products such as sausages, meatballs, and ready meals following the extraordinary shareholders' resolution 1/2005. As a result of this acquisition, the Company became the leader in the sausage business in Thailand.

In July 2006, the Company purchased the ordinary shares of Asia Aquaculture (M) Sdn. Bhd. ("AA") which is incorporated in Malaysia and operates an aquaculture business comprising of shrimp breeding, shrimp farming, and shrimp processing for export. After the acquisition, AA became an indirect subsidiary of the Company.

Disposal of investment

1. The Company sold its investment in the ordinary shares of Lotus-CPF (PRC) Investment Company Limited, an associate which indirectly invests in the supercenter business in the People's Republic of China for the amount of USD 31 million. The payment will be made in installments, ending 30 October 2010. The Company ceased to recognize the equity from the investment in Lotus-CPF since 30 May 2006, a date of sale of investment. In this regard, the Company recorded the gain on sale of investment amounting to THB 399 million as "Deferred gain on sale of investment" presented under non-current liabilities in the consolidated balance sheet. The deferred gain will not be recognized in the statement of income until receipt of the proceeds in full.
2. In the fourth quarter of 2006, the Company sold its investment in the ordinary shares of Trillion Brewery Company Limited, a company which invests in the brewery business in the People's Republic of China. The Company did not recognize any losses on disposal of the investment since a provision for losses on impairment of this investment was recorded in full since 1999. Thus, the Company has no significant effect on the transaction.

In addition, in the first quarter of 2006, the Company wrote-off the investment in ACME ECI Investment Company Limited which is a long-term investment because of its liquidation. The Company has no significant loss on the transaction because the Company has already provided an allowance for impairment loss on the investment in total amount.

2006 operating results

The Company had net sales of THB 124,931 million in 2006, increasing 10 percent year-on-year. Sales from the livestock business in Thailand increased 10 percent from acquisition of a business operation in connection with the manufacture and distribution of processed meat and food products such as sausages, meatballs and ready meals in the first quarter of 2006 as well as from the increase in sales volume of feed and meat sold in Thailand and exported overseas. Sales from the aquaculture business in Thailand rose 13 percent from increased sales volume, especially sales of shrimp in Thailand. Sales from overseas operations increased 3 percent year-on-year.

The Company's gross profit fell from 16.7 percent in 2005 to 13.4 percent in 2006 mainly due to the outbreak of bird flu in many countries worldwide, including Thailand and Turkey. As a result, the demand for chicken meat products and eggs fell significantly in each country. In addition, the average price of meat products in 2006 was approximately 30 percent lower than that of 2005.

Selling and administrative expenses in 2006 totaled THB 14,472 million, increasing 19 percent from the previous year, mainly attributable to increased expenses from business expansion and investment in branding and marketing activities both in Thailand and abroad.

As a result of the decline in gross profit and the increase in selling and administrative expenses mentioned above, earnings before interest, taxes and extraordinary items in 2006 amounted to THB 4,830 million, falling 50 percent from the year earlier. Operating profit margin in 2006 was 3 percent. Operating profit margin of the livestock business fell from 7 percent in 2005 to 1 percent in 2006. Operating profit margin of the aquaculture business both in Thailand and overseas was 8 percent in 2006, the same level as the prior year.

Due to the decline in operating profit margin, increased interest expenses in line with the country's interest rates and increased borrowing, and the THB 899 million profit from the sale of investment which was exclusive to 2005 and did not occur in 2006, the Company's net profit in 2006 was THB 2,510 million, decreasing 63 percent compared to the previous year.

Dividend payment

According to the Company's dividend policy, the sum of dividend payments from the operating results of each year will be approximately 50 percent of net profit after tax and appropriations to legal reserve. In addition, according to the terms and conditions of the Company's 6 debenture issues, the Company is not permitted to pay cash dividends to shareholders in the amount exceeding 60 percent of net profit in each fiscal year for the duration of the term of the debentures. In 2006, CPF made 3 interim dividend payments to its shareholders totaling THB 1,278 million, or THB 0.17 per share. On 28 February 2007, the Company's Board of Directors declared an annual dividend payment from the operating results of the fourth quarter of 2006 equivalent to THB 0.02 per share, totaling THB 151 million. The annual dividend payment will be proposed at the Annual General Meeting of Shareholders 1/2007, which will be held on 25 April 2007, for approval.

Therefore, total dividend payment from the 2006 earnings results is THB 1,429 million, or 56.9 percent of net profit in 2006.

Operating results of each business line and business location

Sales structure of CPF and its subsidiaries for the years ended 31 December

	2004		2005		2006		Change
	THB million	of sales	THB million	of sales	THB million	of sales	
1. Operations in Thailand	77,680	85%	98,489	87%	109,551	88%	11%
1.1 Livestock business	57,040	62%	70,896	63%	78,272	63%	10%
Feed	16,295	18%	19,392	17%	22,897	18%	18%
Breeder	2,026	2%	2,710	2%	2,649	2%	-2%
Meat & foods – domestic sales	27,071	29%	33,884	30%	36,407	29%	7%
Meat & foods–export sales	9,923	11%	12,182	11%	13,310	11%	9%
Others	1,725	2%	2,728	3%	3,009	3%	10%
1.2 Aquaculture business	20,640	23%	27,593	24%	31,279	25%	13%
Feed 12,775	14%	14,670	13%	15,800	13%	8%	
Breeder	1,184	1%	1,869	2%	1,686	1%	-10%
Meat & foods–domestic sales	2,474	3%	1,220	1%	3,659	3%	200%
Meat & foods–export sales	3,697	4%	9,320	8%	9,388	7%	1%
Others	510	1%	514	0%	746	1%	45%
2. Overseas operations	14,110	15%	14,885	13%	15,380	12%	3%
Net sales	91,790	100%	113,374	100%	124,931	100%	10%

1. Livestock business in Thailand

Sales from the livestock business in Thailand was THB 78,272 million in 2006, or 63 percent of the Company's total net sales, increasing 10 percent year-on-year. The increase was mainly attributable to the increase in the feed business which has many quality products that are highly accepted and demanded by farmers. Another major contributor was sales growth of processed meat products from the acquired assets of this business in the first quarter of 2006. The proportion of domestic sales to export sales was 83:17.

In 2006, the gross profit margin of the livestock business in Thailand was 13 percent, lower than the previous year's gross profit margin of 17 percent, as a result of lower average domestic selling prices of meat products in 2006 compared to 2005.

2. Aquaculture business in Thailand

Sales from the aquaculture business in Thailand amounted to THB 31,279 million in 2006, rising 13 percent from the prior year, mostly from increased shrimp sales in Thailand. The Company realized that shrimp consumption in Thailand was still low and that the production cost has fallen to levels that are acceptable by consumers. Therefore, the Company focused on marketing fresh shrimp in Thailand.

In 2006, the gross profit margin of the aquaculture business in Thailand was 16 percent, falling from the previous year's gross profit margin of 17 percent.

3. Overseas operations

Sales from overseas operations totaled THB 15,380 million in 2006, increasing 3 percent year-on-year, mostly attributable to the aquaculture business in India, China and Malaysia. The livestock business in Turkey was affected by the outbreak of bird flu in Turkey in January and May 2006. The outbreak of bird flu had an impact on consumer confidence and consumption of chicken and selling prices in the country declined significantly during the outbreak.

The selling prices of broiler in Turkey fell below the normal situation price levels and were lower than the average selling prices of 2005. As a result, the gross profit margin of overseas operations was 11 percent in 2006 compared to 15 percent in 2005.

Financial position

1. Assets

As of 31 December 2006, the Company's total assets amounted to THB 95,735 million, comprising of THB 42,358 million in current assets, THB 41,790 million in property, plant and equipment, and THB 11,587 million in long-term investments and others.

Assets as of 31 December 2006 increased 7 percent from the year earlier mainly due to an increase in fixed assets from business expansion and an increase in inventory. As of 31 December 2006, inventory was recorded at THB 26,498 million, an increase of 11 percent from the prior year. The inventory comprised of THB 7,442 million in finished products, THB 1,957 million in parent stock (net of breeder depreciation), THB 6,669 million in work-in-process, THB 8,742 million in raw materials, THB 1,138 million in goods in transit, THB 674 million in chemicals and supplies, and THB 124 million in allowance for decline in value of inventories.

2. Liquidity

In 2006, the Company had net cash from operating activities and financing activities of THB 3,798 million and THB 2,884 million, respectively. In 2006, the Company issued debentures CPF097A and CPF117A worth a total of THB 5,000 million and made payments on debentures and loans amounting to THB 5,764 million. In addition, the Company borrowed THB 7,345 million from financial institutions. The Company is obligated to make payments on long term loans and debentures in the amounts of THB 4,769 million in 2007, THB 2,493 million in 2008, THB 4,969 million in 2009 and THB 5,980 million during 2010-2012.

As a result of reduced earnings in 2006 compared to 2005, the Company's interest coverage ratio was 3.11 times in 2006, falling from 4.60 times in 2005. However, obligation coverage ratio was 0.23 times in 2006, increasing from 0.17 times in 2005.

Cash used in investing activities amounted to THB 7,865 million. Cash and cash equivalents was THB 1,167 million as of 31 December 2006, lower than THB 2,457 million on 31 December 2005. The current ratio was 1.2 times in 2006 versus 1.3 times in 2005, mainly due to the decline in cash and cash equivalents.

As of 31 December 2006, the Company's outstanding debentures totaled THB 15,000 million as follows:

- a A debenture issue worth THB 6,000 million was issued on 17 November 2004, divided into 2 series. The first series worth THB 2,500 million has a maturity of 3 years and fixed interest rate of 4.25 percent per year. The second series worth THB 3,500 million has a maturity of 5 years and a fixed interest rate of 5.50 percent per year.
- b A debenture issue worth THB 4,000 million was issued on 16 June 2005, divided into 2 series. The first series worth THB 2,000 million has a maturity of 3 years and fixed interest rate of 4.25 percent per year. The second series worth THB 2,000 million has a maturity of 5 years and a fixed interest rate of 5.00 percent per year.
- c A debenture issue worth THB 5,000 million was issued on 5 July 2006, divided into 2 series. The first series worth THB 1,200 million has a maturity of 3 years and fixed interest rate of 6.30 percent per year. The second series worth THB 3,800 million has a maturity of 5 years and a fixed interest rate of 6.90 percent per year.

3. Source of funds

The debt to equity ratio as of 31 December 2006 was 1.2 times. Total liabilities of THB 53,055 million comprised of THB 36,550 million in current assets and THB 16,505 million in long-term liabilities, or in the proportion of 69:31.

As of 31 December 2006, shareholders' equity was THB 42,680 million. Major changes in shareholders' equity in 2006 were mostly from currency translation changes of overseas subsidiaries and associates due to appreciation of the Thai baht and changes in available-for-sale investment valuation – Company's portion.

4. Investments in 2007

In 2007, the Company plans to invest THB 4,514 million in accordance with the plans approved by the Board of Directors. THB 1,837 million will be invested in the livestock business while THB 2,677 million will be invested in the aquaculture business. Investment plans may change according to changes in the business environment.

Promulgation by the Federation of Accounting Profession relating to revised accounting standard

On 11 October 2006, the Federation of Accounting Profession (FAP) announced that the Thai Accounting Standard No. 44 (TAS No. 44) "Consolidated Financial Statements and Accounting for Investments in Subsidiaries" is to be revised. FAP announcement No. 26/2006 requires a parent company which has investments in a subsidiary company, jointly controlled entity or an associate company, which is not classified as a "held for sale" investment, to record such investment in accordance with either the cost method or with the recognition and measurement basis for financial instruments (when an announcement is made), instead of the equity method currently used. This revision to TAS No. 44 is applicable to financial statements covering periods beginning on or after 1 January 2007.

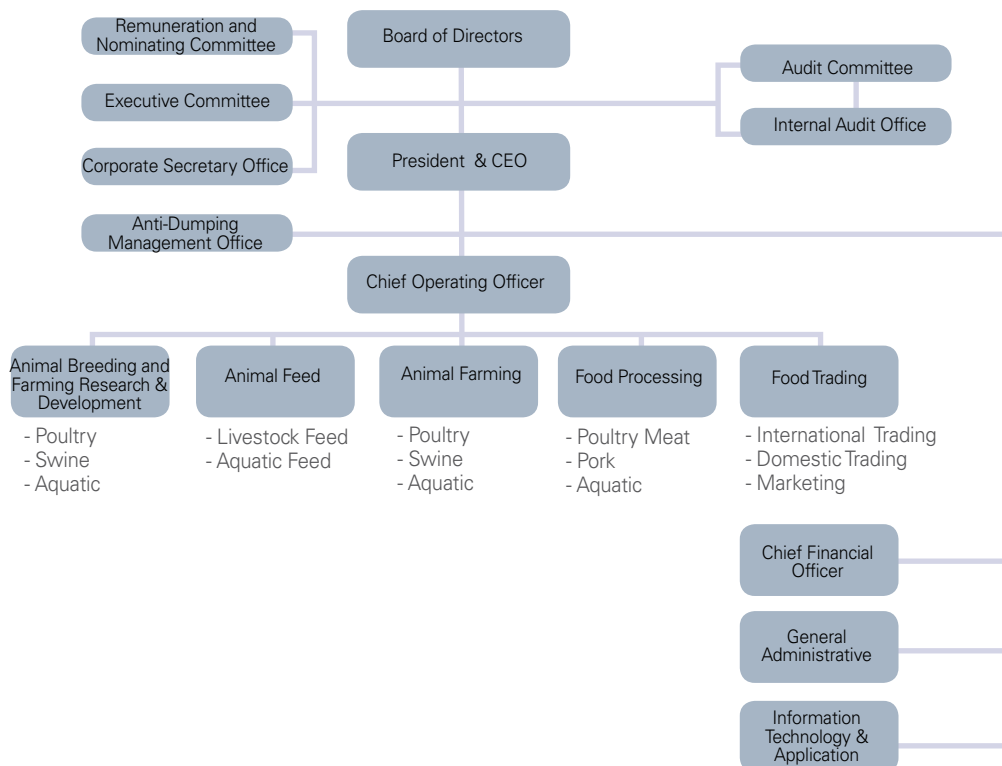
The Company proposes to adopt the change in accounting treatment for its investments in subsidiary companies and associates for the Company's 2007 financial statements. The change in accounting treatment will not affect the consolidated financial statements of the Group.



Management

Management Structure

as of December 31, 2006



Investment and Management Policy

The management structure of CPF is functioned by business line. Post the consolidation of agro-industry business of Charoen Pokphand Group to be under the Company in 1999, CPF also had vivid investment policy of investing only in core-business and/or businesses that related to its core-business only.

As of December 31, 2006, CPF has investments in subsidiaries, associated companies, and related companies of THB32,762 million, equivalent to 47% of CPF's total asset. CPF has policy to appoint management representatives to be as directors, who has controlling power, to govern the management of subsidiaries being effective and efficient as to the Company policy. CPF monitors the performance of its group of companies by having monthly meeting which is set to mutually consider their performance and guide the business plan with target for the month to come.

For each investment consideration, CPF may directly invest or invests through its subsidiaries which operate related-business. However, CPF has policy to have 100% holding in subsidiaries, excluding the joint-venture with the strategic partners.

กัดปุ๊บ..ก็รู้ว่า กุ้งพร้อมทอด จากซีพี



เนื้อกุ้งแน่น.. หวาน.. แป้งกรอบอร่อยอย่างนี้การันตีอยู่แล้ว

- คัดกุ้งคุณภาพจากฟาร์มมาตรฐานของ ซีพีเอฟ จึงทำให้มั่นใจได้ว่า กุ้งสด เนื้อแน่น หวาน
- นำมาปรุง ให้คุณอร่อยดั่งรอย เป็นเมนูหลากหลาย
- สะอาด ง่าย ๆ เพียงทอดก็อร่อยพร้อมเสิร์ฟ

สามารถซื้อได้ที่ ร้าน  และซูเปอร์มาร์เก็ตชั้นนำทั่วไป



กุ้งชุบแป้ง ซีพี



กุ้งชุบแป้ง ซีพี



กุ้งชุบแป้ง ซีพี



Board of Directors

As of December 31, 2006, CPF's Board of Directors consists 15 members as follows:

First Name	Last Name	Position	Attendance at the Meeting during 2006
1. Pol. Gen. Pow	Sarasin	Honorary Chairman & Independent Director ⁽¹⁾	14/15
2. Mr. Dhanin	Chearavanont	Chairman ⁽²⁾	12/15
3. Mr. Prasert	Poongkumarn	Vice Chairman ⁽²⁾	8/15
4. Mr. Min	Tieanworn	Vice Chairman ⁽²⁾	15/15
5. Mr. Chingchai	Lohawatanakul	Vice Chairman ⁽²⁾	11/15
6. Mr. Arsa	Sarasin	Independent Director ⁽¹⁾	12/15
7. Professor Dr. Athasit	Vejjajiva	Independent Director ⁽¹⁾	15/15
8. Mr. Thanong	Termpangpun	Independent Director ⁽¹⁾	15/15
9. Mr. Phongthep	Chiaravanont	Director ⁽²⁾	11/15
10. Dr. Veeravat	Kanchanadul	Director ⁽²⁾	14/15
11. Mr. Adirek	Sripatak	Director ⁽²⁾	15/15
12. Mr. Pong	Visedpaitoon	Director ⁽²⁾	15/15
13. Mr. Thong	Chotirat	Director ⁽²⁾	4/15
14. Mr. Sunthorn	Arunanondchai	Director ⁽²⁾	13/15
15. Mrs. Arunee	Watcharananan	Director ⁽²⁾	15/15

⁽¹⁾ The Directors No.1, and 6-8 are independent directors whose possess the qualifications in accordance with the Notification of the Office of the Securities and Exchange Commission No. Kor Jor, 12/2543; Re: Application for permission and granting of permission to offer for sale new shares issued

⁽²⁾ The Directors No.2-5 and 9-15 are authorized directors whereby any two of the authorized directors shall sign on behalf of the Company with the Company's seal affixed.

■ Composition of the Board of Directors

The Company's Board of Directors must consist of at least 5 directors and at least half of the directors must have residence within Thailand.

As of December 31, 2006, the Company's Board of Directors comprised 4 independent directors, 6 executive directors and 5 non-executive directors. The Board of Directors appoints the Honorary Chairman, the Chairman and the Vice Chairman who may hold an executive director position or a non-executive director position. In case of lack of independence of the chairman or a transaction in which the chairman has conflict of interest, the honorary chairman or an independent director shall preside as Chairman of the meeting in considering the matter.

Every member of the Company's Board of Directors has residence in Thailand, possesses business and industry-related experience, understands the business obstacles, performs work effectively, can create competitive advantage in the industry and can provide beneficial views on important risks. Furthermore,

every member of the Board of Directors is a qualified person and does not have the qualifications which are prohibited under the Public Limited Company Act and the Notification of the Office of the Securities and Exchange Commission.

The Independent Directors possess the qualifications in accordance with the Notification of the Office of the Securities and Exchange Commission No. Kor Jor, 12/2543; Re: Application for permission and granting of permission to offer for sale new shares issued, briefly stated, the Independent Directors does not hold more than 1% of the voting shares of the Company, its subsidiaries, or others of the Company's connected persons, do not have any involvement with the Company in terms of management and/or provide professional services, do not have any business involvement with the Company, do not have any personal, business or other relationship with the Company or the management, do not represent any specific shareholder group, and do not have any financial or personal involvement with the Company, thus allowing independent judgment and ensuring that the interests of all shareholders are equally protected.

■ Appointment and Selection

Each director, including the independent director, has a 3-year term post, excluding the case of being the replaced director for the available position caused by other factors rather than by rotation. At every annual general meeting, one-third of the directors shall retire from office. If the number of directors is not a multiple of three, then the number nearest to one-third shall retire from office. The directors serving the longest shall retire. The departing directors may be re-elected if approved by the shareholders. In case appoint of a new director, the Remuneration and Nominating Committee shall recruit persons with the qualifications, knowledge and expertise suitable for the position, and then propose them to the Board of Directors for considering to propose to shareholders for approval.

In case of a vacancy in the Director position, for reasons other than the completion of the term and the remaining term is at least two months, the Remuneration and Nominating Committee shall recruit persons with required qualification to the Board of Directors for the appointment to serve as Director in the next Board of Directors' Meeting. The resolution must be passed by at least three-fourths of the remaining number of directors. The newly appointed director shall assume the position for the remaining term of the previous director.

In assuming the position of Director, each director will receive important company information, the code of conduct of the Board of Directors that clearly prescribes the roles and responsibilities of directors, advice concerning the legal obligations, rules and regulations and conditions of being a Director of a listed company in the Stock Exchange of Thailand as well as an orientation of the Company's business.

■ Shareholders have the right to appoint the Board of Directors under the following criteria:

1. Each shareholder shall have a number of votes equal to one share per one vote.
2. Each shareholder must exercise all the votes he has in order to appoint an individual or several persons to be the director(s) but a shareholder shall not split his votes among any person or group of persons.
3. The persons receiving the highest number of votes in descending order shall be appointed as directors depending on the requirement of directors set at such time. In the event that a number of persons receive an equal number of votes for the last directorship rendering the number of directors more than which is required at such time, the chairman of the meeting shall have a casting vote.
4. At shareholder's meeting any director may be dismissed before retirement by rotation by the resolution of not less than three-fourths of the number of shareholder who attend the meeting and have the right to vote and collectively hold not less than half of the number of shares of the shareholders who attend the meeting and have the right to vote.

■ Roles and Responsibilities of the Board of Directors

The Board of Directors are appointed by the Company's shareholders who have considered the personal qualifications, knowledge, competency and ability of the person to devoting his/her time to perform duties for the Company to ensure that the director has the experience and knowledge to operate the business to maximize the benefits of all the stakeholders.

The Board of Directors have been entrusted by the shareholders to honestly and fairly manage the Company's business as indicated in the Memorandum of Association and in comply with the Articles of Association of the Company, the resolutions of the shareholders' meetings and related regulations. The Board of Directors, under the authority, may assign one or several directors or any other person to perform any act on its behalf with clear indication of roles and responsibilities to the assignee.

The Board of Directors regulates the policy and sets direction of the Company as well as oversees the duty performed by the management to ensure that it is still in line with the policy. The Board of Directors delegates authority and responsibility of day-to-day management to the President and top management respectively as well as appoints various committees to assist with specific operations. The duties of the Chairman of the Board and the President do not overlap. In assigning duties and responsibilities to manage the Company's operations to top management, the President is responsible to the Board of Directors.

In addition, the Board of Directors appoints the Corporate Secretary Office to provide counsel and assist the Board of Directors in the areas of legal and corporate compliance. The Corporate Secretary Office also

coordinates with and takes care of the Company's shareholders to ensure that they receive appropriate treatment.

■ **The Board of Directors' roles and responsibilities in managing the Company's business include:**

1. Determining the Company's overall business policy, financial policy, funding policy and risk management policy
2. Approving the Company's budget and investment plans and overseeing the development of the plans
3. Overseeing the Company's business according to set goals and determining ways to overcome obstacles
4. Arranging for the Company's general and financial information to be reported to shareholders and stakeholders in an accurate and timely manner according to the law
5. Acknowledging the audit report on material issues and determining ways to remedy in case there is any deficiency
6. Reviewing the adequacy and appropriateness of the Company's internal control systems and risk management
7. Arranging for the Company's Succession Plan

Audit Committee

CPF's Audit Committee was appointed by the Board of Directors to assist the Board of Directors with overseeing the efficiency and effectiveness of financial reporting, internal control and risk management, internal audit and compliance to related rules and regulations and business ethics.

The present Audit Committee was appointed by the Board of Directors on December 19, 2005 to be the members for another term of 3 years. The Audit Committee comprises 4 independent directors who have no management duties as follows:

1. Pol. Gen. Pow	Sarasin	Chairman of the Audit Committee
2. Mr. Arsa	Sarasin	Member
3. Professor Dr. Athasit	Vejjajiva	Member
4. Mr. Thanong	Termpangpun	Member

Mr. Voravit Janthanakul carries out duties as Secretary of the Audit Committee.

The Board of Directors appoints the Chairman and Secretary of the Audit Committee. The Secretary of the Audit Committee has no voting right. At least one committee member must have knowledge, understanding and experience in accounting and finance and be consistently knowledgeable of events

affecting the changes in financial reporting. The Audit Committee can seek advice from an independent specialist.

The term of service of committee members is 3 years to ensure continuity of the performance of the work of the Audit Committee. A departing committee member may be re-appointed for another term. In case that any committee member wishes to resign before the expiration of his term of service, he should give a written notice one month in advance. A new committee member who replaces a resigning committee member assumes the remaining term of service of the departing committee member.

In each Audit Committee meeting, the Audit Committee is empowered to invite the President, Chief Operating Officer, Chief Financial Officer, management, Auditor and Head of the Internal Audit Office to attend the meeting for clarification purposes. In necessary cases, the Audit Committee may also meet with the Internal Audit Office and the Company’s Auditor without management of an ad hoc basis.

■ Roles and Responsibilities of the Audit Committee

The Audit Committee’s roles and responsibilities are as follows:

- 1. Reviewing the financial statements to properly report and sufficient disclose
- 2. Reviewing the proper and effectiveness of the internal control and auditing
- 3. Reviewing compliance to related rules and regulations to business, include those of the Stock Exchange of Thailand
- 4. Considering the selection and appointment of the auditor and the annual audit fee
- 5. Reviewing the Company’s information disclosures related to connected transactions and/or possible conflicts of interest to correctly and sufficiency report
- 6. Preparing the Corporate Governance report and the Audit Committee’s report proposing to the Board of Directors and disclosing in the Company’s annual report.
- 7. Carrying out other duties, that they agree on, as assigned by the Board of Directors.

The Remuneration and Nominating Committee

CPF’s Remuneration and Nominating Committee was appointed by the Board of Directors on February 8, 2006. Its main duties are to select qualified persons with proper knowledge, ability and experience to assume positions in the Board of Directors, including set remuneration framework and then propose to the Board of Directors for considerations.

The Remuneration and Nominating Committee comprises 3 members, with term of 3 years. The 2 members are independent directors, and another is the President namely as follows:

- | | | | |
|----|---------------|-----------|----------|
| 1. | Pol. Gen. Pow | Sarasin | Chairman |
| 2. | Mr. Arsa | Sarasin | Member |
| 3. | Mr. Adirek | Sripratak | Member |

The Board of Directors appoints the Chairman and member of the Remuneration and Nominating Committee. The Chairman appoints secretary of the Committee. The term of service of committee members is 3 years to ensure continuity of the performance of the work. The term may be changed by the approval from the Board of Directors. A departing committee member may be re-appointed for another term upon the agreement from the Board of Directors. In case that any committee member wishes to resign before the expiration of his term of service, he should give a written notice one month in advance.

The meeting of Remuneration and Nominating Committee shall be held at least 1 time a year. Addition meetings shall be properly arranged upon the agreement of its Chairman. In each Committee meeting, the Committee is empowered to others person such as the Company's executives and/or external consultants to attend the meeting for clarification purposes.

■ Roles and Responsibilities of the Remuneration and Nominating Committee

1. In case of a Directorship vacancy, the Committee shall propose persons, who has already been through the selection process and are qualified to assume that positions to the Board of Director for considerations.
2. Review the structure, size, and composition of the Board of Directors, and suggest any appropriate change if any.
3. Assess the performance of the Board of Directors annually
4. Set and review proper remuneration policy, guidelines, and compensation of the Board of Directors in accordance with their responsibilities as well as in comparison to the industry average. The benefit that the Company shall have from each Director is also a factor for considering his/her compensation. However, the compensation should have been in accordance with policy set by the Board of Directors by considering his/her performance results in relation to the Company's operating performance. Any change in the remuneration from the existing shareholder's approval must be approved by the shareholders.
5. Others matters related to its duties that required by the Board of Directors.

■ Orientation of a new Director

The Company shall have the orientation for its new appointed directors by attending the program of the Thai Institute of Directors Association. The objectives are to be acknowledged of the following information.

1. The Role of Director and its Legal Responsibilities
2. The Directors' Guidelines of Practicing its Role according to Regulations and Guidelines of the Stock Exchange of Thailand together with the Stock Exchange Committee, and also the Corporate Governance Principles.

Executive Committee

The Board of Directors appoints the Executive Board by considering persons with qualifications, knowledge, competency and experience related to the Company's business to assist with efficient and effective management of operations according to the Company's policies and objectives laid down by the Board of Directors.

As of December 31, 2006, CPF's Executive Board consists of the following members:

	First Name	Last Name	Position
1.	Mr. Chingchai	Lohawatanakul	Chairman of the Executive Board
2.	Mr. Adirek	Sripratak	President and Chief Executive Officer (CEO)
3.	Mr. Pong	Visedpaitoon	Chief Operating Officer (COO)
4.	Mr. Phongthep	Chiaravanont	Executive Director
5.	Mr. Thong	Chotirat	Executive Director
6.	Mrs. Arunee	Watcharananan	Executive Director
7.	Mr. Voravit	Janthanakul	Executive Director
8.	Mr. Teerasak	Urunanon	Executive Director
9.	Mr. Vitit	Pootanasap	Executive Director
10.	Ms. Patchara	Chartbunchachai	Executive Director
11.	Mr. Paisan	Chirakitcharern	Chief Financial Officer (CFO) and Secretary

The Board of Directors appoints the Chairman of the Executive Board, Chief Executive Officer, Chief Operating Officer, and the Secretary of the Executive Board. In the case that the Chairman of the Executive Board is unable to attend the Executive Board meeting, he will assign the President or the Chief Operating Officer to act as Chairman of the meeting. In each meeting, the Executive Board may invite other persons such as management representatives and/or external advisors to attend the meeting if deemed necessary.

■ The primary responsibilities of the Executive Board include the following:

1. Determine the goals and strategies of each business as well as set up policies on human resources performance appraisals and remuneration.
2. Scrutinize budgets and investment decisions of each business before submitting to the Board of Directors for approval and subsequently adjust the approved budgets to be suitable for the changing situation, if there is any
3. Follow-up on the operating performance and the progress of investment projects in each business as well as performance report, problems and obstacles encountered and possible solutions to the Board
4. Follow and monitor developments in management and risk management system of each business.

5. Follow and monitor human resource development, management promotion and rotation in each business according to the Company's plans.
6. Evaluate alternative sources of funding necessary for various investment projects to be approved by the Board of Directors.
7. Follow and monitor uses of funds, fund management and financial status of each business.

Management

As of December 31, 2006, CPF management comprises the following:

	First Name	Last Name	Position
1.	Mr. Adirek	Sripatak	President and Chief Executive Officer (CEO)
2.	Mr. Pong	Visedpaitoon	Chief Operating Officer (COO)
3.	Mr. Teerasak	Urunanon	Executive Vice President, Integrated Food Processing Unit
4.	Mr. Virachai	Ratanabanchuen	Executive Vice President, Livestock Feed Unit
5.	Mr. Anek	Boonnoon	Executive Vice President, Regional Integration Unit
6.	Mr. Vitit	Pootanasap	Executive Vice President, Aquatic Feed Unit
7.	DVM Sujint	Thammasart	Executive Vice President, Aquatic Research & Development Unit
8.	Mr. Prajit	Udnoon	Executive Vice President, Poultry Research & Development Unit
9.	Mr. Somkuan	Choowatanapakorn	Executive Vice President, Swine Research & Development Unit
10.	Mr. Pisit	Ohmpornnuwat	Executive Vice President, Foods Trading Unit
11.	Mr. Voravit	Janthanakul	Executive Vice President, General Administration Unit
12.	Mr. Praderm	Chotsuparach	Executive Vice President, Information Technology & Application Unit
13.	Mr. Paisan	Chirakitcharearn	Chief Financial Officer

■ Roles and Responsibilities of the President

The President, who has the highest management position in the Company, is appointed by the Board of Directors to manage the operations of the Company in order to achieve the Company's objectives and goals set by the Board of Directors, be responsible for governance of the Company to create maximum benefits for all stakeholders with appropriateness and fairness, and oversee the disclosure of the Company's general and financial information according best practices. In addition, the President has authority in carrying out duties according to the Company's policies and scope of authority, except authority in the following matters which must be approved by the Board of Directors:

1. Accepting credit line or borrowing money from financial institutions
2. Lending money or providing financial assistance to other parties except for short-term loans to subsidiaries in which the Company directly or indirectly holds shares in excess of 90 percent

3. Investing in or divesting from other companies
4. Approving new investment projects except for projects that have been approved in the shareholders' meeting or Board of Directors' meeting
5. Entering into connected transactions according to the rules and regulations of the Stock Exchange of Thailand
6. Entering into the acquisition or disposition of substantial assets that must be processed according to the rules and regulations of the Stock Exchange of Thailand
7. Matters in which the President or connected persons to the President may have a conflict of interest with CPF or its subsidiaries
8. Other matters that as prescribed by the laws must be approved by the Board of Directors or the shareholders' meeting

■ Selection of Management

The Board of Directors assigns the Executive Committee to be responsible for selecting qualified persons with knowledge, competency and related experience to assume senior management positions.

■ Remuneration of Management

The Board of Directors assigns the Executive Committee to determine and review the remuneration for the Company's management in accordance with their responsibilities and performance results in relation to the Company's operating performance as well as in comparison to the industry average.

■ Remuneration for the Board of Directors

Cash remuneration In 2006, the total remuneration for 15 members of the Board of Directors was THB 26.6 million in accordance with the approval of the shareholders at the Annual General Meeting of Shareholders No. 1/2000 held on March 29, 2000, with details as follows:

	First Name	Last Name	Remuneration in 2006 (THB)
1.	Pol. Gen. Pow	Sarasin	3,500,000
2.	Mr. Dhanin	Chearavanont	2,800,000
3.	Mr. Prasert	Poongkumarn	2,100,000
4.	Mr. Min	Tieanworn	2,100,000
5.	Mr. Chingchai	Lohawatanakul	2,100,000
6.	Mr. Arsa	Sarasin	1,400,000
7.	Professor Dr. Athasit	Vejjajiva	1,400,000
8.	Mr. Thanong	Termpangpun	1,400,000
9.	Mr. Phongthep	Chiaravanont	1,400,000
10.	Dr. Veeravat	Kanchanadul	1,400,000
11.	Mr. Adirek	Sripatak	1,400,000
12.	Mr. Pong	Visedpaitoon	1,400,000

	First Name	Last Name	Remuneration in 2006 (THB)
13.	Mr. Thong	Chotirat	1,400,000
14.	Mr. Sunthorn	Arunanondchai	1,400,000
15.	Mrs. Arunee	Watcharananan	1,400,000

Other Remuneration None

■ Remuneration for the Audit Committee

Cash Remuneration In 2006, the total remuneration for 4 members of the Audit Committee was THB 7.7 million with details as follows:

Position	Remuneration in 2006 (THB)
Chairman of the Audit Committee	3,500,000
Member	1,400,000

Other Remuneration None

■ Remuneration for the Executive Board and Management

Cash Remuneration In 2006, the total remuneration, including monthly salary and bonus, for 9 members of the Executive Board and the management of CPF amounted to THB 113 million.

Other Remuneration None

Brief profile of Directors and Management

Pol.Gen. Pow Sarasin

78 years of age

- Honorary Chairman, Independent Director and Chairman of the Audit Committee

Education

- Bachelor of Criminology from University of California, USA
- Bachelor of Science in Chemistry from Johns Hopkins University, USA
- Honorary Doctorate in Public Administration from Ramkhamhaeng University, Thailand
- Commercial Defense College, Thailand
- Enrollment in Directors Accreditation Program No. 5/2003, the Thai Institute of Directors

% shareholding in the Company as of December 31, 2006

- 880,000 shares, equivalent to 0.0117%

Family relations with other executives

- Elder brother of Mr. Arsa Sarasin

Attendance at Board of Directors' Meetings during 2006

- 14 times out of 15 meetings

Work Experience for the past 5 years

- Vice Chairman, Kasikornbank Plc.
- Director, Quality House Plc.
- Director, Siam Food Products Plc.



Mr. Dhanin Chearavanont

68 years of age

- Chairman of the Board of Directors

Education

- National Defense College, Thailand
- Commercial School, Hong Kong
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

Family relations with other executives

- Cousin of Mr. Phongthep Chiaravanont

Attendance at Board of Directors' Meetings during 2006

- 12 times out of 15 meetings

Positions in the Company's subsidiaries

- Director, BKP Holdings Limited

Work Experience for the past 5 years

- Chairman and Chief Executive Officer, Charoen Pokphand Group Co., Ltd.
- Chairman, True Corporation Plc.
- Chairman, C.P. Seven Eleven Plc.
- Honorary Chairman, Siam Makro Plc.
- Director, True Move Co., Ltd.



Mr. Prasert Poongkumarn

71 years of age

Vice Chairman

Education

- Honorary Doctorate in Social Development from Prince of Songkla University, Thailand
- Honorary Doctorate in Agriculture from Jejiang University, Chengchou province, the People's Republic of China
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

% shareholding in the Company as of December 31, 2006

- 1,809,283 shares, equivalent to 0.0241%

Attendance at Board of Directors' Meetings during 2006

- 8 times out of 15 meetings

Positions in the Company's subsidiaries

- Director, C.P. Merchandising Co., Ltd.
- Director, C.P. Food Product (Shanghai) Co., Ltd.
- Director, Charoen Pokphand (India) Private Limited

Work Experience for the past 5 years

- Vice Chairman, Charoen Pokphand Group Co., Ltd.
- Director, C.P. Intertrade Co., Ltd.
- Director, CPPC Plc.



Mr. Min Tieworn

71 years of age

Vice Chairman

Education

- Honorary Professor in Economics from Jejiang University, Chengchou province, the Peoples Republic of China
- Honorary Doctorate in Sociology and Anthropology from Ramkhamhaeng University, Thailand
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

Attendance at Board of Directors' Meetings during 2006

- 15 times out of 15 meetings

Positions in the Company's subsidiaries

- Director, CPF Investment Limited
- Director, BKP Holdings Limited

Work Experience for the past 5 years

- Director, Charoen Pokphand Group Co., Ltd.



Mr. Chingchai Lohawatanakul

68 years of age

- Vice Chairman

Education

- Master of Science from Arizona State University, USA
- Enrollment in Directors Certification Program No. 5/2001, the Thai Institute of Directors

% shareholding in the Company as of December 31, 2006

- 3,139,140 shares, equivalent to 0.0417%
(decreased 200,000 shares from as of December 31, 2005)

Attendance at Board of Directors' Meetings during 2006

- 11 times out of 15 meetings

Positions in the Company's subsidiaries

- Director, CPF Investment Limited
- Director, C.P. Merchandising Co., Ltd.

Work Experience for the past 5 years

- Director, Charoen Pokphand Group Co., Ltd.

**Mr. Arsa Sarasin**

71 years of age

- Independent Director and a member of the Audit Committee

Education

- Bachelor degree in Business Administration from Boston University, USA
- Enrollment in Directors Accreditation Program No. 5/2003, the Thai Institute of Directors

% shareholding in the Company as of December 31, 2006

- 1,600,000 shares, equivalent to 0.0213%

Family relations with other executives

- Younger brother of Pol. Gen. Pow Sarasin

Attendance at Board of Directors' Meetings during 2006

- 12 times out of 15 meetings

Work Experience for the past 5 years

- Principal Private Secretary to His Majesty the King of Thailand
- Chairman, Siam Makro Plc.
- Chairman, Padaeng Industrial Plc.
- Director, Siam Cement Plc.
- Director, Thai Pure Drinks Co., Ltd.

**Professor Dr. Athasit Vejajiva**

72 years of age

- Independent Director and a member of the Audit Committee

Education

- FRCP from the Physician's College of London, UK
- Honorary Doctorate in Internal Medical from Mahidol University, Thailand
- Honorary Doctorate in Clinical Science from Mahidol University, Thailand
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

Attendance at Board of Directors' Meetings during 2006

- 15 times out of 15 meetings

Work Experience for the past 5 years

- Honorary Doctorate, Mahidol University

**Mr. Thanong Termpongpan**

71 years of age

- Independent Director and a member of the Audit Committee

Education

- Master of Business Administration from the American University, USA
- Bachelor Degree in Accounting and in Commerce, Thammasat University, Thailand
- Enrollment in Directors Certification Program No. 9/2001, the Thai Institute of Directors

Attendance at Board of Directors' Meetings during 2006

- 15 times out of 15 meetings

Work Experience for the past 5 years

- Advisor, Worachak International Co., Ltd.



Brief profile of Directors and Management

Mr. Phongthep Chiaravanont

57 years of age

- Director and Executive Director

Education

- Master Degree in Avian Sciences from University of California at Davis, USA
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

% shareholding in the Company as of December 31, 2006

- 500,000 shares, equivalent to 0.0066%

Family relations with other executives

- Cousin of Mr. Dhanin Chearavanont

Attendance at Board of Directors' Meetings during 2006

- 11 times out of 15 meetings

Positions in the Company's subsidiaries

- Director, C.P. Merchandising Co., Ltd.
- Chief Executive Officer, Charoen Pokphand (USA), Inc.
- Director, CP Foods West, Inc.

Work Experience for the past 5 years

- Director, Charoen Pokphand Group Co., Ltd.



Dr. Veeravat Kanchanadul

69 years of age

- Director

Education

- Doctorate in Business Administration from University of Illinois, USA

% shareholding in the Company as of December 31, 2006

- 15,605,170 shares, equivalent to 0.2075%
(decreased 1,056,100 shares from as of December 31, 2005)

Attendance at Board of Directors' Meetings during 2006

- 14 times out of 15 meetings

Positions in the Company's subsidiaries

- Director, BKP Holdings Limited
- Director, CPF Investment Limited

Work Experience for the past 5 years

- Honorary President, Association of Listed Companies
- Senior Director, National Institute of Development Administration, Thailand
- Director, Program for Joint Doctorate in Business Administration
- Director, Thammasat University Council



Mr. Adirek Sripratak

61 years of age

President and Chief Executive Officer

Education

- Honorary Doctorate in Science from Maejo University, Thailand
- Enrollment in Directors Certification Program No. 5/2001, the Thai Institute of Directors
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

% shareholding in the Company as of December 31, 2006

- 6,000,000 shares, equivalent to 0.0798% (decreased 4,000,000 shares from as of December 31, 2005)

Family relations with other executives

- Elder brother of Mrs. Arunee Watcharananan

Attendance at Board of Directors' Meetings during 2006

- 15 times out of 15 meetings

Positions in the Company's subsidiaries

- Chairman, Bangkok Agricultural Products Plc.
- Chairman, Bangkok Produce Merchandising Plc.
- Chairman, Charoen Pokphand Northeastern Plc.
- Director, Bangkok Feedmill Co., Ltd.
- Director, C.P. Food Solutions Co., Ltd.
- Director, C.P. Merchandising Co., Ltd.
- Director, CP-Yonekyu Co., Ltd.
- Director, CPF Training Center Co., Ltd.

- Director, CPF Food Products Co., Ltd.
- Director, CPF IT Center Co., Ltd.
- Director, Charoen Pokphand (India) Private Limited
- Director, CPF Investment Limited
- Director, C.P. Laos Co., Ltd.

Work Experience for the past 5 years

- Honorary Chairman of the Thai Broiler Export Association
- Director, C.P. Seven Eleven Public Company Limited
- Honorary Director, Chiangmai University Council



Mr. Pong Visedpaitoon

62 years of age

Director, Executive Director and Chief Operating Officer

Education

- Honorary Doctorate in Fisheries from Maejo University, Thailand
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

% shareholding in the Company as of December 31, 2006

- none (decreased 2,000,000 shares from as of December 31, 2005)

Attendance at Board of Directors' Meetings during 2006

- 15 times out of 15 meetings

Positions in the Company's subsidiaries

- Director, C.P. Merchandising Co., Ltd.
- Director, Pokphand Aquatech Co., Ltd.
- Director, Asia Aquaculture (M) Sdn. Bhd.
- Director, Calibre Nature (M) Sdn. Bhd.
- Director, Star Feedmills (M) Sdn. Bhd.

**Mr. Thong Chotirat**

56 years of age

■ Director and Executive Director

Education

- Professional Diploma from Rajamangala Institute of Technology, Bangkok Commerce Campus, Thailand
- Honorary Bachelor in Science, Economics and Agricultural Administration from Rajamangala Institute of Technology, Bangpra, Thailand

Attendance at Board of Directors' Meetings during 2006

- 4 times out of 15 meetings

**Mr. Sunthorn Arunanondchai**

65 years of age

Director

Education

- Master of Business Administration from University of Arkansas, USA
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

% shareholding in the Company as of December 31, 2006

- 14,248,299 shares, equivalent to 0.1888% (increased 50,000 shares from as of December 31, 2005)

Attendance at Board of Directors' Meetings during 2006

- 13 times out of 15 meetings

Work Experience for the past 5 years

- President of C.P. Land Co., Ltd.
- Chairman, Ek-Chai Distribution System Co., Ltd.

**Mrs. Arunee Watcharananan**

59 years of age

Director and Executive Director

Education

- Bachelors degree in Economics from Thammasat University, Thailand
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

% shareholding in the Company as of December 31, 2006

- 7,639,999 shares, equivalent to 0.1016%

Family relations with other executives

- Younger sister of Mr. Adirek Sripratak

Attendance at Board of Directors' Meetings during 2006

- 15 times out of 15 meetings

Positions in the Company's subsidiaries

- Director, Bangkok Agricultural Products Plc.
- Director, Charoen Pokphand Northeastern Plc.
- Director, C.P. Merchandising Co., Ltd.
- Director, Pokphand Aquatech Co., Ltd.
- Director, CPF Investment Limited



Brief profile of Directors and Management

Mr. Voravit Janthanakul

61 years of age

- Executive Director and Executive Vice President, General Administrative

Education

- Master of Business Administration from Thammasat University, Thailand
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

Positions in the Company's subsidiaries

- Director, Bangkok Agricultural Products Plc.
- Director, Bangkok Produce Merchandising Plc.
- Director, Charoen Pokphand Northeastern Plc.
- Director, Bangkok Feedmill Co., Ltd.
- Director, Charoen Pokphand Industry Co., Ltd.
- Director, C.P. Agro-Industry Co., Ltd.
- Director, C.P. Food Products Co., Ltd.
- Director, C.P. Food Solutions Co., Ltd.
- Director CPF Training Center Co., Ltd.
- Director, CPF Food Products Co., Ltd.
- Director, CPF IT Center Co., Ltd.
- Director, B.P. Feedmill Co., Ltd.
- Director, Bangkok Farm Co., Ltd.
- Director, Pokphand Aquatech Co., Ltd.
- Director, Universal Foods and Marketing Co., Ltd.
- Director, Rajburi Feedmill Co., Ltd.
- Director, Vee Food Products Co., Ltd.
- Director, International Pet Foods Co., Ltd.



Mr. Teerasak Urunanon

58 years of age

- Executive Director and Executive Vice President, Food Integrated Business Unit

Education

- Professional Diploma from Thonburi Commercial College, Thailand
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

% shareholding in the Company as of December 31, 2006

- 21,000 shares, equivalent to 0.0003%

Positions in the Company's subsidiaries

- Director, Bangkok Produce Merchandising Plc.
- Director, CPF Food Products Co., Ltd.

Work Experience for the past 5 years

- Executive Director of the Thai Feedmill Association



Mr. Vitit Pootanasap

54 years of age

- Executive Director and Executive Vice President, Aquatic Feed Unit

Education

- Bachelor degree in Business Administration, Ramkhamhaeng University, Thailand
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

% shareholding in the Company as of December 31, 2006

- 12,100 shares, equivalent to 0.0002%

Positions in the Company's subsidiaries

- Director, Pokphand Aquatech Co., Ltd.



Mr. Paisan Chirakitchareon

48 years of age

- Secretary of Executive Director and Chief Financial Officer

Education

- Master of Business Administration from National Institute of Development Administration, Thailand
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

Positions in the Company's subsidiaries

- Director, Bangkok Agricultural Products Plc.
- Director, Charoen Pokphand Northeastern Plc.
- Director, Bangkok Feedmill Co., Ltd.
- Director, Charoen Pokphand Industry Co., Ltd.
- Director, C.P. Agro-industry Co., Ltd.
- Director, C.P. Merchandising Co., Ltd.
- Director, CPF Food Products Co., Ltd.
- Director, CPF IT Center Co., Ltd.
- Director, B.P. Feedmill Co., Ltd.
- Director, Rajburi Feedmill Co., Ltd.
- Director, CPF Europe S.A.
- Director, CP Foods (UK) Limited
- Director, CPF Denmark A/S
- Director, CPF Tokyo Company Limited



Miss Patchara Chartbunchachai

49 years of age

- Executive Director

Education

- Bachelor Degree in Accounting from Thammasat University, Thailand
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

% shareholding in the Company as of December 31, 2006

- 461,000 shares, equivalent to 0.0061 %

Positions in the Company's subsidiaries

- Director, Chanthaburi Aquaculture Farm Co., Ltd.
- Director, C.P. Merchandising Co., Ltd.
- Director, CP-Yonekyu Co., Ltd.
- Director, C.P. Agro-industry Co., Ltd.
- Director CPF Training Center Co., Ltd.
- Director, CPF IT Center Co., Ltd.
- Director, Trad Prawn Culture Center Co., Ltd.
- Director, Savee Faming Co., Ltd.

**Mr. Virachai Ratanabanchuen**

58 years of age

- Executive Vice President, Livestock Feed Unit

Education

- Bachelor degree in Accounting from Thammasat University, Thailand
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

% shareholding in the Company as of December 31, 2006

- 230 shares, equivalent to 0.0000 %

Positions in the Company's subsidiaries

- Director, Bangkok Agricultural Products Plc.
- Director, Charoen Pokphand Northeastern Plc.
- Director, Bangkok Feedmill Co., Ltd.
- Director, CP-Yonekyu Co., Ltd.
- Director, C.P. Laos Company Limited
- Director, Charoen Pokphand Industry Co., Ltd.
- Director, B.P. Feedmill Co., Ltd.
- Director, Rajburi Feedmill Co., Ltd.
- Director, Vee Food Products Co., Ltd.

Work Experience for the past 5 years

- President, Thai Feedmill Association

**Mr. Anek Boonnoon**

54 years of age

Executive Vice President, Regional Integration Unit

Education

- Bachelor degree in agriculture, major in Veterinary Sciences, Kasetsart University, Thailand

Positions in the Company's subsidiaries

- Director, Bangkok Agricultural Products Plc.
- Director, Charoen Pokphand Northeastern Plc.
- Director, Bangkok Feedmill Co., Ltd.
- Director, Charoen Pokphand Industry Co., Ltd.
- Director, C.P. Agro-industry Co., Ltd.
- Director, Rajburi Feedmill Co., Ltd.

**DVM. Sujint Thammasart**

54 years of age

- Executive Vice President, Aquatic Research & Development Unit

Education

- Bachelor degree in Veterinary Medicine, Kasetsart University, Thailand
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

Positions in the Company's subsidiaries

- Director, Seafoods Enterprise Co., Ltd.
- Director, Shrimp Improvement Systems (Thailand) Co., Ltd.
- Director, Pokphand Aquatech Co., Ltd.



Brief profile of Directors and Management

Mr. Somkuan Choowatanapakorn

59 years of age

- Executive Vice President, Swine Research & Development Unit

Education

- Master of Animal Breeding, Kasetsart University
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

Positions in the Company's subsidiaries

- Director, Bangkok Agricultural Products Plc.
- Director, Bangkok Feedmill Co., Ltd.



Mr. Prajit Udnoon

57 years of age

- Executive Vice President, Poultry Research & Development Unit

Education

- Bachelor of Science in Animal Husbandry, Chiangmai University
- Enrollment in Director Accreditation Program on May 4, 2005, the Thai Institute of Directors

Position in the Company's Subsidiary

- Director, Charoen Pokphand Northeastern Plc.



Mr. Pisit Ohmpornnuwat

53 years of age

- Executive Vice President, Foods Trading Unit

Education

- Professional Diploma from Assumption Commercial College
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

% Shareholding in the Company as of December 31, 2006

- 83,700 shares, equivalent to 0.0011 %

Position in the Company's subsidiaries

- Director, C.P. Merchandising Co., Ltd.
- Director, CPF Food Products Co., Ltd.
- Director, Aqua Beauty, Inc.
- Director, CP Foods (UK) Limited
- Director, CP Foods West, Inc.
- Director, CPF Denmark, A/S
- Director, CPF Europe S.A.
- Director, CPF Tokyo Company Limited



Mr. Praderm Chotsuparach

58 years of age

- Executive Vice President, Information Technology and Application

Education

- Master of Business Administration, Chulalongkorn University, Thailand
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

Positions in the Company's subsidiaries

- Director, CPF IT Center Co., Ltd.





■ Personnel

As of December 31, 2006, CPF's number of employees and labors are 25,028 persons, classified according to business units as follows:

Business Unit	Persons
1. Livestock Business	9,080
2. Aquaculture Business	15,948
Total	25,028

CPF remunerated to its employees in 2006 at a total of THB 4,381 million including salary, wage, bonus, welfare, training fees and employee's insurance fees.

Human Resource Development Policy

Human resource is the material factor for the success of the Company. In this respect, every level of personal has to receive the enhancement of their competency in performing their duties. In addition, having the good and proper working value shall also support the Company efficiently reach its target setting.

Thus, the Company has always handled the People Development as its key role and responsibility. This activity is part of the encouragement and support the systematic and sustainability growth of the Company. The Company, then, placed its major People Development Plan as follows.

1. Firmly intend to promote CPF Way as the cultural foundation leads to firmly and sustainability success. Those are Innovation, Achievement Orientation, Personal Mastery & Share Learning, Receptive to Change, and Integrity & Honesty.
2. Focus on training leaders who post ability to manage business globally. Aim is to create leaders who employees dedicate their effort in perform and develop the duties' efficiency according to business success. Moreover, there are also to be leaders who are able to encourage belief in perform duties with integrity, transparency, sustainability. All those are the important foundation skills to compete in the present global market.
3. Intend to enhance the personal skill from learning, research, and deliver their experience always. Those are through the modern way of learning and Knowledge Management which are

the exchange of accumulated present knowledge and experience. This is to encourage the rapid and efficiency of effective performance. The CPF Training Center is the central of the development and policy planning to extend the corporate capability through its personal competency. The plan is always developed according to business strategy.

- 4 Intend to create sustainability success through Talent program. This is to support the business growth and find the business successor for the future. All these are the important foundations for the growth of business through both internal and external selection.
- 5 Indicate the Internal Relations Cycle as Recruitment and Selection Center. This is to draw the recruitment guidelines, recruit potential person who is ready for the competency development for the current and future business needs.
- 6 Set and provide coordination to public activities that benefit in instilling personal to post social responsibility.



Corporate Governance

The Company is well aware of the importance of good corporate governance and has unanimous view that good corporate governance will enhance competitiveness and operating efficiency, thus adding value to the Company and increasing stakeholders' wealth in the long run. Good corporate governance is implemented in line with best international practices which cover honesty, transparency, independence, duties and responsibilities, fairness and social responsibilities to create confidence that the Company operates its business responsibly and treats all stakeholders equitably.

■ Corporate Governance Policy

The Board of Directors has approved the Company's Corporate Governance Policy on December 19, 2005 to present corporate value and guide the Board of Directors to conduct business according to related rules and regulation and business ethics. This framework also covers the best practices for directors; composition, roles and responsibilities, and independence of the Board of Directors; rights and equal treatment of shareholders and stakeholders; relations with stakeholders; information disclosure and transparency; supervision of use of internal information; and internal control and risk management.

■ Corporate Governance Structure

The Board of Directors is responsible for monitoring the management to perform in line with set strategies and plans for the greatest benefit of the Company and all stakeholders. The Board of Directors delegates authority and responsibility of day-to-day management to the President and top management respectively as well as appoints various committees to assist with specific operations.

The duties of the Chairman of the Board of Directors and the President do not overlap. The President is responsible to the Board of Directors in assigning duties and responsibilities to manage the Company's operations to top management.

■ Rights of Shareholders

The shareholders of CPF play a vital role in good corporate governance of the Company. The shareholders must be fairly treated in accordance with the laws. The Company adheres to the information dissemination with regard to the rights of shareholders in a timely manner. The Company assigns the Corporate Secretary office to ensure that the meeting procedures comply with the laws, and to facilitate shareholders equally.

Shareholders are informed of the meeting agenda through the Stock Exchange of Thailand's communication channels and the Company's website at least 1 month in advance. Notice of the General Meeting of Shareholders, a complete agenda and all relevant information are sent to shareholders at least 7 days or as required by law before the scheduled date of meeting to provide shareholders sufficient time for effective consideration and making a decision on how to vote on the matters proposed by the Board of Directors for approval at the meeting.



The Company has taken actions to facilitate the basic rights of shareholders. The shareholders must have regular access to accurate and timely information that is necessary for effective assessment, decision-making and voting on matters presented by the Board of Directors for approval at the shareholders' meeting. However, shareholders who are unable to attend the meeting in person are able to appoint a proxy to attend the Meeting by attaching the Proxy form together with the Invitation to the Annual General Shareholders' Meeting ("AGM"). For the year 2007, the Company has proposed the names of three persons which shareholders may appoint as a proxy, i.e. Pol. Gen. Pow Sarasin, Honorary Chairman and Chairman of the Audit Committee, Mr. Thanong Termpongpan an independent director, and Mr. Adirek Sripratak, President and Chief Executive Officer.

Through the website of the Company (www.cpf.co.th), the Company has invited shareholders to propose topics for the Board's considerations as agenda for the Annual Shareholders' Meeting and a qualified candidate for directorship in accordance with criteria set forth in the website prior to the Board of Directors' meeting to set the agendas for the Meeting. The Company will consider the proposal only the items that benefit to the Company and shareholders as a whole and comply with the related laws and regulations.

After casting the votes in the Shareholders' Meeting, the Company has prepared minutes of the Meeting that are fully noted, including all significant questions and opinions. The Company has strictly followed the shareholders' resolution.

In addition, the Company organized plant visits for shareholders to increase their understanding of the Company's businesses. In 2006, the Company arranged the plant visits for shareholders at aquaculture processing plant in Samutsakorn Province.

With regard to the profit allocation, the Company strictly complied with the dividend policy. In 2006, CPF paid 56.9% of net profit as dividend to shareholders.

■ Shareholders' Meeting

The Board of Directors arranges for the annual general meeting of shareholders to be held within 4 months after the end of the financial year. At the Shareholders' meeting the Company has a policy and guideline in organizing shareholders' meetings to ensure fair treatment of all shareholders at the meeting, convenience in attending the meeting and opportunities for shareholders to raise questions and express their opinions on the subject of discussion on the agenda.

The Company implemented information technology system in the voting procedures, to reduce the number of errors that humans are responsible for.

■ Rights of Stakeholders

The Company has a policy to protect the right and benefit of all stakeholders groups, include customers, employees, business partners, external auditors, presses, investors, securities analysts, related government organizations and communities where the Company operates its business. In addition, the Company has a policy to take care of the environment both within its operations and the nation as a whole, as mentioned in People Development Policy on Page 72 and in Corporate Social Responsibility on Page 90.

The Company has a policy to conduct business with stakeholders with honesty, fairness, transparency and no intention to seek personal gain which may cause conflicts of interest with the Company and stakeholders, including safeguarding business secrets of stakeholders. This all is to promote the corporation with stakeholders to foster strong ties and maintain business stability.

■ Leadership and Vision

The Board of Directors is responsible for the Company's business plans and operating performance by monitoring that the Company achieves its business goals through set short-term and long-term strategies. The Company's Board of Directors and Executive Board are composed of highly qualified persons with knowledge and related expertise to support the Company's operations, achieve determined goals and maximize shareholders' benefits.

With extensive experience in the agro-industrial and food industry, the Company's Chairman has a vision to develop sustained growth for Thailand's agro-industrial and food industry as well as continuously improve the organization to be able to compete on an international level.

The Board of Directors is responsible for ensuring that the Company formulates a long-term business strategy which reflects business trends, vision, short-term business plans and measurable goals. The Board of Directors approves policies and important business plans which are presented by the management, ensures clear communication so that the plans are effectively carried out, and regularly reviews policies, operating performance and internal control.

In the past year, the Board of Directors has performed their duties to the best of their abilities for the growth and stability of the Company. The Board of Directors has monitored transactions which may cause conflict of interest with caution and good faith to maximize the benefits of the Company, shareholders and stakeholders. The Board of Directors considers various matters at the monthly Board of Directors' Meeting, and in the case where a resolution must be made concerning a transaction with potential conflict of interest, the Director with vested interest shall not attend the meeting and vote on the matter.

The Board of Directors has set a policy to invest only in the Company's core business or businesses related to the core business. Representatives are appointed to assume executive directorship positions in the subsidiaries to monitor the subsidiaries' management, ensuring that it is in line with the Company's policy. At the monthly meetings held with its subsidiaries, the Company reviews the operating performance of its various subsidiaries as well as collectively develops business plans and goals for the following month.

■ Conflicts of Interest

To prevent conflicts of interest, the Board of Directors has taken into consideration the structure and composition of the Board of Directors and various sub-committees in accordance with principles of good corporate governance as well as encouraged employees at all levels to conduct business with honesty and high ethical standards.

The Company has guidelines for employees to perform their duties with honesty and fairness in adherence to various laws. Employees should not allow personal gain to surpass their obligation to the Company, including using inside information for personal gain.

In the case of transactions with potential conflict of interest, the Company and its subsidiaries apply the same procedures as entering into transactions with outside parties, disclosing information about the related transaction to ensure transparency. In approval of the related transaction, the person with vested interest in the transaction has no voting right.

■ Code of Conduct

The Board of Directors has approved the Code of Conduct of the Company on December 19, 2005. This Code of Conduct states the Company's principles, core values, ethics and responsibilities to stakeholders, with the objective of creating a standard for directors and employees to conduct business with honesty and fairness.

The Company has informed the Code of Conduct throughout the organization as a guidance for employees at all levels to adhere to the Code of Conduct as well as the Company's rules and regulations.

The Company's directors have performed their duties with care and honesty. The directors must monitor the operations of the Company with sufficient knowledge and understanding of the business. In performing their duties in good faith, the directors must protect the Company's interests and comply with the Company's rules and regulations and related laws.

The Company assigns Recruitment and Selection Center to disseminate the Company's rules, regulations and CPF way value to new management and employee individually, thus they are able to correctly follow.

Directors and management have followed high ethical standards and have used careful discretion in conducting business with concern for consumers' safety and health, environmental conservation for the benefit of society as a whole and development of new products and services with high quality standards through the use of advanced technology which will ultimately benefit business partners and consumers. Management and employees also realize the importance of creating an organization with vision and strategy to ensure that the organization swiftly adapts to changes and maintains sustainable growth, yielding the highest benefits to customers, shareholders, employees and various stakeholders.

Furthermore, the Company realizes that the country and society have provide business opportunities for the Company, therefore the Company holds it a duty to support activities that are beneficial to society, including professional training, education, arts and religion, public welfare and the environment. The Company's highest respects are to the monarchy. The Company's social contributions comprise mainly of the Royal, public, education and religious projects.

■ Balance Provided by Non-executive Directors

The Board of Directors' role in monitoring the Company's operations includes establishing a management structure that is trustworthy and transparent. The structure of the Board of Directors clearly states roles and responsibilities and prevents any single person or group of persons from having unlimited authority. To provide balance of power, The Board of Directors which comprise 15 persons includes 4 Independent Directors, 5 Non-executive Directors and 6 Executive Directors. All Independent Directors have the qualifications stipulated by the Stock Exchange of Thailand. Independent Directors must be able to express independent opinion at the Board of Directors' Meeting to prevent conflict of interest.

■ Aggregation or Segregation of Power

In order to segregation of governance and responsibilities, the Board of Directors has clearly defined its roles and responsibilities as well as the roles and responsibilities of the Audit Committee, Executive Board and top management. Aside from stipulating that the position of Chairman of the Board of Directors shall not be assumed by an Executive Director, the Company has appointed the President and Executive Board, who both are not the Chairman of the Company, to manage the organization under the power assigned from the Board of Directors.

■ Remuneration of Directors and Top Management

CPF's Remuneration and Nominating Committee was appointed by the Board of Directors on February 8, 2006. Its main duties are to select qualified persons with proper knowledge, ability and experience to assume positions in the Board of Directors that are vacant, including set remuneration framework and then propose to the Board of Directors for considerations. The remuneration of Directors should have been in accordance with their responsibilities as well as in comparison to the industry average. The benefit that the

Company shall have from each Director is also a factor for considering his/her compensation. However, the compensation should have been in accordance with policy set by the Board of Directors by considering his/her performance results in relation to the Company's operating performance. Any change in the remuneration from the existing shareholder's approval must be approved by the shareholders.

The level and composition of directors and management's remuneration is reasonable and sufficient to attract and retain qualified directors and management. Their remuneration is comparable to similar positions in the same industry with consideration to experience, expertise, work dedication and contribution to the Company.

■ Board of Directors' Meetings

The Company's regulations stipulates that a Board of Directors' Meeting be held at least once every 3 months, except where there is a special agenda, additional meetings may be held as appropriate. The Company schedules Board of Directors' Meetings in advance. In 2006, 15 Board of Directors' Meetings were scheduled. In every Board of Directors' Meeting, the Chairman advocates consideration of presented matters with transparency and allots sufficient time for management to propose issues and the Board of Directors to thoroughly consider and provide opinions on those issues. The Company established the Corporate Secretary Office to organize the Board of Directors' Meeting to comply with the relevant laws and the best practice.

Advance notice of the meeting is sent to the Board of Directors at least 7 days prior to the meeting date. Written minutes of the meeting, with all relevant matters and opinions, are prepared and properly kept at the head office of the Company.

■ Committees / Sub-committees

To achieve efficient management of the Company's operations in line with the Company's policy and the highest objective of monitoring operations, the Company has instituted committees to assist with the monitoring of various matters and help alleviate the obligations of the Board of Directors in reviewing or considering the details of various important matters to the Company. The Committee may propose opinions and suggestions to the Board of Directors for approval, or may have decision-making authority on behalf of the Board of Directors only on the boundaries set by the Board of Directors. Committees that have been established by the Company include the Audit Committee, Nominating and Remuneration Committee, Executive Board, Accounting Policy Sub-Committee and Corporate Governance Sub-Committee.

■ Internal Audit and Internal Control

The Board of Directors has assigned the duty of conducting business to the Executive Board and top management under the proper and sufficient internal control environment established by the Company. A part of the internal audit's plan covers the assessment of the sufficient and efficient of the internal control system that has to be systematically and regularly performed. The Head of the Internal Audit Office has to report to the

Audit Committee the audit results every 6 months. The Board of Directors shall annually assess the sufficient and appropriate of the overall internal control.

The Board of Directors is responsible to set risk management framework to ensure the efficient and effective operations. The Board's duty is also to monitor the framework being proper effectively implement to achieve the set targets. To monitor and achieve set targets of risk management, the Board of Directors need to consider related facts and evaluate possible loss and cost in controlling that risk, consequently create sufficient and appropriate internal control.

■ Report from the Board of Directors

The Board of Directors is responsible for the Company's financial statements, the consolidated financial statements of the Company and its subsidiaries as well as the financial information stated in the Company's Annual Report. These financial statements were prepared in accordance with generally accepted accounting standards in Thailand which are based on appropriate accounting policies applied and practiced on a regular basis. The financial statements were carefully prepared based on the most accurate and up-to-date information available. All relevant information related to the policies and practices used to prepare these financial statements are sufficiently disclosed in the Notes to the Financial Statements in order to maintain the Company's high standards of transparency for the benefit of shareholders and investors.

The Board of Directors has initiated the adoption and maintenance of an internal control which provides reasonable assurance that the Company's accounting records are accurate, complete and sufficient to protect the assets of the Company. This system is also designed to prevent serious misconduct or other irregularities in the operation of the Company.

The Audit Committee was appointed by the Board and comprises independent directors to oversee the quality of the Company's financial reports and internal control procedures and report it to the Board of Directors.

In the Board of Directors' opinion, the Company's internal control system is satisfactory and can assure the reliability of both the Company's financial statements and the consolidated financial statements of the Company and its subsidiaries as of 31 December 2006.

■ Investor Relations

CPF established the Investor Relations Office in 1995 to foster relations between the Company and investors, securities analysts and related government organizations. Its objective is to ensure that stakeholders have good understanding of the Company and receive information and news that is accurate, complete, timely and in compliance with related rules and regulations.

In 2006, besides preparing information to be distributed to concerned parties and acting as an information center for shareholders, investors and securities analysts, the Investor Relations Office organized the following activities:

- Organized and monitored disclosure of information in a timely manner through medias including company's website
- Prepared monthly Newsletter in both Thai and English version by sending to Thai shareholders via mail and foreign investors via electronic mail
- Assembled with analyst and investor in person, via conference call, mail, facsimile and electronic mail
- Organized plant visits for shareholders and investors to increase their understanding of the Company's businesses. Explanations were provided by the President and/or top management.
- Organized analyst meetings which included visits to operating facilities to discuss operating results and industry trends. The President and top management provided information and answered questions.
- Coordinated with the Press Relations Office which is responsible for communicating with the media to organize meetings with both local and international media to discuss the Company's operating results and answer questions. Top managements were present to answer questions. In addition, plant visits were organized for the media to increase their understanding of the Company's operations.
- Participated in the Stock Exchange of Thailand's domestic roadshow to provide company information to local and international investors.

■ Supervision of Use of Inside Information

The Company has regulations concerning the trading of the Company's shares which sets forth procedures and time restrictions for buying and selling of the Company's shares for directors and management to follow. The enforced regulations create transparency, prevent the use of inside information that has not yet been disclosed to the public for personal gain by directors and management, and to prevent accusations of inappropriate trading of share by inside personnel. The regulations stipulate preparation of a Shareholding Report of the Company's Shares held by directors, management and related persons, clearly state the time that directors, management and related persons should not engage in trading of the Company's shares. The Company's directors and managements who are obliged to report shareholding of the Company's shares to the Office of Securities and Exchange Commission have signed documents to acknowledge their duties and responsibilities and the penalties on this matter prescribed by the law.

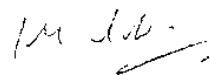
■ Report of the Audit Committee

During the year 2006, the Audit Committee arranged 9 meetings and reported the Committee's activities to Board of Directors every 6 months. The activities included

1. Review quarterly and year-end financial statements, which include assessing compliance to the accounting principles used, the accounting policies adopted, as well as the information disclosed in the financial statements.
2. Review transactions and disclosure of information during the year on connected transactions, as well as those transactions which may cause conflicts of interest in 2006.
3. Review an internal audit plan and the report on internal audit results, by which the internal auditors reported during the year as well as review the sufficiency and suitability of the internal control system.
4. Meet with the external auditor to discuss their independence, issues or concerns found from their audit, including the opinions on the Company's internal control.
5. Review the Company's compliance with the law and other related regulations.
6. Consider the proposal of appointing the auditors and their remuneration. The Audit Committee has proposed to the Board of Directors to appoint Ms.Kalyarat Chaivorapongsa, Ms. Somboon Supasiripinyo, Ms.Nittaya Chetchotiros, and Mr. Charoen Phusumritlert of KPMG Phoomchai Audit Limited to be the Auditors of the Company for the year 2007, with remuneration of THB 3,360,000.

The meetings of the Committee have been constituted 9 times to perform their duties mentioned above. Their reports have already been submitted to the Board of Directors for considerations.

For and on behalf of the Audit Committee



Pol.Gen. Pow Sarasin

Chairman of the Audit Committee

February 28, 2007

■ Measures to Govern Related Transactions

For the transactions that occur on the normal course of business, the Company applies the same approval procedure for both related parties and outsider. In the case of other related transactions, the Audit Committee is assigned to review whether they are conducted on arm's length basis. In this regard, the Audit Committee may seek an opinion from an independent appraiser prior to making recommendation to the Board for consideration and approval.

During the year 2006 the Company entered into transaction with related persons, as disclosed in Note 6. of the notes to financial statements as of December 31, 2006. These transactions follow normal trading practices, in accordance with general market price. In the case there is no market price, the transactions follow contracts which have been agreed upon. The audit committee is of the opinion that these related transactions are reasonable. Related transactions during the year 2006 between the Company and parties with may have conflicts of interest can be summarized as follows:

● Accounts Receivable

As of December 31, 2006, the Company had accounts receivable arising from transactions with associated and related companies worth THB 1,300 million, or 10% of total accounts receivable.

● Accounts Payable

As of December 31, 2006, the Company had accounts payable arising from transactions with associated and related companies worth THB 1,011 million, or 15% of total accounts payable.

● Sales

During 2006, the Company sold products to associated and related companies based on price list. The value of these transactions ending December 31, 2006 was THB 4,351 million, or 3% of total sales.

● Purchase of Raw Materials

During 2006, the Company purchased raw material from associated and related companies based on the price list. The value of these transactions ending December 31, 2006 was THB 11,411 million, or 11% of total cost of sales.

● Other Income

In 2006, the Company received other income from dividend, sales of fixed assets, training and seminar fees as well as from leasing land and property to associated and related companies, in the amount of THB 92 million, or 0.07% of total revenues

- **Rental and Service Charges**

The Company rented assets from associated and related companies according to the rates set by the owner. The value of these transactions ending December 31, 2006 was THB 684 million, or 5% of total selling and administrative expenses.

- **Technical Service Fee**

In 2006 the Company paid Charoen Pokphand Group Co., Ltd. for technical service concerning animal feed ingredients worth THB 290 million, or 0.3% of total cost of sales.

- **Insurance Premium**

The Company paid insurance premiums to Allianz C.P. Insurance Company Limited and Ayudhaya Allianz C.P. Life Insurance Public Company Limited, which are CPF's related company, worth THB 209 million, or 1% of the Company's total selling and administration expenses. The insurance premium rates were standards set by the insurers.

- **Other Expenses**

In 2006, the Company had other expenses, which were software application service fee to related companies of THB 26 million.

- **Other**

During the second quarter of 2005, the two subsidiaries (VFP and CPY) acquired a piece of land of approximately THB 22 million from Chia Tai Group Company Limited which is a related company. In addition, a subsidiary (BFM) sold land of approximately THB 3 million to Kanda Enterprise Partnership Limited which is a related party.

During the third quarter of 2005, the Company acquired a piece of the land and a building valued at approximately THB 4 million from a connected person.

A subsidiary (CPFI) purchased 120 million common shares of C.P. Seven Eleven Public Company Limited (CP7-11) from Charoen Pokphand Group Company Limited (CPG), a related company, at THB 5 each totaling THB 600 million.

During the first quarter of 2006, a subsidiary (CPF FOOD) acquired all the operating assets of food processing plant and distribution at the purchase price of approximately THB 991 million from C.P. Interfood (Thailand) Company Limited (CPIF), which is a subsidiary of Charoen Pokphand Group Company Limited. In the fourth quarter of 2006, CPIF paid a compensation amounting to THB 149 million for a provision of severance payment under the law liable to the employees transferred to CPF FOOD with

regard to the sales of operations. CPF FOOD recorded the cash receipt as a provision under non-current liabilities in the balance sheet as at 31 December 2006.

In the same quarter, a subsidiary (BFM) acquired all the operating assets of pig farming including land, buildings, machinery and equipment at the purchase price totaling THB 147 million from Charoen Pokphand Produce Company Limited, which is a related party.

During the year 2006, the Company acquired a piece of land for construction of aquatic feed production plant and other assets from its subsidiary (SFE) at its carrying value of approximately THB 83 million.

During the first quarter of 2006, a subsidiary (CPM) entered into a Share Sale and Purchase Agreement to sell its investment in shares of Lotus-CPF (PRC) Investment Co., Ltd. (Lotus-CPF), an associate, totaling 38,960,000 shares (equivalent to 40% issue shares of Lotus-CPF) to Union Growth Investment Limited (Union Growth) which is a related company, for a total value of USD 31 million or equivalent to THB 1,185 million. Union Growth paid the first installment to CPM as defined in the agreement amounting to USD 3.1 million on 30 May 2006 (Closing Date). The balance of USD 27.9 million will be collected in eight installments for USD 2,325,000 each in April and October 2007 and USD 3,875,000 each in April and October during 2008-2010, with the interest at LIBOR plus 2.0% per annum, calculated from the outstanding balance. Under the term of the agreement, CPM has to transfer the title of all investment in Lotus-CPF to Union Growth on the first installment date which the Group considered as a sale date. In order to guarantee its performance on the agreement, Union Growth has pledged the purchased share certificates of Lotus-CPF with CPM under the "Share Charge Agreement" entered into between CPM and Union Growth.

During the second quarter of 2006, the Group ceased to recognize the equity from the investment in Lotus-CPF since the date of sale of the investment, because the Group has no longer significant influence on Lotus-CPF and the risks and rewards of the investment have been transferred to Union Growth. In this regard, the Group recorded the gain on sale of investment amounting to THB 399 million as "Deferred gain on sale of investment" presented under non-current liabilities in the consolidated balance sheet and presented it as a net balance in the investment in subsidiary (CPM) account in the Company's balance sheet as at 30 September 2006 because the Group considered that the proceeds from sale of investment will be made in long-term installments. The deferred gain will not be recognized in the statement of income until receipt of the proceeds in full.

In this regard, CPM and Union Growth must comply with the conditions as defined in the above two agreements.

During the third quarter of 2006, the Company also acquired the assets using in operation of aquaculture farming including fixed assets and inventories, at the purchase price of approximately THB 83 million from T.S. Wattana Company Limited, an associate.

In additional, in the fourth quarter of 2006, a subsidiary (SFM) purchased the grinding and pelleting machines used for fish feed production from Charoen Pokphand Jaya Farm (M) Sdn. Bhd. (CP JAYA) which is a related company, with a total value of MYR 1.29 million or approximately THB 13 million.

Technical service agreement

The Company and certain subsidiaries hired a related company, Charoen Pokphand Group Company Limited (CPG), to research and develop the raw material ingredients for animal feed manufacturing. The agreements stipulated a service fee which was calculated from the production quantity of the Group, dependent upon the type of feed. The minimum fee ranges from THB 100,000 to THB 1,200,000 per month. The term of the agreements will expire in 2007.

In addition, a foreign subsidiary has entered into an agreement to obtain the technical service assistance relating to animal feed manufacturing from CPG, with the service fee calculated from a certain percentage of the subsidiary's sales value of animal feed as stipulated in the agreement. The term of this agreement will expire in 2016.

Rental and service agreements

The Company and certain subsidiaries have long-term lease agreements covering office premises, facilities, information technology service and others with C.P. Land Company Limited, C.P. Plaza Company Limited and certain related companies for a period of 1 to 3 years, and also have lease agreement covering vehicles with certain related companies for a period of 3 years. The rental and service charges for the year 2006 approximate THB 684 million (2005: THB 576 million). The rental and service charge rates are not different from the rates charged to non-related companies under the similar rental and service profile. Under the terms of the lease agreements, the Group has an option to renew the lease term of office premises by giving the lessors a prior written notice at least four months before the expiration of the lease agreements. In addition, the Company has lease agreements covering the land, farms and buildings with nine subsidiaries for a period of 1-3 years. Under the term of the lease agreements, the Company has an option to renew the lease term automatically without giving notice in advance. The annual rental charge amounted to approximately THB 83 million.

Hire-of-work agreements

The Company and certain subsidiaries have several hire-of-work agreements to construct/install buildings, structures and others with certain related companies. In 2006, the Company and subsidiaries paid THB 533 million in accordance with the agreements (2005: THB 292 million).

Trademark agreement

A subsidiary entered into agreements with Star Marketing Company Limited (STAR) for the right to use all current trademarks of STAR. Under the agreements, the subsidiary has to pay a 2% fee of the sales under the trademarks. These agreements have a period of 3 years expiring in 2007. In 2006, the fees amounted to THB 32 million. (2005: THB 18 million)

In the fourth quarter of 2006, the Group has entered into agreements with Charoen Pokphand Group Company Limited for the right to use ©P trademark. The Group has to pay the royalty fee to Charoen Pokphand Group Company Limited at the rates of 0.2% and 0.4% of the sales value of products which the Group has manufactured and sold under the trademark as specific in agreement. In 2006, the fees amounted to approximately THB 8 million.

■ The Auditors' Remunerations

CPF's auditors in the year 2006 were Ms. Kalyarat Chaivorapongsa, C.PA (Thailand) Registration No. 3460, Ms. Somboon Supasiripinyo, C.P.A. (Thailand) Registration No. 3731, and Ms. Nittaya Chetchotiros, C.P.A. (Thailand) Registration No. 4439, of KPMG Phoomchai Audit Ltd.

In 2006, KPMG Phoomchai Audit Limited, charged the service fees to CPF and subsidiaries as follows:

	CPF	Subsidiaries
The audit fees on company's accounts	THB 3,360,000	THB 10,920,000
Other audit fees on special projects	THB 970,000	THB 1,280,000

Note : The above fee excluded out-of-pocket expenses to be reimbursed by the Company.

• Litigation

The Company is involved only with routine litigation arising from normal business practices. The Company is not party of legal cases, which the Company is a defendant in lawsuits amounting to more than 5% of shareholders' equity as of December 31, 2006, which affect business operations of the Company but the amount of the loss cannot reasonable be determined, and that not arising from normal business practices of the Company.

Corporate Social Responsibility

■ Philosophy

The Company always realizes that the country and society have given it an opportunity to operate its business. Therefore, it is the Company's responsibility to support activities that are beneficial to society through joint efforts with employees, families, communities and society in order to improve the overall quality of society.

The Company gives great importance to product development in order to satisfy consumers' demands. Production with modern technology has been transferred to small farmers in order to operate according to regulations and production standards that are appropriate for consumers worldwide. Furthermore, the Company's high-caliber team has knowledge and expertise in the area the team is responsible and works closely with customers with the ultimate objective of creating sustainable growth for the industry.

The social activities of the Company support activities that are dedicated and beneficial to communities and the organization without expecting anything in return. They include the following:

■ Personnel

The Company has established an important policy on "Employee Welfare and Safety" as follows:

1. The Company has managed the welfare and safety of employees in order to create good health that is free from sickness and injury from accidents. It is the responsibility of supervisors and executives of all levels.
2. Management of employees' welfare and safety must be proactive and emphasize preventive action instead of remedy.
3. There should be support for various activities under the Employee Welfare and Safety Program through various management processes as follows:
 - 3.1 Establish a unit to directly monitor the management of employee welfare and safety
 - 3.2 Campaign to promote employee welfare and safety among all employees with the same standards at every office
 - 3.3 Set employee welfare and safety as one of the core targets to measure the success of each business unit
 - 3.4 Establish guidelines and processes in order to create sustainable employee welfare and safety through the 3Es

3.4.1 Education

3.4.2 Effective equipment

3.4.3 Enforcement

4. Create an appropriate and systematic welfare process to support prevention and remedy
5. Strict compliance with the law and regulations related to employee welfare and safety

■ Creating Jobs and Occupations

The Company has farmers that are considered as its business partners and have grown with the Company. Therefore, the Company is committed to transferring technological know-how to farmers. This will create occupations, income and a better standard of living for farmers. Some projects are the Project to Develop Integrated Farming, the Project to Support Small Broiler Farmers and the Project to Support Small Hog Farmers.

■ Health

The Company strives to directly and indirectly promote the health of consumers through healthy diet and knowledge and understanding of selecting foods that are good for health. Some projects are the Raising Layers for Students' Lunch Project and the Bird Flu Research Project.

■ Safety, Hygiene and the Environment

The Company has processes to systematically manage safety and hygiene. It also has control processes for water, air, odor and garbage in order to protect the environment. Its production processes comply with high production standards and government regulations. Furthermore, the Company strives to develop alternative energy as fuel for electricity generation. It also helps in environmental restoration in the areas where its businesses are located. Examples include

- Planting Mangrove Forests and Community Forests Project
- Improving Water Sources Project
- Participation in activities related to workplace safety, hygiene and the environment organized by the Ministry of Labor
- Energy Saving Project
- Safe Driving Project
- Project to support farmers in the area of the environment such as production of biogas from manure

■ Social Contribution

One of the Company's important responsibilities is supporting activities that are beneficial to the public and uphold the monarchy. In addition, the Company is capable of providing assistance and relief to natural disaster victims during emergencies. It also sells food at special prices in order to reduce the impact faced by communities during tough economic conditions. Examples are Thais Helping the Southern Provinces Project and supporting student volunteer camps to develop rural areas.

■ Culture and Sports

The Company supports culture and sports activities in various forms with the belief that cultural growth and development in the area of sports will help create identity, pride, unity and nationalism. Some activities include supporting the Navy football team, supporting Thai boxing competitions, and supporting national athletes.



From Past to Present

- 1978** ■ Founded under the name “Charoen Pokphand Feedmill Co., Ltd.” to produce and distribute animal feed in southern Thailand
- 1987** ■ Expanded into livestock farming with the objective of moving towards further integration
 - Listed on the Stock Exchange of Thailand (SET) under the name of “CPF”
- 1988** ■ Entered the aquaculture business (shrimp feed manufacturing and distribution, shrimp farming and shrimp processing for export)
- 1994** ■ Became a public company limited and change its name to “Charoen Pokphand Feedmill Public Company Limited”
- 1998** ■ Share acquisition in the Charoen Pokphand Group’s agro-industrial public limited companies in Thailand to be under its management
- 1999** ■ Share acquisition in 9 agro-industrial and food companies of Charoen Pokphand Group. Under the new structure, resulted from the acquisition in 1998 and this time, CPF group has business operations throughout Thailand. Its business can be classified into 2 main businesses, namely livestock and aquaculture. Both businesses are fully integrated operations, from feed raw materials procurement, feed manufacture and distribution, animal breeding, animal farming, meat processing, and manufacturing of food products from meat.
 - Renamed “Charoen Pokphand Foods Public Company Limited” to reflect the Company’s business structure and strategy to become a world-class food producer
- 2000** ■ Changed dividend payout policy to pay to shareholders 4 times a year
- 2001** ■ Split its par value of ordinary shares from THB 10 to THB 1 per share
 - Set up a new subsidiary, Aqua Beauty, Inc., to be as an importer and a distribution arm for seafood products in the US market
- 2002** ■ Set up 6 new subsidiaries, which CPF directly and indirectly has 99.99% shareholding in these companies as follows:
 - 1) C.P. Aquaculture (Beihai) Co., Ltd., to operate aquatic business in the People’s Republic of China
 - 2) CP Food Product (Shanghai) Co., Ltd., to operate Thai food restaurants in the People’s Republic of China
 - 3) CPF Europe S.A., to import and distribute the processed meat and food products in the European Union
 - 4) CPF IT Center Co., Ltd., to provide information technology services mainly to companies within the CPF Group
 - 5) CPF Training Center Co., Ltd., to provide training services mainly for employees within the

CPF Group

- Invested in CP Foods (UK) Limited, formerly known as Fusion Foods Limited, a joint venture investment with British businessmen, to distribute the Company's products in the United Kingdom. CPF indirectly has 52% shareholdings in this company.
- 2003**
- Set up 4 new subsidiaries, which CPF directly and indirectly has 99.99% shareholding in these companies as follows:
 - 1) Aqua - Agri Foods International, Inc., to import and distribute food products in the US market
 - 2) Universal Foods and Marketing Co., Ltd., to distribute ready-to-eat food products both wholesale and retail, and to operate fast food kiosks in Thailand
 - 3) International Pet Foods Co., Ltd., to be a wholesaler and retailer of pet food products in Thailand
 - 4) C.P. Aquaculture (Hainan) Co., Ltd., to operate aquatic feed production and distribution and aquaculture farming in the People's Republic of China
 - Increased shareholding from 18.00% to 99.99% in Chanthaburi Aquaculture Farm Co., Ltd., which operates shrimp farming business in Thailand
 - Increased shareholding from 19.20% to 31.70% in C.P. Aquaculture (India) Private Limited, which is involved in shrimp feed production and distribution and the operation of shrimp hatchery in India
 - Entered into a joint venture with Aviagen, Inc., to establish Ross Breeders Siam Co., Ltd., to produce and distribute parent-stock chicks (broiler line) in Thailand. CPF indirectly has 49.99% shareholding in this company.
- 2004**
- 84.49% share acquisition, by its subsidiaries, in C.P. Standart Gida Sanayi Ve Ticaret A.S. ("CPS"), a company involved in a feed business and an integrated chicken business in the Republic of Turkey.
 - Set up 2 new subsidiaries as follows:
 - 1) CPF Tokyo Company Limited, to import and distribute processed meat and ready meal products in Japan. CPF indirectly has 99.99% shareholding in this company
 - 2) Joint venture with Shrimp Improvement Systems, L.L.C. to set up Shrimp Improvement System (Thailand) Company Limited to operate shrimp breeding business in Thailand. CPF has 51.00% shareholding in this company.
 - At the Extraordinary Shareholders' Meeting No. 1/2004, the shareholders resolved to transfer the aquatic animal processing business of 3 subsidiaries, namely; Seafoods Enterprise Company Limited, Thai Prawn Culture Company Limited, and Klang Company Limited to be under CPF. The transfer business includes aquatic feed manufacturing, aquatic farming, and processing. The transfer completed in the first quarter of 2005.

- 2005**
- Set up 3 new companies as follows
 - 1) Calibre Nature (M) Sdn Bhd, to operate an aquatic feed production and distribution and aquaculture farming and processing in Malaysia. CPF has 100% shareholding in this company.
 - 2) CP-Yonekyu Co., Ltd., to manufacture processed meat products. CPF has 80.50% shareholding in this company.
 - 3) CPF Denmark A/S, to import meat and related products from CPF Group and other sources, and distribute them into Scandinavian and European markets. CPF indirectly has 52.00% shareholding in this company.
 - Subscribed newly issued shares of Charoen Pokphand (India) Private Limited ("CP India"), resulting the increase in shareholding from 19.00% to 71.20% in CP India, thus making it the Company's subsidiary
 - Combined the integrated food business among CPF's subsidiaries in Bangkok Metropolitan area. The transferors are Bangkok Farm Company Limited, C.P. Food Industry Export Company Limited and C.P. Food Products Company Limited. The transferee is CPF Food Products Company Limited.
 - Disposed ordinary shares of Siam Makro Public Company Limited making its shareholding decreased from 8.30% to 1.01%
 - Acquired all ordinary shares of Star Feedmills (m) Sdn. Bhd ("SFM") resulting CPF indirectly has 100% shareholding in SFM, thus making it the Company's subsidiary
 - At the Extraordinary Shareholders' Meeting No. 1/2005, the shareholders resolved a subsidiary to purchase business operation in connection with the manufacture and distribution of processed meat and food products from C.P. Interfood (Thailand) Company Limited
- 2006**
- At the Annual Shareholders' Meeting No. 1/2006, the shareholders resolved a subsidiary to sell all of its investment in Lotus-CPF (PRC) Investment Co., Ltd. The transaction was complete in May 2006
 - Set up 2 new companies as follows
 - 1) Charoen Pokphand Foods (Overseas) LLC., to operate animal feed and animal farming businesses in Russia. CPF indirectly has 99.99% shareholding in this company.
 - 2) C.P. Laos Company Limited, to operate animal feed and animal farming businesses in Lao People's Democratic Republic. CPF indirectly has 99.61% shareholding in this company.
 - Acquired all ordinary shares of Asia Aquaculture (M) Sdn.Bhd. ("AA") resulting CPF indirectly has 100% shareholding in AA, thus making it the Company's subsidiary

Important Dates in the Fiscal Year 2006

Date	Detail
April 28	Annual General Shareholders' Meeting for the year 2005
May 25	Annual dividend payment of THB 0.06 for the year 2005 from the 4 th quarter results of 2005
June 8	Interim dividend payment of THB 0.05 per share for the 1 st quarter results of 2006
September 1	Interim dividend payment of THB 0.07 per share for the 2 nd quarter results of 2006
December 7	Interim dividend payment of THB 0.05 per share for the 3 rd quarter results of 2006

Investor Information

Dividend Policy

On February 28, 2007, CPF Board of Directors' Meeting approved the dividend policy to pay dividends to shareholders twice a year. The first dividend payment shall be paid as an interim dividend, which will be distributed from the operating results of the first half period of the year and the second dividend payment shall be paid as an annual dividend, which will be distributed from the operating results of the second half period of the year. Total dividend paid each year shall approximately be 50% of net income after income tax and legal reserve. The annual and interim dividend payments might be subject to change, depending on the Company's operations, financial position, future projects and overall economic conditions.

CPF, in addition, has duty to comply with the terms and conditions of CPF's debentures No. 1/2004 series 1 due in 2007, as well as series 2 due in 2009, CPF's debentures No. 1/2005 series 1 due in 2008, as well as series 2 due in 2010 and CPF's debentures No. 1/2006 series 1 due in 2009, as well as series 2 due in 2011, which prohibit CPF to pay cash dividends to shareholders in the amount exceeding 60% of net profit in each fiscal year for the duration of the term of those debentures. In addition, if CPF is unable to service interest or any amount becomes due to the debenture holders, it will not be permitted to pay cash dividends to shareholders.

For the subsidiaries that are public limited company, each company has policy to pay dividend about 50% of its net profit after taxes and legal reserve. For other subsidiaries, the dividend payment will depend upon its future investment plan, its financial structure, and its liquidity.

Capital in Brief

Ordinary Shares (as of December 31, 2006)

■ Registered capital

:THB 8,206,664,000 comprising of 8,206,664,000 ordinary shares with a par value of THB 1

■ Issued & paid-up capital

:THB 7,519,937,826 comprising of 7,519,937,826 ordinary shares with a par value of THB 1

■ Change in Paid-up Capital

	Capital Increase (THB Million)	Paid-Up Capital		Details
		(THB Million)	(No. of Shares)	
January 1978	-	5	500,000	Initial registered capital
March 1987	25	30	3,000,000	Offering to existing shareholders
May 1987	70	100	10,000,000	Offering to existing shareholders
June 1987	100	200	20,000,000	Offering to existing shareholders
August 1987	100	300	30,000,000	Offering to existing shareholders
July 1988	300	600	60,000,000	Offering to existing shareholders
June 1989	600	1,200	120,000,000	Offering to existing shareholders
November 1998	385	1,585	158,529,451	Offering to existing shareholders of Bangkok Agro-Industrial Products Plc. (BAP) Bangkok Produce Merchandising Plc. (BKP) Charoen Pokphand Northeastern Plc. (CPNE) in exchange for shares of the three companies following the acquisition plan
May 1999	159	1,744	174,380,941	Stock dividend for 1998's results
December 1999	174	1,918	191,818,767	Interim stock dividend for 1999 results
July 2000	1,902	3,820	382,028,584	Offering to existing shareholders
July 2001	0.09855	3,820	382,038,439	Exercise of warrant, CPF-W1, 3 times from Oct 2000 to July 2001
September 2001	-	3,820	3,820,384,390	Par value change from THB 10 to THB 1
January 2002	0.15	3,820	3,820,536,390	Exercise of warrant, CPF-W1
April 2002	73	3,893	3,893,613,330	Exercise of warrant, CPF-W1
July 2002	481	4,374	4,374,439,231	Last exercise of warrant, CPF-W1
October 2002	475	4,849	4,849,590,421	Exercise of warrant, CPF-W
January 2003	859	5,708	5,708,162,731	Last exercise of warrant, CPF-W, and first exercise of warrant, CPF-W2
April 2003	0.009	5,708	5,708,171,806	Exercise of warrant, CPF-W2
July 2003	6	5,714	5,714,071,566	Exercise of warrant, CPF-W2
Oct 2003	4	5,718	5,718,532,611	Exercise of warrant, CPF-W2
Jan 2004	9	5,727	5,727,456,606	Exercise of warrant, CPF-W2
July 2004	0.002	5,727	5,727,549,116	Exercise of warrant, CPF-W2
October 2004	0.013	5,727	5,727,562,476	Exercise of warrant, CPF-W2
January 2005	0.058	5,728	5,727,852,576	Exercise of warrant, CPF-W2
April 2005	3	5,731	5,730,976,886	Exercise of warrant, CPF-W2
July 2005	512	6,243	6,243,420,081	Exercise of warrant, CPF-W2
August 2005	1,277	7,520	7,519,937,826	Last exercise of warrant, CPF-W2

Depository Receipts of Ordinary Shares

US Exchange	: Over the Counter (OTC), United States Exchange
DR Underlying Share Ratio	: 1DR : 4 ordinary shares
DR Outstanding (December 31, 2006)	: 452,825 units
Registrar	: The Bank of New York

Non-Voting Depository Receipts (NVDRs)

As of December 31, 2006, CPF ordinary shares held by Thai NVDR Co., Ltd. (Thai NVDR) was 367,986,767 shares, equivalent to 4.89 percent of total issued and paid-up capital. Investors holding NVDRs of CPF issued by Thai NVDR will receive all financial benefits similar to investing in CPF ordinary shares, except for voting rights in shareholders' meeting. Therefore, voting rights of other shareholders will increase comparing to total number of voting shares, excluding shares held by Thai NVDR. Investors can find number of CPF shares held by Thai NVDR at www.set.or.th/nvdr.

Shareholders

(as of the latest closing date of shareholder register book at November 23, 2006)

Type	Number of shareholders	Shareholding Percentage	Number of share held
1. Thai individuals	15,802	18.32%	1,377,952,382
2. Foreign individuals	105	0.30%	22,480,209
3. Thai juristic persons	301	52.11%	3,918,648,417
4. Foreign juristic persons	135	29.27%	2,200,856,818
Total	16,343	100.00%	7,519,937,826

Top ten major shareholders

Names	No. of shares	% Holding
1. Charoen Pokphand Group Co., Ltd. and related persons	2,982,201,995	39.66%
2. Thai NVDR Co., Ltd.	405,308,119	5.39%
3. HSBC (Singapore) Nominees Pte Ltd	187,741,756	2.50%
4. Mellon Bank, N.A.	185,607,300	2.47%
5. State Street Bank and Trust Company	168,542,627	2.24%
6. Government of Singapore Investment Corporation C	161,643,700	2.15%
7. State Street Bank and Trust Company for Australia,	157,713,700	2.10%
8. Albouys Nominees Limited	149,597,400	1.99%
9. The Bank of New York (Nominees) Limited	115,284,100	1.53%
10. Morgan Stanley & Co International Limited	109,199,411	1.45%

Foreign Holding Limit

CPF shares may be transferred without any restriction, unless such transfer of shares would cause the foreign shareholders to hold shares in CPF in excess of 40 percent of the total number of the CPF's issued shares.

The aliens may acquire ordinary shares of CPF in excess of the restricted ratio prescribed in preceding paragraph by means of subscription of newly issued ordinary shares (including dividend shares or ordinary shares issued to the holders of ordinary shares who have acquired the shares under conditions in this paragraph); issued and offered for sale by CPF; provided that the holding of new ordinary shares in such case, when added to the ordinary shares held by aliens according to previous paragraph, shall not cause the total number of ordinary shares held by aliens exceed 49 percent of the total numbers of ordinary shares then issued by CPF. This 49 percent restriction on shareholding by the aliens shall apply to the case of transfer of ordinary shares from the aliens who have acquired the new ordinary shares by means of subscription of capital increase shares issued and offered for sale by CPF under conditions in this paragraph (including dividend shares or new ordinary shares issued to the holders of ordinary shares who have acquired shares under conditions in this paragraph) to the aliens in every stage of transfer until such shares are transferred to the non-aliens.

As of November 23, 2006, foreign holding in CPF was approximately 29.57% of total issued shares.

Information of Companies in which the Company has Shareholding

Subsidiaries

As of December 31, 2006 there are 46 subsidiaries in which CPF or indirectly holds more than 50% of their paid-up capital.

■ Livestock Business in Thailand

(1) Bangkok Produce Merchandising Public Company Limited

Type of Business	Animal feed raw material distribution and broiler integration
Head Office	Bangkok, Thailand
Telephone Number	0-2625-8000
Facsimile Number	0-2631-0989
Registered Capital	THB 600,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.44%

(2) Bangkok Agro-Industrial Products Public Company Limited

Type of Business	Animal feedmill and livestock farming
Head Office	Bangkok, Thailand
Telephone Number	0-2675-9879
Facsimile Number	0-2675-9811
Registered Capital	THB 300,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.90%

(3) Bangkok Feedmill Company Limited

Type of Business	Animal feedmill and livestock farming
Head Office	Bangkok, Thailand
Telephone Number	0-2675-9859
Facsimile Number	0-2675-9813
Registered Capital	THB 666,600,000 (all in ordinary shares)
Par Value	THB 100.00 per share
Shareholding	99.99%

(4) Charoen Pokphand Northeastern Public Company Limited

Type of Business	Animal feedmill and livestock farming
Head Office	Bangkok, Thailand
Telephone Number	0-2675-9897
Facsimile Number	0-2675-9811
Registered Capital	THB 300,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.61%

(5) Charoen Pokphand Industry Company Limited

Type of Business	Animal feedmill and livestock farming
Head Office	Bangkok, Thailand
Telephone Number	0-2675-9879
Facsimile Number	0-2675-9811
Registered Capital	THB 166,650,000 (all in ordinary shares)
Par Value	THB 100.00 per share
Shareholding	99.99%

(6) CPF Food Products Company Limited

Type of Business	Broiler Integration
Head Office	Bangkok, Thailand
Telephone Number	0-2641-1234
Facsimile Number	0-2641-1979
Registered Capital	THB 2,800,000,000 (all in ordinary shares)
Par Value	THB 100.00 per share
Shareholding	99.99%

(7) C.P. Agro-Industry Company Limited

Type of Business	Livestock farming
Head Office	Suratthani, Thailand
Telephone Number	0-7728-2229
Facsimile Number	0-7728-2230
Registered Capital	THB 33,000,000 (all in ordinary shares)
Par Value	THB 100.00 per share
Shareholding	99.99%

(8) C.P. Food Products Company Limited

Type of Business	Foods processing plant and restaurant
Head Office	Bangkok, Thailand
Telephone Number	0-2919-5971
Facsimile Number	0-2919-5979
Registered Capital	THB 228,200,000 (all in ordinary shares)
Par Value	THB 100.00 per share
Shareholding	99.99%

(9) C.P. Merchandising Company Limited

Type of Business	Investment and international trading
Head Office	Bangkok, Thailand
Telephone Number	0-2625-8000
Facsimile Number	0-2638-2749
Registered Capital	THB 1,850,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.99%

(10) C.P. Food Solutions Company Limited (formerly known as C.P. Food Industry Export Company Limited)

Type of Business	Foods processing plant*
Head Office	Bangkok, Thailand
Telephone Number	0-2989-4506
Facsimile Number	0-2989-4074
Registered Capital	THB 40,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.99%

(11) CP-Yonekyu Company Limited

Type of Business	Meat processing plant
Head Office	Chachoengsao, Thailand
Telephone Number	0-3859-3046
Facsimile Number	0-3859-3587
Registered Capital	THB 200,000,000 (all in ordinary shares)
Par Value	THB 100.00 per share
Shareholding	80.50%

(12) B.P. Feedmill Company Limited

Type of Business	Livestock feedmill and farming
Head Office	Saraburi, Thailand
Telephone Number	0-3637-1885
Facsimile Number	0-3637-6578
Registered Capital	THB 300,000,000 (all in ordinary shares)
Par Value	THB 100.00 per share
Shareholding	99.99%

(13) Bangkok Farm Company Limited

Type of Business	Livestock farming and processing plant*
Head Office	Bangkok, Thailand
Telephone Number	0-2641-1234
Facsimile Number	0-2641-1979
Registered Capital	THB 42,000,000 (all in ordinary shares)
Par Value	THB 100.00 per share
Shareholding	99.99%

(14) Universal Foods and Marketing Company Limited

Type of Business	Wholesale and retail food products, and fast food outlets
Head Office	Bangkok, Thailand
Telephone Number	0-2673-1095
Facsimile Number	0-2673-1546
Registered Capital	THB 80,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.99%

(15) Rajburi Feedmill Company Limited

Type of Business	Animal feedmill and livestock farming
Head Office	Rajburi, Thailand
Telephone Number	0-3236-8181-9
Facsimile Number	0-3236-8062
Registered Capital	THB 470,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.99%

(16) Vee Food Products Company Limited

Type of Business	Food processing plant and distribution
Head Office	Bangkok, Thailand
Telephone Number	0-2663-4293
Facsimile Number	0-2663-4115
Registered Capital	THB 330,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.99%

(17) International Pet Foods Company Limited

Type of Business	Pet food production and distribution
Head Office	Bangkok, Thailand
Telephone Number	0-2673-1095
Facsimile Number	0-2673-1546
Registered Capital	THB 60,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.99%

** All businesses were transferred to CPF Food Products Company Limited in 2005.*

■ Aquaculture Business in Thailand

(18) Thai Prawn Culture Center Company Limited

Type of Business	Shrimp farming and shrimp processing plant**
Head Office	Songkhla, Thailand
Telephone Number	0-7439-1191
Facsimile Number	0-7439-2957
Registered Capital	THB 180,000,000 (all in ordinary shares)
Par Value	THB 100.00 per share
Shareholding	99.89%

(19) Klang Company Limited

Type of Business	Shrimp processing plant**
Head Office	Bangkok, Thailand
Telephone Number	0-2625-8000
Facsimile Number	0-2631-0776
Registered Capital	THB 300,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.99%

(20) Chanthaburi Aquaculture Farm Company Limited

Type of Business	Shrimp farming**
Head Office	Bangkok, Thailand
Telephone Number	0-2625-8000
Facsimile Number	0-2638-2147
Registered Capital	THB 40,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.99%

(21) Seafoods Enterprise Company Limited

Type of Business	Shrimp processing plant**
Head Office	Bangkok, Thailand
Telephone Number	0-2625-8000
Facsimile Number	0-2631-0776
Registered Capital	THB 425,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.99%

(22) Trad Prawn Culture Company Limited

Type of Business	Shrimp farming**
Head Office	Bangkok, Thailand
Telephone Number	0-2625-8000
Facsimile Number	0-2638-2147
Registered Capital	THB 36,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.91%

(23) Shrimp Improvement System (Thailand) Company Limited

Type of Business	Shrimp hatchery business
Head Office	Bangkok, Thailand
Telephone Number	0-2625-8000
Facsimile Number	0-2638-2147
Registered Capital	THB 8,000,000 (comprise of 792,000 ordinary shares and 8,000 preferred shares)
Par Value	THB 10.00 per share
Shareholding	51.00%

(24) Pokphand Aquatech Company Limited

Type of Business	Aquatic feed production and distribution and aquaculture farm
Head Office	Chonburi, Thailand
Telephone Number	0-3829-7493
Facsimile Number	0-3829-7495
Registered Capital	THB 400,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.99%

(25) Savee Farming Company Limited

Type of Business	Shrimp farming**
Head Office	Bangkok, Thailand
Telephone Number	0-2625-8000
Facsimile Number	0-2638-2147
Registered Capital	THB 70,000,000 (all in ordinary shares)
Par Value	THB 100.00 per share
Shareholding	99.84%

** All businesses were transferred to Charoen Pokphand Foods Public Company Limited in 2005.

■ Businesses Related to Operations in Thailand**(26) Aqua Beauty, Inc.**

Type of Business	Importer and distributor of seafood products
Head Office	USA
Telephone Number	1-410-505-5017
Facsimile Number	1-410-381-6868
Registered Capital	USD 5,000,000 (all in ordinary shares)
Par Value	USD 1.00 per share
Shareholding	99.99%

(27) CPF Denmark A/S

Type of Business	Importer and distributor of processed meat and food products
Head Office	Denmark
Telephone Number	45-7526-1330
Facsimile Number	45-7526-1336
Registered Capital	EUR 200,000 (all in ordinary shares)
Par Value	EUR 1.00 per share
Shareholding	52.00%

(28) CPF Europe S.A.

Type of Business	Importer and distributor of processed meat and food products
Head Office	Belgium
Telephone Number	32-2357-5387
Registered Capital	EUR 6,000,000 (all in ordinary shares)
Par Value	EUR 1.00 per share
Shareholding	99.99%

(29) CPF Tokyo Co., Ltd.

Type of Business	Importer and distributor of processed meat and food products
Head Office	Japan
Telephone Number	813-5401-2231
Facsimile Number	813-5401-2236
Registered Capital	JPY 100,000,000 (all in ordinary shares)
Par Value	JPY 1,000.00 per share
Shareholding	99.99%

(30) CP Foods (UK) Limited (formerly known as Fusion Foods Limited)

Type of Business	Importer and distributor of processed meat and food products
Head Office	England
Telephone Number	44-1299-253131
Registered Capital	GBP 300,000 (all in ordinary shares)
Par Value	GBP 1.00 per share
Shareholding	52.00%

(31) CP Foods West, Inc. (formerly known as Aqua-Agri Foods International, Inc.)

Type of Business	Importer and distributor of food products
Head Office	USA
Telephone Number	1-562-256-7146
Facsimile Number	1-562-256-7140
Registered Capital	USD 3,000,000 (all in ordinary shares)
Par Value	USD 1.00 per share
Shareholding	99.99%

■ Other Businesses in Thailand

(32) CPF Training Center Company Limited

Type of Business	Training center service provider
Head Office	Bangkok, Thailand
Telephone Number	0-2625-8000
Facsimile Number	0-2638-2139
Registered Capital	THB 20,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.99%

(33) CPF IT Center Company Limited

Type of Business	Information technology services provider
Head Office	Bangkok, Thailand
Telephone Number	0-2625-8000
Facsimile Number	0-2638-2139
Registered Capital	THB 250,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.99%

■ Overseas Business

(34) Asia Aquaculture (M) sdn. Bhd.

Type of Business	Shrimp farming and processing plant
Head Office	Malaysia
Telephone Number	03-4021-3761-2
Facsimile Number	03-4021-3832
Registered Capital	RM 22,000,000 (all in ordinary shares)
Par Value	RM 1.00 per share
Shareholding	100%

(35) BKP Holdings Limited***

Type of Business	Investment
Head Office	British Virgin Islands
Registered Capital	USD 7,500,000 (all in ordinary shares)
Par Value	USD 1.00 per share
Shareholding	99.44%

*** In process of liquidation

(36) C.P. Aquaculture (Beihai) Co., Ltd.

Type of Business	Aquatic feed production and distribution and aquaculture farming
Head Office	Kwangsi, People's Republic of China
Telephone Number	86-779-208-4362
Facsimile Number	86-779-208-3932
Registered Capital	USD 5,500,000 (all in ordinary shares)
Shareholding	100.00%

(37) C.P. Aquaculture (Hainan) Co., Ltd.

Type of Business	Aquatic feed production and distribution and aquaculture farming
Head Office	Hainan, People's Republic of China
Telephone Number	86-898-6748-8578
Registered Capital	USD 3,000,000 (all in ordinary shares)
Shareholding	100.00%

(38) CP Food Product (Shanghai) Co., Ltd.

Type of Business	Thai food restaurant
Head Office	Shanghai, People's Republic of China
Telephone Number	86-21-5135-8888
Facsimile Number	86-21-5135-8888
Registered Capital	USD 3,000,000 (all in ordinary shares)
Shareholding	100.00%

(39) C.P. Laos Co., Ltd

Type of Business	Animal feedmill and livestock farming
Head Office	Vientiane, Lao People's Democratic Republic
Telephone Number	856-021-453508-10
Facsimile Number	856-021-453507
Registered Capital	USD 3,000,000,000 (all in ordinary shares)
Par Value	USD 2.00 per share
Shareholding	99.61%

(40) C.P. Standart Gıda Sanayi ve Ticaret A.S.

Type of Business	Chicken Integration
Head Office	Turkey
Telephone Number	212-274-8536
Facsimile Number	212-274-7995
Registered Capital	YTL 57,500,000 (all in ordinary shares)
Par Value	YTL 1.00 per share
Shareholding	92.64%

(41) Calibre Nature (M) Sdn.Bhd.

Type of Business	Investment company in aquaculture integration business
Head Office	Malaysia
Telephone Number	03-4021-3761-2
Facsimile Number	03-4021-3832
Registered Capital	RM 120 million (all in ordinary shares)
Par Value	RM 1.00 per share
Shareholding	100.00%

(42) Charoen Pokphand (India) Private Limited

Type of Business	Feed production and farming
Head Office	India
Telephone Number	9144 4470790
Facsimile Number	9144 4917480
Registered Capital	RS 630 million (all in ordinary shares)
Par Value	RS 10.00 per share
Shareholding	71.20%

(43) Charoen Pokphand (USA), Inc.

Type of Business	Broiler integration (Operation wound up in March 2004)
Head Office	USA
Telephone Number	1-410-505-5017
Facsimile Number	1-410-381-6868
Registered Capital	USD 30,000,000 (all in ordinary shares)
Par Value	USD 1.00 per share
Shareholding	99.97%

(44) Charoen Pokphand Foods (Overseas) LLC.

Type of Business	Animal feedmill and livestock farming
Head Office	Russia
Telephone Number	7-496-631-2233
Facsimile Number	7-496-631-1924
Registered Capital	Ruble 220,000,000 (all in ordinary shares)
Shareholding	99.99%

(45) CPF Investment Limited

Type of Business	Investment
Head Office	British Virgin Islands
Registered Capital	USD 50,000,000 (all in ordinary shares)
Par Value	USD 1.00 per share
Shareholding	100.00%

(46) Star Feedmills (M) Sdn.Bhd.

Type of Business	Aquatic feed production and distribution
Head Office	Malaysia
Telephone Number	03-4021-3761-2
Facsimile Number	03-4021-3832
Registered Capital	RM 100,000,000 (all in ordinary shares)
Par Value	RM 1.00 per share
Shareholding	100.00%

■ Associates

As of December 31, 2006, there are 8 companies in which CPF directly or indirectly holds more than 20.00% to 50.00% of their paid-up capital.

(1) C.P. Seven Eleven Public Company Limited

Type of Business	Convenience store business in Thailand, under "7-Eleven" trademark
Head Office	Bangkok, Thailand
Telephone Number	0-2677-9000
Facsimile Number	0-2631-1082
Registered Capital	THB 4,500,000,000 (all in ordinary shares)
Par Value	THB 1.00 per share
Shareholding	25.62%

(2) Nava 84 Company Limited

Type of Business	Investment holding, of which invested 99.93% in economic crop plantation companies in Thailand
Head Office	Bangkok, Thailand
Registered Capital	THB 1,500,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	25.00%

(3) Ross Breeders Siam Company Limited

Type of Business	Chicken breeding and distribution
Head Office	Bangkok, Thailand
Telephone Number	0-2988-0700
Facsimile Number	0-2988-0706
Registered Capital	THB 70,000,000 (all in ordinary shares)
Par Value	THB 100.00 per share
Shareholding	49.99%

(4) Allianz C.P. General Insurance Company Limited

Type of Business	Insurance business
Head Office	Bangkok, Thailand
Telephone Number	0-2638-9000
Registered Capital	THB 300,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	24.46%

(5) Arbor Acres Thailand Company Limited

Type of Business	Chicken breeding and distribution
Head Office	Bangkok, Thailand
Telephone Number	0-2988-0700
Facsimile Number	0-2988-0706
Registered Capital	THB 4,000,000 (all in ordinary shares)
Par Value	THB 100.00 per share
Shareholding	49.99%

(6) C.P. Aquaculture (India) Private Limited

Type of Business	Livestock feed production and farming in India
Head Office	India
Telephone Number	9144-2491-7790
Registered Capital	Rs 250,000,000 (all in ordinary shares)
Par Value	Rs 10.00 per share
Shareholding	31.70%

(7) C.P. Vietnam Livestock Company Limited

Type of Business	Livestock feed production and farming in Vietnam
Head Office	Vietnam
Telephone Number	84-6183-6251
Registered Capital	USD 55,685,000 (all in ordinary shares)
Par Value	USD 1.00 per share
Shareholding	40.00%

(8) Charoen Pokphand Holdings (Malaysia) Sdn. Bhd.

Type of Business	Investment holding, of which invested 100.00% in 8 livestock feed production and livestock farming companies in Malaysia
Head Office	Malaysia
Telephone Number	60-3317-63061
Registered Capital	RM 50,000,000 (all in ordinary shares)
Par Value	RM 1.00 per share
Shareholding	49.64%

■ Companies in which CPF holds more than 10.00% but less than 20.00%

As of December 31, 2006, there is 1 company in which CPF directly or indirectly holds more than 10.00% but less than 20.00% of their paid-up capital.

(1) Kinghill Limited

Type of Business	Investment holding, of which invested 100.00% in company that manages shopping center, "Super Brand Mall", in the People's Republic of China
Head Office	Cayman Island
Registered Capital	USD 250,000,000 (all in ordinary shares)
Par Value	USD 1.00 per share
Shareholding	19.96%

■ Companies in which CPF holds less than 10.00%

As of December 31, 2006, there are 6 companies in which CPF directly or indirectly holds less than 10.00% of their paid-up capital.

(1) CPPC Public Company Limited

Type of Business	Plastic products manufacturing and distribution
Head Office	Bangkok, Thailand
Registered Capital	THB 1,950,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	6.58%

(2) CP Land Company Limited

Type of Business	Real estate business
Head Office	Bangkok, Thailand
Shareholding	6.49%

(3) True Corporation Public Company Limited

Type of Business	Telecommunication business
Head Office	Bangkok, Thailand
Shareholding	3.03%

(4) Vee Rum Choke Company Limited

Type of Business	Real estate business
Head Office	Bangkok, Thailand
Shareholding	9.00%

(5) Ayudhya Allianz C.P. Life Public Company Limited

Type of Business	Life insurance business
Head Office	Bangkok, Thailand
Shareholding	3.47%

(6) ChiaTai (Jilin) Company Limited

Type of Business	Investment holding, of which invested 50.00% in company that operates feedmill business and farming in the People's Republic of China
Head Office	People's Republic of China
Shareholding	9.99%

References

■ Share Registrar

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2/7 Moo 4, (North Park Project) Vibhavadi-Rangsit Road
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- Securities Services Department, Kasikornbank Plc.
1 Soi Kasikornthai, Ratburana Road, Ratburana, Bangkok 10140, Thailand.
Telephone number: (662) 470-1982
Facsimile number: (662) 470-1998

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333 Silom Road, Bangrak, Bangkok 15000, Thailand.
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■ American Depositary Receipts Registrar

- The Bank of New York, Depositary Receipts Division
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